Cabinet

Minutes of the meeting held on Thursday 9 February 2023 in the Town Hall, Royal Leamington Spa at 4.00pm.

Present: Councillors Day (Leader), Bartlett, Cooke, Falp, Grainger, Hales, Matecki, Rhead, and Tracey.

Also Present: Councillors: Boad (Liberal Democrat Group Observer), Davison (Green Group Observer), Mangat (Labour Group Observer), and Milton (Chair of Overview & Scrutiny Committee).

78. Apologies for Absence

There were no apologies for absence.

79. Declarations of Interest

Minute Number 82 – Local Council Tax Reduction Scheme

Councillor Matecki declared an interest because he was a Warwickshire County Councillor and he left the room whilst this item was discussed.

80. Minutes

The minutes of the meeting held on 7 December 2022 were taken as read and signed by the Chairman as a correct record.

Part 1
(Items upon which a decision by the Council was required)

81. Election of Chairman and Vice-Chairman of the Council 2023/24

In accordance with Procedure Rules, Councillor Syson was nominated to be elected as the Chairman and Councillor Margrave was nominated to be elected as the Vice-Chairman of the Council for 2023/24.

The Cabinet, therefore

Recommended to Council on 17 May 2023 that

(1) Councillor Syson be elected as the Chairman of the Council for 2023/24; and

(2) Councillor Margrave be elected as the Vice-Chairman of the Council for 2023/24.

(The Portfolio Holder for this item was Councillor Day)
Forward Plan Reference 1,342

(Councillor Matecki left the room.)

82. **Local Council Tax Reduction Scheme**

The Cabinet considered a report from Customer and Digital Services asking it to decide whether to increase the maximum reduction payable under the Local Council Tax Reduction Scheme from 85% to 100% as a result of the cost of living crisis.

The District Council was responsible for determining its own Council Tax Reduction scheme. The scheme provided a reduction in Council Tax for liable persons who were on a low income. Under the current scheme, all working age claimants had to contribute at least 15% towards their Council Tax.

Since 2013, each local authority had been responsible for determining its own Local Council Tax Reduction scheme to assist residents who were on a low income to meet the costs of their Council Tax liability. Prior to 2013, the scheme was a national scheme with legislation set by Central Government. Prescribed legislation remained in place for low-income pensioners and therefore this proposal only affected working age claimants.

In 2014, the Warwick District Council working age scheme was amended so that the maximum reduction a liable person could receive was 92.5% and this was reduced further in 2015 to 85%. The proposal to increase the maximum reduction a working age claimant could receive was being proposed as a direct response to the current cost of living crisis.

Claimants who received Local Council Tax Reduction were amongst the most vulnerable people across the District, not only because they were on the lowest incomes, but many of them also had other vulnerabilities such as disabilities or caring responsibilities, which restricted their ability to increase their income. The current cost of living crisis was therefore placing these people further into poverty.

The table at section 1.4 in the report showed the minimum contribution a working age liable person who was in receipt of a reduction, currently needed to pay per annum towards their Council Tax and therefore if the proposal was agreed, was the amount a household would save.

In terms of alternative options, the Council could decide to continue to ask residents in receipt of a Reduction to contribute at least 15% towards their Council Tax bill, but the purpose of the change was to assist residents during the cost-of-living crisis and therefore no other option had been recommended.

The Budget Review Group supported the recommendations in the report, in doing so recognising the administration burden for the Council of chasing the demand for any percentage of Council Tax to be paid against the balance of lost income.

The Group encouraged the Cabinet to ensure the message on eligibility would be communicated clearly and simply to all residents and targeted to those who the Council considered might be eligible.

The Group welcomed the assurance from the Portfolio Holder to provide, to District Councillors, a one-page eligibility sheet so they could help direct/filter enquiries.

The Group highlighted that any communication that was to be issued should highlight the process for making a claim, including an in-person option.

The Group requested that all Members should be provided a breakdown of the number of properties within each Council Tax Band to supplement the Table as set out in 1.4 in the report.

In response to a question from Councillor Boad, the Deputy Chief Executive and Monitoring Officer advised that the reduction would be automatic for those currently in receipt of benefit, and new applicants would be entitled to the enhanced reduction.

Councillors Hales and Tracey praised officers for the work that they put into the report, with it being a further demonstration of the Council's support of the most vulnerable residents during uncertain times. Councillor Tracey noted the comments from the Budget Review Group regarding communication to all residents who were eligible. He then proposed the report as laid out.

Recommended to Council that the maximum Local Council Tax Reduction payable be increased from 85% to 100% for working age claimants.

(The Portfolio Holder for this item was Councillor Tracey)
Forward Plan Reference 1,346

(Councillor Matecki re-joined the meeting.)

83. **Council Tax Support Fund**

The Cabinet considered a report from Finance which provided a recommendation on how to administer the Council Tax Support Fund, a new scheme created by the Government, to enable financial support the most vulnerable.

The Government was funding an additional £100million to support the most vulnerable households. The funding would allow Councils to deliver additional support to households already receiving Local Council Tax Reduction (LCTR), whilst also providing the flexibility to determine the local approaches to support the most vulnerable households in their area. Warwick District Council had been allocated £191,494 for this scheme. The guidance stated that an award of up to £25 should be given to any LCTR recipient that had a Council Tax liability to pay, for example - if a customer had a liability of £100 to pay, this would be reduced to £75, whereas if a customer only had £10, this would be reduced to nil.

For the proportion of the allocation that was not used in the above, Councils needed to establish their own local approach to helping vulnerable households with Council Tax bills.

The Government had stated there should be no need for LCTR recipients to make a claim for this support, it should be assessed and automatically applied by the local authority. This should have been in place to be reflected in the 2023/24 Council Tax bills which would be raised and issued in early March.

For Warwick District Council to award the remainder of its allocation to the most vulnerable residents and without creating complicated discretionary schemes or application processes and causing unnecessary additional work, the following two options were proposed. The reason there were two options was because officers were consulting on increasing the LCTR scheme to award up to 100% for several working age claimants. If this decision was agreed by Council on 27 February, the implementation of this increase would heavily reduce the number of claimants that had a Council Tax liability to pay. This would be an addition to the Council's response to the Cost-of-Living crisis.

Option 1 (maximum LCTR for working age claimants did not increase to 100% and stayed at 85%). The Council granted every LCTR recipient with a Council Tax liability to pay an award of up to £25 (dependant on their liability amount).

	Number of eligible claimants	Total amount of CT Support payments
Working Age	4,606	£115,150
Pensioners	1,040	£26,000
Total		£141,150

This would leave £50,344, allowing up to £25 to be awarded to every new LCTR recipient, with a Council Tax liability to pay, throughout 2023/24, but as this would allow for over 2,000 claimants, this might leave monies unspent by the end of the year.

Option 2 (maximum CTR for working age claimants did increase to 100%). The Council grants every CTR recipient with a Council Tax liability to pay an award of up to £75 (dependant on their liability amount).

	No. of eligible claimants	Total amount of CT Support payments
Working Age	1,400	£105,000
Pensioners	965	£72,375
Total		£177,375

This would leave £14,119, allowing up to £75 to be awarded to every new CTR recipient, with a Council Tax liability to pay throughout 2023/24, until the funding was exhausted. This would allow for around 188 further claimants to receive the award, but as the new 100% scheme would be in place, it was expected that the number with a Council Tax liability would be substantially reduced.

In terms of alternative options, there was not an alternative to awarding these funds to vulnerable residents, however, the alternative to this proposal would be to award the minimum of £25 to those on LCTR and create a discretionary scheme with an application and verification process for the remaining funds.

The Budget Review Group supported the recommendations in the report.

Councillor Hales proposed the report as laid out, based on Option 2 as set out above.

Recommended to Council that the Council Tax Support Fund be awarded to those residents in receipt of Local Council Tax Reduction, in support of the decision by Council on revision to that Scheme, based on Option 2 as set out above.

(The Portfolio Holders for this item was Councillors Hales & Tracey)

84. **General Fund Revenue and Capital Budget**

The Cabinet considered a report from Finance which informed Members on the Council's General Fund financial position, bringing together the latest and original Budgets for 2022/23 and 2023/24 respectively, plus the Medium-Term Forecasts until 2026/27. It would be presented to Council alongside a separate report recommending the overall 2023/24 Council Tax Charges for Warwick District Council.

The report presented a balanced budget for 2023/24, which the Council had been able to achieve without having to reduce the services it provided but with a heavy reliance on reserves. The Council continued to use New Homes Bonus and other non-recurrent funding provided as part of the Finance Settlement to support additional activity and replenishing reserve balances, and not to support core revenue spending.

No increase was proposed for Council Tax for 2023/24, which would erode the tax base of the Council into the future.

By law, the Council needed to set a balanced budget before the start of the financial year. As part of this process, it needed to levy a Council Tax from its local taxpayers to contribute to financing General Fund expenditure.

It was prudent to consider the medium-term rather than just the next financial year, taking into account the longer-term implications of decisions in respect of 2023/24. Hence, Members received a five-year Medium Term Financial Strategy (MTFS) detailing the Council's financial plans, Capital Programme and Reserves Schedule.

The Local Government Act 2004, Section 3, stated that the Council had to set an authorised borrowing limit. The CIPFA Code for Capital Finance in Local Authorities stated the Council should annually approve Prudential Indicators. These would be included in the Annual Treasury Management Strategy report to Cabinet and Council in March 2023.

The Chief Financial Officer was required to report on the robustness of the estimates made and the adequacy of the proposed financial reserves. This statement was made at Appendix 1 to the report.

The report was structured to build up and present a holistic view of the Council's finances for Members to assist them in considering the Budget and Council Tax proposals and associated matters.

The current year revenue budget was last considered by Cabinet in December 2022 at part of the Q2 Budget Review report. At that time, a £482,000 adverse position was forecast for the year, which was to be partly driven by non-ring-fenced Government grants.

Throughout 2022/23, expenditure/income had been reviewed against budgets, with this helping to inform the Budget Process. Part of this process was to review the current year's budgets to ensure that they were up to date and relevant to the needs and requirements of the service areas. Budgets had been reviewed throughout the year on a regular basis, and more formally through the Quarterly Budget Review reports presented to Members in September and December.

The Quarter 2 report presented a deficit position of £482,000 with the breakdown as follows:

2022-23		
Service (General Fund)	**Variation Description**	**Forecast Full Year Variation £'000**
Employee Costs	Staffing	£500 F
	Pay Award (funded by Vacancy budget) including member allowances	-
Neighbourhood & Assets	Delays to PPM works	-
	Utility Charges – Electricity	£250 A
	Previous waste contract income	£200 F
	Green Waste Permits	£486 F
Place, Arts & Economy	Arts activity increased	-
	Leisure Concession	£200 A
	Planning Income	-
Housing Services	B&B Accommodation	-
Customer & Digital Services	Benefits subsidy and payments	£396 A
Strategic Leadership	Warwickshire Place Partnership (Health & Wellbeing)	-
	De-Carbonisation Grant	-
	Members Allowance	£40 A
	Contingency Budget	-
	Crewe Lane LLP Interest	£62 A
	Removal of EMR	£500 F
	Budget Savings proposals linked to merger	£512 A
	Budget saving proposal – digital transformation	£208 A
	Budget Savings in-year underspend	£500 A
TOTAL		**£482 A**

However, there had been one further notable change that had impacted on the financial position for the current year, outlined as part of the forecast review alongside the budget setting process:

Expenditure Growth / Income Reductions

- Business Rate retention forecast reduced based on latest projections provided locally and through the Business rate pool (all Warwickshire Councils and Coventry were part of the local pool) (+£609k).

As a result of the changes summarised above, a deficit of £1.290m was forecast for 2022/23.

While section 10.10 in the report highlighted the controls and mitigations in place to reduce budgetary risk, it had been clear that significant factors, both locally to the Council and nationally due to the significantly different economic conditions the Council operated in, had led to unexpected and, in recent times, unprecedented financial challenges. Where savings and efficiencies had been made, these had in some instances been negated by increased costs across many services.

It was essential that officers and Members continued to support and deliver further proposals in order to address the financial challenges facing the Council, to ensure that the Council could continue to deliver high levels of service within its ongoing financial baseline.

In preparing the 2023/24 Base Budget, the over-riding principle was to budget for the continuation of services at the existing level. The following adjustments needed to be made to the 2022/23 Original Budget:

- removal of any one-off and temporary items;
- addition of inflation;
- addition of previously agreed Growth items;
- addition of unavoidable Growth items; and
- inclusion of any identified savings.

Core inflation of 4% had been included in the proposed 2023/24 Budget. The exceptions to this were the Waste Contract (subject to annual review in July); the Cleaning contract and the Business Rates.

The following unavoidable growth had been included in the Budget:

- a 4% staffing pay increase had been factored in for 2023/24, subject to pay negotiations (+£709k);
- increase in finance charges, including the interest paid on PWLB borrowing to support approved schemes including the contribution to the establishment of the Materials Recycling Facility in Coventry, and the purchase of vehicles as part of the new waste collection service (+£543k), and an increase to the Minimum Revenue Provision (MRP) allocation (+£384k); and
- increased cost of utilities due to the rise in wholesale prices, as outlined in the Q2 budget report in December (+£530k).

As part of agreeing the 2022/23 Budget last year, a series of Budget savings were included. These had continued to be monitored throughout the year and reported to Members as necessary.

The 2023/24 budget showed a deficit of £3.624m. The key drivers of the 2023/24 forecast deficit, compared to when the MTFS was last presented to Members in the December 2022 Q2 Budget report, included:

- freeze to Council Tax (previously set at a £5 increase for 2023/24);
- recruitment, Retention and Renumeration recommendation; and
- increase in contingency provision for inflation, major contracts and ad- hoc developments in-year.

Offset by:

- increase to vacancy factor following Recruitment, Retention and Remuneration review; and
- business rates increase due to delay in baseline reset.

To present a balanced budget, it was proposed to use the Business Rates Retention Volatility Reserve.

Appendix 2b to the report included details of the breakdown of the Budget over the Council's individual services.

The Chancellor announced the 2022 Autumn Statement on 17 November, which was followed by the Provisional Local Government Finance Settlement on 19 December.

The recent announcements and provisional settlement were once again a holding position, designed to offer some stability based on a uniform roll-over of the core elements of the settlement. However, this was the second year in succession that the Government had only provided local authorities with a single-year settlement. The hoped-for multi-year settlement had again not been forthcoming, which continued to make financial planning very difficult for local authorities. The settlement was due to be confirmed by the Government in February 2023, ahead of local authorities confirming their budgets for 2023/24.

The Council tax principles of the Finance Settlement were set out in section 1.6 of the report.

The multiplier used to calculate Business Rates income would be frozen for 2023/24. However, the Government would compensate Councils fully for the loss of income resulting from this decision at CPI of 10.1%.

The Services Grant introduced in 2022/23 would be retained in 2023/24, but reduced to account for the reversal of the increase to National Insurance Contributions from November 2022. £133,900 has been awarded.

For some years, the future of New Homes Bonus (NHB) had been subject to review, adding to uncertainty to its continuation. However, as part of the stability, this had included NHB allocations for 2023/24 of £1.078m. There were no legacy payments attached to these new allocations.

In addition, to bridge the gap and to ensure that all Councils saw a minimum 3% increase in their core spending power (before taking into consideration any local decisions on Council Tax), a further one-off Funding Guarantee allocation of £1.846m would be received.

The Council would continue to use NHB and now the Funding Guarantee to fund one-off items, or to support reserves. This was in view of the uncertainty over future allocations, so it had been prudent not to use this funding to support core revenue expenditure, with this revenue only factored into the Medium-Term Financial Strategy once it had been agreed for each year. The proposal for their use was outlined in section 1.11 in the report and Appendix 10 to the report.

Funding reforms and changes in funding distribution, including the Fair Funding Review and Business Rates baseline reset, would not be implemented until after the General Election, and therefore 2025/26 at the earliest.

Under the current Business Rate Retention scheme, 50% of rates collected were retained within local government, with a series of tariffs and top-ups to redistribute the revenue between local authorities to reflect the individual needs of authorities, and to distribute revenue to non-billing authorities. For some years, the Government had been planning a move to a 75% scheme to give local authorities more incentive to encourage local businesses on the basis that the local Councils would get to retain a greater proportion of the tax revenue.

The other planned change to the Business Rate Retention system was for there to be a "Re-set" of the Baselines. Under the system, each authority had a Baseline, and got to retain a proportion of the additional tax revenues above this. Authorities such as Warwick had benefitted from this since the scheme began and operated well above Baseline. If there was a re-set to the Baseline, this would reduce the business rates that the Council retained substantially. For the fourth consecutive year. the re-set had been delayed, with it now expected to be from 2025/26 at the earliest, with this year being the first following the next expected General Election. Therefore, any delay in changing the baselines was seen to be of benefit to the Council. However, the MTFS did account for a steep decrease in the Council's forecast Business Rate income from 2025/26, where it was expected that District Councils would be impacted the most from any change.

The Business Rate Retention scheme was very complex, with many components and parameters which drove the funding, and the timing of that funding, that Councils received. The Council's Business Rate Retention projections were based on figures provided by Local Government Futures, a specialist consultancy that many local authorities subscribed to. This information was supplemented with local knowledge from being part of a Business Rates Pool with other Councils across Coventry and Warwickshire.

Given the large fluctuations in the business rates, and the difficulty in projecting the revenue, it was important that the Council continued to retain a "Volatility Reserve". Any increased business rate income received in the year was allocated to the reserve, whilst any shortfall should have been funded from the reserve. The balance on the reserve had been subject to review, and it was proposed that a maximum balance of £10m should be retained in anticipation of the adverse changes expected from 2025/26.

As part of the Finance Settlement, the Government had confirmed that for District Councils, their element of Council Tax could increase by the higher of 2.99% or £5 for 2023/24. As 2.99% was higher than £5 for this Council, this was the maximum increase in Council Tax for 2023/24, that was allowed for. Any increase above this level would be required to be ratified by a local referendum.

Increasing the Council Tax by the maximum would protect the Council's tax base and maximise Council Tax revenue. If the Council agreed a lesser increase than 2.99% (or no increase), this would erode the tax revenue of Warwick District Council from 2023/24 in perpetuity. A 2.99% increase would generate an additional £305,000 in 2023/24. If Council Tax was not increased, the Council's revenue income for all future years would be suppressed by at least this amount. With the Council having to find further revenue savings in future years, the savings to be found would be that much greater. If savings in service provision were not found, it would be necessary to make reductions in services to enable the Council to be able to agree a balanced Budget in future years.

The Tax Base for 2023/24 had now been agreed at 57,670 Band D dwellings, representing an increase of 670 from what had been allowed for within the Council's 2022/23 Medium Term Financial Strategy. The increase reflected the number of new properties across the District now coming forward, while also taking into consideration the impact on the changes to the Local Council Tax Reduction Scheme (as covered within the LCTRS report which came alongside this report on the Cabinet agenda – Minute Number 82).

The 2022/23 estimated Council Tax balance in respect of Council Tax income for the current year had recently been reviewed. This gave a total estimated surplus balance of £201,500 as of 31 March 2023 (including the final year of the 2020/21 deficit that was spread over three years). This balance had to be shared with the major preceptors in 2023/24, with Warwick District Council's element being £19,000. This surplus balance again reflected the additional growth in properties across the District during the current year, and how the current year estimated tax base of 12 months ago had been exceeded. Estimating the tax base was invariably very difficult, and frequently resulted in a deficit or surplus balance which would need to be financed subsequently.

The Medium-Term Financial Strategy included Council Tax increases for future years of 2.99% per annum from 2024/25. Any departure from this would need to increase the savings which needed to be agreed.

Notwithstanding the financial implications detailed above, given the cost-of-living pressures that local residents were experiencing and the comparatively healthy position of Council reserves, the recommendation within the report was for the District Council's element of Council Tax for 2023/24 to remain at the 2022/23 levels (which were also set at 2021/22 levels). On this basis, the 2023/24 Council Tax for each band would be as follows:

	£
Band A	117.91
Band B	137.56
Band C	157.21
Band D	176.86
Band E	216.16
Band F	255.46
Band G	294.77
Band H	353.72

Members needed to bear in mind their fiduciary duty to the Council taxpayers of Warwick District Council. Members had a duty to seek to ensure that the Council acted lawfully. They were under an obligation to produce a balanced budget and must not knowingly budget for a deficit. Members must not have come to a decision that no reasonable authority could come to, balancing the nature, quality and level of services that they considered should be provided, against the costs of providing such services.

For some years, the future of New Homes Bonus (NHB) had been subject to review, adding to uncertainty to its continuation.

It was expected that NHB payments would end in 2022/23. However, due to the 'holding' nature of the Finance Settlement, NHB allocations had once again been included, with £1.078m to be received in 2023/24. There were no legacy payments attached to these new allocations.

In addition, to bridge the gap and to ensure that all Councils saw a minimum 3% increase in their core spending power (before taking into consideration any local decisions on Council Tax), a further one-off funding guarantee allocation of £1.846m would be received.

The Council would continue to use NHB and now the Funding Guarantee to fund one-off items, or to support reserves. This was in view of the uncertainty over future allocations, so it had been prudent not to use this funding to support core revenue expenditure, with this revenue only factored into the Medium-Term Financial Strategy once it had been agreed for each year. The proposal for their use was outlined in section 1.11 in the report and Appendix 10 to the report.

The MTFS was last formally reported to Members in December as part of the Q2 Budget report, with the profile for future years being as follows:

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000
Deficit-Savings Req(+)/Surplus (-) future years	1,290	3,528	4,334	2,476	1,525	1,501
Change on previous year		2,238	806	-1,858	-951	-24

Once the changes outlined for 2022/23 and 2023/24 through the Budget Setting process had been incorporated into the Strategy, the position of the MTFS was as follows.

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Deficit-Savings Req(+)/Surplus(-) future years	482	2,558	3,012	2,688	2,545
Change on previous year	0	2,076	454	-324	-143

Section 1.11.3 in the report proposed how the deficit would be covered through the use of reserves. The below table showed the MTFS once this had been actioned:

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000	£'000
Deficit-Savings Req(+)/Surplus (-) future years	0	0	4,334	2,476	1,525	1,501
Change on previous year		0	4,434	-1,858	-951	-24

New initiatives would need to be agreed over the next year to enable savings or additional income to be generated so as to remove the forecast £4.334m deficit in 2024/25. By using the Business Rate Retention Volatility Reserve (BRRVR) over the last few years, the Council had given itself some time to get new initiatives in place. However, it now needed to develop strategies above those already agreed for balancing its budget over the medium to long term to create a sustainable platform to deliver services. This was covered in greater detail within the separate Organisational Change report on the same agenda – Minute Number 90.

The Council had already started realising ways to improve returns from its investments, in particular through the Local Housing Company, which would also have social benefits as well as economic to both the District and the Council. This would be discussed in greater detail as part of the updated Treasury Management Strategy, which would be presented to Cabinet in March 2023.

Members had previously agreed that £1.5m should be the minimum level for the core General Fund Balance. This balance supported the Council for future unforeseen demands upon its resources. In order to consider a reasonable level of general reserves, a risk assessment had been completed and attached at Appendix 4 to the report. This showed the requirement for maintaining this minimum balance to mitigate against the risks that had been identified, where other funding was not available.

The unallocated General Fund Balance was currently forecast to be £2.651m, this being above the minimum level of £1.5m. The use of this excess balance was considered in section 1.11 in the report.

The Business Rate Retention Volatility Reserve (BRRVR) had been used over the duration of the MTFS to help smooth the savings needed to be secured, with the shortfall being across the period 2022/23 to 2023/24. Due to increases in the balance on this reserve, additional non-recurrent activity had also been outlined to be supported using this funding. Business rates were discussed in section 1.5 of the report, including the expected changes to Business Rate Retention which had been delayed over the last few years. With the result of the expected changes in mind, the balance of this reserve should not be allowed to go below a level of £10m.

Delegated authority was requested to enable drawdown from the Equipment Renewal Reserve within the agreed schedule (Appendix 7 to the report). Any further requests or requests above the agreed schedule would require Member approval.

The full reserve projections were included within Appendix 5 to the report, alongside an explanation for each reserve. Some of the reserves would have additional commitments not reflected in the schedule, which would reduce the projected balances. It was also noted that some reserves were potentially over-committed, which would either require further funds being allocated in a future year, or a reduction in funded activity.

In accordance with the Council's Code of Financial Practice, all new and future capital schemes needed to be in line with the Council's corporate priorities, including its capital strategy. A report supported by the necessary Business Case would be prepared for review and approval by Cabinet, identifying the means of funding and, where appropriate, demonstrating an options appraisal exercise had been carried out. Should there be any additional revenue costs arising from schemes, the proposed means of financing such would also need to be included in the Report and Business Plan.

The Capital Programme had been updated throughout the year as new and amended projects had been approved. Appendix 9 to the report, consisting of five parts, detailed both the General Fund and Housing Investment Programme (HIP) Capital programmes, along with their associated funding. Appendix 8 to the report detailed the variations to the capital programme as new schemes had been approved and projects had been updated.

Within the MTFS, no funding had been allowed for Rural and Urban Initiatives from 2023/24 as part of the savings agreed in December 2020. While the scheme would continue in 2023/24, to be funded using the New Homes Bonus and Funding Guarantee, if the scheme was to continue beyond 2023/24, additional funding would need to be found as part of future budget setting proposals.

Slippage and savings on existing schemes were also detailed within Appendix 8 to the report.

The HIP and associated funding were included within Appendices 9 parts 2 and 4 to the report. Additional borrowing was the primary source of funding for new construction and acquisition projects. The HIP would be reviewed further as part of the HRA Business Plan report in March.

Appendix 9 to the report, Part 5, showed the General Fund unallocated capital resources. These totalled £2.179m in 2022/23. The Capital Investment Reserve represented the largest share of this at just under £1.5m, for which the Council had agreed the minimum balance should be £1m. Whilst the Council did hold other reserves to fund capital projects, it should have been noted that these were limited and had been reserved for specific purposes. In addition to the resources shown here, "Any Purposes Capital Receipts" were projected to total £9.444m as of 31 March 2023.

The Council did have some balances and funding which it was able to use to fund specific projects and service demands. The sums available could be used to fund 'one-off' items only. Any initiatives that would result in a recurring cost to the Council needed to be accommodated within the revenue budget.

In terms of the General Fund Deficit 2023/23, for the current year, the Council was forecasting a deficit of £1.290m for the various reasons outlined. Conversely, 2023/24 was presenting a significant deficit of £3.528m. It was proposed that funding from the Business Rates Retention Volatility Reserve was used to cover the 2023/24 deficit.

The Council's policy was for the General Fund Reserve Balance to be maintained at a minimum level of £1.5m. As of 31 March 2022, the unallocated balance was £2.651m. It was proposed that £1m of this balance would be allocated to support the proposals outlined in section 1.11.6 in the report.

The Service Transformation Reserve was to be used to support one-off costs associated with the Office Relocation project. As of 31 March 2022, the unallocated balance was £1.4m.

As outlined in section 1.7 of the report, the Council would receive £2.924m in 2023/24 as part of the Local Finance Settlement, made up of

New Homes Bonus (£1.078m) and a Funding Guarantee payment (£1.846m).

The table below outlined how the New Homes Bonus, Funding Guarantee and reserves identified at levels above agreed minimum balances were to be used to support one-off activity, with the full programme to 2026/27 outlined in Appendix 10 to the report.

Activity	**New 22/23 £'000**	**Award 23/24 £'000**
Lord Leyster Hospital – underwriting of HLF award match funding		40
St Mary's tower		50
Barford Youth and Community Centre		250
Packmores Community Centre plus land		25
Womens Cycle Tour		30
Kings Coronation		25
Demolition of Covent Garden MSCP		1,000
Abbey Fields Cycle Track		160
Office relocation One-off costs	98	307
Play areas disabled improvements		100
Voluntary/Community Sector Commissioning		249
Rural and Capital Initiatives Grants		100
Community Forums		35
Trees for the Future planting programme		400
Community Projects Reserve top-up		500
ICT Reserve top-up		1000
Corporate Asset Reserve top-up		2,500
Total	**98**	**6,771**
Funded by		
New Homes Bonus 23/24		1,078
Funding Guarantee 23/24		1,846
Services Transformation Reserve	98	347
Business Rate Retention Volatility Reserve		2,500
General fund Reserve		1,000

* Indicates further funding would need to be allocated for future years as part of 2024/25 Budget process.

As of 31 March 2022, the Council held £8.444m in useable Right to Buy Capital Receipts. This balance was projected to increase by £1m in 2022/23 to give an anticipated balance as of 31 March 2023 of £9.444m. 7.897m of this balance had been agreed to be used towards a number of projects, with £7.441m of this to be used towards the Kenilworth Leisure Centre projects at Abbey Fields and Castle Farm.

The proposed PPM budget would enable the Council to proactively maintain all existing corporate assets (i.e., all assets owned by the Council other than its Housing Revenue Account homes, shops, garages and land) in a suitable condition unless or until any future decisions were made in respect of individual assets through a Corporate Asset Management Strategy.

The proposed budget allocation for 2023/24 was based on a review of the current PPM data by officers within the Assets Team, in consultation with building managers from other services which held or operated specific assets. The Proposed Corporate Property & Planned Preventative Maintenance (PPM) Programme works 2022/23 was set out at Appendix 11 to the report.

For 2023/24, the total PPM budget was £4.228m. This would be funded using £413,000 from the Annual Revenue PPM budget and a £3,814,600 drawdown from the Corporate Assets Reserve. This was expected to leave a £258,800 balance as of 31 March 2024. The schedule also outlined expected allocations across the period of the MTFS, and the necessary funding requirements, including how further funding of £149,000 would be required in 2024/25 to deliver the full programme of works. Further detail on the PPM schedule and funding was set out in Appendix 11 to the report.

The Returning Officer was now required to provide a pension scheme for all persons employed to work on elections to join if from their earnings on elections they met either (a) the threshold of £10,000 per annum or (b) wished to join but earned over £6,240. From experience of election fees, only a minimal number of people automatically entitled (but who could still opt out) would be less than five and those meeting the threshold of (b) and wishing to join would be very low. From knowledge and experience from other authorities, it was likely that less than five people would opt to be in the scheme. This would set the costs involved but at present it was anticipated it would be met within exiting budgets, based on low take up.

The Cabinet was aware that normally, the Returning Officer had over 700 employees to work at elections, however, it was anticipated less than 10 of these would qualify or wish to take up the pension unless there were multiple elections within the same year. The greater burden to the Council would be officer time handling initial questions about what this meant for the employee.

The Council's Code of procurement Practice required a competitive process for all contract-spend above £25,000. It was not clear on the total costs for this scheme as it would depend on the uptake, but as the category of spend was for a Government Employee Pension Schemes (CPV 75320000) which fell under the Light Touch Regime within the Public Contract Regulations 2015 (PCR2015), with a threshold of £663,540, the Council could award a contract without undertaking a formal competition should evaluation of the market suggest an economically advantageous suitable supplier as long as the Council's the decision making process was fair, open and transparent. As such, it was lawful for the Council to choose to direct award this contract, although an exemption from the Council's own Code of Procurement Practice was still required.

As part of the quarterly budget reports to Members, it had been reported that the Council was facing recruitment and retention challenges within most service areas, with high levels of staff turnover followed by difficulties in attracting applicants with the required skills. This was putting pressure on some service areas, running the risk of impacting on service delivery, as well as the health and wellbeing of those staff managing the workload expected to be covered by a larger establishment.

It was stated that the challenges faced were subject to review, and that work was ongoing on how this was to be tackled going forward.

As part of this review, renumeration had been considered in more detail, including a comprehensive benchmarking exercise. Officers had considered options and the budgetary impact on the Council, as well as striving to be equitable and fair to all.

For 2023/24, outside of the national pay negotiations, it was proposed to increase all staff salaries by one increment. For 2024/25, outside of the national pay negotiations, it was proposed to increase all staff salaries by one further increment. This local remuneration initiative would not impact on the national inflationary rises which would be applied following national negotiations.

Further measures were subject to review during 2023/24 to provide targeted support to service areas facing specific staffing challenges. However, the current proposal aimed to address the ongoing erosion of salaries in local government, and specific to WDC, help address where the organisation sat following benchmarking work taking place.

It was expected that this package could be funded in 2023/24 through savings made because of the under-establishment of services. However, with the proposals expected to mitigate and reduce the levels of vacancy within the organisation going forward, this would need to be funded as part of the baseline 2024/25 budget position.

In the Levelling Up and Regeneration Bill as introduced in the House of Commons on 11 May 2022, there was a section relating to Council Tax and changes in the way that Local Authorities (LAs) could apply the Long-Term Empty Property Premium and the opportunity to introduce a premium for furnished second homes. These would come into force from 01/04/2024.

The first change which should have been confirmed and added to the Local Government Finance Act 1992 later in 2023, allowing LAs to amend how they charged the empty property premium. Currently at Warwick District Council, this was applied at an additional 100% for properties empty over two years, 200% for those empty over five years and 300% for those empty over 10 years. The proposal in this bill was to allow LAs to charge the additional 100% after a property had been empty for one year instead of two; the other bands did not change.

The second change was that LAs would be able to charge up to an additional 100% premium on all furnished second homes in the District. These were essentially homes not occupied but kept furnished as 'second homes' by their owners, not rented out, just used by the owners as holiday homes etc.

The recommendation was that Warwick District Council would adopt these new measures, which would come into force from 1 April 2024. This was factored into the updated MTFS and was expected to increase the Council tax received by Warwick District Council as the collecting authority by a forecast £1.31m, which would be distributed amongst the preceptors in the normal way. If implemented, this would equate to a forecast £156,000 per annum from the 2024/25 financial year.

In terms of alternative options, Council did not have an alternative to setting a Budget for the forthcoming year. Members could, however, decide to amend the way in which the budget was broken down or not to amend the current year's Budget. However, the proposed latest 2022/23 and 2023/24 budgets sought to reflect the decisions made by Members and make appropriate recommendations. Any changes to the proposed budgets would need to be fully considered to ensure all implications (financial or otherwise) were addressed. If any Member was considering suggesting changes to the proposed Budget, these proposals should be discussed (in confidence) with the Head of Finance beforehand, to ensure all implications were considered, including funding. If appropriate, alternate Budget papers could be prepared for consideration by Council.

As discussed in section 1.6 in the report, the Council did have the ability to increase its share of Council Tax by up to £5 at Band D for 2022/23. This level of increase had been included in the Medium-Term Financial Strategy from 2023/24. If the Council was to increase Council Tax by £5 in 2023/24, this would generate an additional £305k, which would help to protect the Council's future revenue base. Given the significant level of new savings to be found in future years (in addition to the previously agreed savings, many of which had yet to materialise), this potential additional income from a Council Tax increase would significantly contribute to making the Council's finances more resilient on a recurring basis into the future.

By taking the decision to freeze Council tax for a second year in succession, around £3m would be lost from the core spending power of the Council in only the five years that the MTFS covered. Given the MTFS position presented in section 1.8.2 in the report, the Council, while still likely to have needed to use reserves over the period 2022/23-2024/25, the amount of reserve funding required to balance the budget would have been significantly reduced. The MTFS were there to have been no freezes in the last two years was presented below.

	2022/23	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Deficit-Savings Req(+)/Surplus (-) future years	1,008	2,926	3,702	1,824	853	823
Change to recommended position based on tax freeze	-282	-602	-632	-652	-672	-678

The Budget Review Group did not take a formal view on supporting or not the budget proposals.

The Group raised a number of points that the Cabinet and Council should take into consideration when finalising the budget and Council Tax setting for the 2023/24 financial year:

- The Council only had sufficient reserves for about two years (23/24 and 24/25) to sustain projected deficit of £3.5million.
- The change management strategy, from 24/25 onwards, was a key with proposing a positive budget effect of £1.5million recurring reducing the demand on Council reserves.
- Not increasing Council tax had a net adverse effect on the budget of just under £300,000 per annum for the Council.
- Assumptions were made in the budgeting on a lower anticipated number of new homes and inflation based on OBR, Government and advisors.
- Budget assumed no government funding in 24/25 but the Chancellor had indicated (with no detail or figures) this would not be the case.
- CEAP reserve of £500k per annum had not been increased to allow for inflation and would be used to fund £70k work on Biodiversity (as set on Cabinet agenda).
- There were no further news on the business rate retention reset proposal.

The Group noted that:

- Further details of the proposed £160k for Abbey Fields Cycle route would be shared with all Councillors.
- There was an error on the totalling in Appendix 5b and a revised one would be circulated to all Councillors.
- Officers would share the split of right to buy receipts between the one to one budget and any purpose capital budget.
  Officers would share with all Councillors the assumptions & calculations that lead to the MTFS forecasts.

  The Leader advised that there was no intention of making staff redundant, or reducing or cutting services in the budget. The proposals were reflective of a change in employment environment, with a number of positions that were not filled and the impact of technology and moving headquarters. He also reassured Members that the Council did not want staff to feel uncertain about their employment.

  Councillor Hales congratulated the Head of Finance and his team for their hard work in producing the budget. In response to a question from Councillor Mangat regarding including a provision within the budget towards Foodbanks, he was happy with the suggestion and would discuss with the Head of Finance with this regard. He then proposed the report as laid out.

Recommended to Council that

(1) the proposed changes to the 2022/23 budget as detailed in section 1.2 in the report, be approved, and the projected deficit for the year of £1.290m, be funded using Business Rate

Retention Volatility Reserves;

(2) the proposed 2023/24 revenue budget as detailed in section 1.3 in the report, be approved, and the shortfall on the year of £3.528m is supported using Business Rate Retention Volatility Reserves;

(3) the Council Tax charges for Warwick District Council for 2023/24 before the addition of Parish/Town Councils, Warwickshire County Council and Warwickshire Police and Crime Commissioner precepts, for each band with no increase from 2022/23 (also frozen from 2021/22) as follows, be approved:

	£
Band A	117.91
Band B	137.56
Band C	157.21
Band D	176.86
Band E	216.16
Band F	255.46
Band G	294.77
Band H	353.72

(4) the reserve projections and allocations to and from the individual reserves as detailed in Section 1.9 in the report, including the ICT Replacement, Equipment Renewal and Pre-Planned Maintenance (PPM) Schedules, be approved;

(5) drawdown from the Equipment Renewal Reserve is delegated to the Head of Finance, in consultation with the relevant Head of Service and in line with the schedule agreed within the report (as per recommendation 4 above), be approved;

(6) the General Fund Capital and Housing Investment Programmes as detailed in Appendices 9 parts 1 and 2 to the report, together with the funding of both programmes as detailed in Appendices 9 parts 3 and 4 to the report and the changes described in the tables in section 1.10 in the report and Appendix 8 to

the report, be approved;

(7) the allocation of project funding discussed in Section 1.11 in the report and summarised in Appendix 10 to the report, be approved;

(8) the allocation of £4.228m for the 2023/24 Corporate Property Repair and Planned & Preventative Maintenance (PPM) Programmes to fund the list of proposed works set out in Appendix 11, and the drawdown of funding from the Corporate Asset Reserve of up to £3,815m to support the programme, as discussed in section 1.12 in the report, be approved; and

(9) the introduction of empty property and furnished second homes premium charges relating to Council tax, with effect from 1 April 2024, be approved.

Resolved that

(1) the impact on the Medium-Term Financial Strategy (MTFS) due to changes detailed within the report, and how these changes are expected to be accommodated and how further organisational change needs to be enacted before the Council agrees its 2024/25 Budget, be noted;

(2) an exemption to the Code of Procurement Practice to enable direct award to National Employment Savings Trust (NEST) Pension Scheme from 1 April 2023 for the provision of a pension scheme for election staff, be approved; and

(3) the Recruitment, Retention and Renumeration project proposal as included within the 2023/24 Base Budget and MTFS, be noted.

(The Portfolio Holder for this item was Councillor Hales)
Forward Plan Reference 1,315

85. HRA Budget and Rent Setting

The Cabinet considered a report from Housing which informed on the Council's financial position for the Housing Revenue Account, bringing together the latest and original Budgets for 2022/23 and 2023/24. The report presented a balanced budget for 2023/24.

The report made recommendations to Members in respect of Council tenant housing rents, garage rents and other HRA charges for 2023/24.

From April 2020, a new national rent policy came into effect, which included the ability for Councils to increase rents annually by up to CPI (at September) + 1% per annum. The Council would have increased rents for Social and Affordable rent dwellings by CPI at September 2021+ 1% which was 10.1% +1% with the total rent increase being 11.1% from April 2023.

However, after a short consultation, in the Autumn Statement on 17 November 2022, the Chancellor of the Exchequer announced that a one year 7% Rent Cap would be applied in the place of the National Rent Policy using a Direction to the Regulator of Social Housing and advised this would support people in social and affordable housing in England with the cost of living crisis by limiting the increase in their rents.

Details of current rents and those proposed because of these recommendations were set out in Appendix 1 to the report. It was noted that from April 2016 Target Formula rents were applied when a dwelling became void and re-let, existing tenancies prior to this policy change, continued under the historic rent regime with inflation linked in line with national rent policy. Appendix 1 to the report contained the average rents for both Target Formula Rent and Historic Rent policy dwellings.

A comparison of the Councils proposed 2023/24 rents to Local Market Rents, National Formula Rent Caps and Local Housing Allowance Rents was set out in Appendix 2 to the report. The Council's Social Rents were 41% lower than the Local Average Weekly Market Rent. This meant that the Council's housing service reduced the cost of living for tenants, allowing more money to be spent in the wider economy and reducing the social welfare costs of helping lower income tenants afford their rent.

From April 2016, landlords were permitted to set the base rent as the Target Social Rent (also known as Target Formula Rent) for new social tenancies. These tenancies were subject to agreed rental policy to comply with the Welfare Reform and Work Act 2016.

The Council adopted the policy to introduce Target Formula Social Rents on new tenancies issued upon a dwelling becoming void and re-let. This phased approach equated to approximately 400 dwellings per year transferring from the prior social rent policy to Target Formula Rents. Existing tenancies commencing prior to April 2016 would remain on the prior rent policy, with rents being inflated by the 7% Rent Cap for 2023/24 and thereafter CPI+1 in line with Target Social Rents Dwellings.

New Affordable Housing tenancies within the HRA would continue to have their rents set in line with the National Affordable Housing Rate, which was 80% of the Local Market Rent in line with planning permission and grant approvals from Homes England.

Prior to 2020, existing Affordable Housing tenancies were set at a special "Warwick Affordable Rent", which was a mid-point between social and affordable rent. Any existing historic tenancies would continue to pay 'Warwick Affordable' rents for the remainder of their tenancy to ensure there were no negative financial implications for existing tenants.

Affordable rents and 'Warwick Affordable' rents were usually inflated in line with national rent policy at CPI (at September) + 1%. CPI at September was 10.1% and so with the total rent increase would have been 11.1% from April 2023, but for 2023/24 would also be capped at the new one year only 7% rent cap.

Shared owners purchased a percentage of the property from the Council and were required to pay rent on the proportion of their home which they did not own.

The shared ownership properties' rent increases were not governed by National Rent Policy. Instead, the Council adopted the Homes England (previously the Homes and Communities Agency - HCA) template lease agreement which included a schedule on rent reviews. Schedule 4 of the lease agreement determined that the rent would be increased by RPI (at November) + 0.5% from April each financial year.

RPI at November 2022 was 14% +0.5% would have meant the total rent increase being 14.5% from April 2023. In comparison to November 2021, RPI was 7.1%+0.5% totaling 7.6%.

The National Housing Federation commissioned Anthony Collins Solicitors LLP to publish an advice note on the "Implementing a cap on Shared Ownership rent increases". In this document that was circulated to Registered Social Housing Providers, it stated the Government had no intention of compelling Registered Social Housing Providers to limit rent increases for shared owners, but did have some expectation that Social Landlords across the sector would treat shared owners in a similar manner to the Social and Affordable Housing and DLUHC.

Where shared ownership properties had been purchased using relevant Grant Funding from Homes England, there was an additional requirement to seek permission from Homes England to cap the Rent at 7% for one year only in place of the Homes England Lease Terms of RPI+0.5%. Permission must have been sought as the Rental increase of RPI +0.5% was a condition of the Shared Ownership Affordable Housing Program Grant Agreement, however, as social Housing Providers were collectively requesting to undertake a Voluntary 7% Rent Cap, seeking permission should not be a problem as Homes England were aware of this likely outcome.

The Council would continue to use lease agreements based on the existing HCA template lease for all new shared ownership tenancies which would be increased annually by RPI+0.5%.

Garage rent increases were not governed by national guidance. In 2020/21 as part of the HRA Rent Setting Report, Cabinet approved garage rents to be increased by 10% per year over a five-year period, with following years being inflated by CPI. The Council did not have a formal policy for the setting of rents for garages, but the points below contributed to the decision to increase the rents.

Two different rent charges applied to garages, depending upon whether the renter was an existing WDC tenant or not. There were also parking spaces and cycle sheds which were charged for.

Market Research showed that in the private sector, garages were being marketed in the District with rents ranging from £40-£85 per month (local market valuations last reviewed January 2021). The average monthly rent for a Council garage was currently £46.71.

The Garage Rents had increased by 10% per year from April 2021. For 2023/24, a tenant's weekly charge would increase on average by £1.08 per week from £11.86 to £13.04. Non-tenants also paid VAT on the charge, so VAT inclusive rates would increase by £1.42 per week, from £14.23 to £15.65. There were a number of garages of non-conventional size which were charged varying rates, these rents would also be increased by 10%.

The HRA owned a number of dwellings that were sub-leased to the Council's General Fund, to be used as Temporary Accommodation. The reason for the dwellings being sub-let was that Homelessness was a General Fund function and needed to be financed separately from the HRA Ringfence which meant the HRA could not cross subsidise General Fund costs and vice versa in line with legislation.

The way the Lease financing worked was that the HRA charged the General Fund an annual lease charge based on the weekly rent that would be charged for a Temporary Accommodation Dwelling. The General Fund temporary accommodation team allocated the temporary accommodation tenants and charged them rent, which was then collected and paid into the General Fund. At year end, an internal transfer of this rent was made by the Accountancy Team, to enable the General Fund to transfer enough Rent to the HRA to pay for the annual lease charge.

Most of the Temporary Accommodation rent was funded by tenants claiming Housing Benefit due to the nature of the service.

During the 2021/22 Social Housing Rent Regulator's inspection of the HRA Rents, it became apparent that the HRA dwellings being sublet to the general fund as Temporary Accommodation were deemed to have low rents. Although Temporary Accommodation fell outside of the Social Rent Regulators Remit, it was stated that it was good practice to have an annual rent review in place and a firm inflation policy adopted where the HRA owned the stock being sub-let to the General Fund.

There was no official national rent policy where Temporary Accommodation was concerned as providers varied greatly across the sector from B&Bs, Hotels, Private Landlords, Local Authorities and Housing Associations, so one flat rate of rental inflation had not been legislatively applied to this sector.

It was proposed that during the 2023/24 financial year, a full review of the HRA Temporary Accommodation Rents was completed to comply with the Social Rents Regulator's suggestions, and consultation would need to take place with the Local Benefits Office.

The lease agreements between the HRA and General Fund would be updated to factor in these new revised rents and an annual agreed inflation policy would be implemented.

It was not expected that this review of Temporary Accommodation Rents would generate any more income for the General Fund or HRA and should not negatively impact tenants due to the short-term nature of the service. The rent review and policy update would demonstrate good practice.

The Council was required to set a balanced budget for the HRA each year, approving the level of rents and other charges that were levied. The Cabinet made recommendations to Council that took into account the base budgets for the HRA and current Government guidance on national rent policy.

Appendix 3 to the report summarised the adjustments from 2022/23 base budgets to the 2022/23 latest budgets and 2023/24 base budgets.

The Housing Investment Programme (HIP) was presented as part of the separate February 2022 report 'Revenue and Capital Budget 2023/24'.

The recommendations would enable the proposed latest HIP to be delivered and contribute available resources to the HRA Capital Investment Reserve for future development whilst maintaining a minimum working balance for the HRA of at least £1.5m plus annual inflation in line with Council policy.

The dwelling rents projected income had been adjusted to take account of the loss of rent resulting from actual and anticipated changes in property numbers and changes based on the number of actual and forecast Right-To-Buy sales and acquisitions.

The following table summarised the figures in Appendix 3 to the report and showed how the latest 2022/23 HRA budget had been calculated and how this had changed from the original 2022/23 approved budget:

	£
Original Approved Net HRA Operational Income Surplus 2022/23	**(8,795,400)**
Net Increase in Expenditure (Recharges Adjustment?)	4,059,100
Net Increase in Income	0
Latest Net HRA Surplus 2021/22	**(4,736,300)**

Key Drivers of the increase in Expenditure budgets included:

- an increase of £1,355,400 in HRA Repairs and maintenance costs caused by increased inflation on contracts and new budget requirements for emergency works;
- an increase of budget for an Earmarked Reserve Approval of £119,400;
- an increase of £955,000 being charged to Supervision & Management – General which consisted of increased Gas and Electricity Costs, inflation on contracts and staff costs and a revision of the GF Recharges to the HRA budget was approved mid-year in the Q1 Finance Report presented to Cabinet which had increased the charges made to the HRA;
- an increase of £906,900 being charged to the Supervision & Management – Special budget line which was linked to the revision of

the GF Recharges to the HRA budget, approved mid-year in the Q1 Finance Report presented to Cabinet, which had increased the charges to the HRA; and

- a £722,400 increase on interest to be paid on Borrowing Costs for new Development Schemes for new Dwellings due to the timing of the borrowing being taken by the Council.

As a result of the above variations to the 2022/23 HRA budgets, the forecast contribution to the HRA Capital Investment Reserve for the year would be £281,000.

In determining the 2023/24 Base Budget, the over-riding principle was to budget for the continuation of services at the agreed level. The following adjustments needed to be made to the 2022/23 Original Budgets:

- removal of any one-off and temporary items;
- addition of inflation (contractual services and pay only);
- addition of previously agreed growth items;
- addition of unavoidable growth items; and
- inclusion of any identified savings.

The table below summarised the figures in Appendix 3 to the report and showed how the 2023/24 HRA base budget had been calculated.

	£
Original Approved Net HRA Surplus 2022/23	**(8,795,400)**
Net Increase in Expenditure	4,994,800
Net increase in Interest on Borrowing	1,678,200
Net Increase in Income	(1,908,700)
Original Net HRA Surplus 2023/24	**(4,031,100)**

Key drivers of the change in Expenditure budgets included:

- A net increase in Expenditure from General Supervision & Management of £4,994,800 consisting in the main of:

  - an increase of £2,083,400 in HRA Repairs and maintenance costs caused by increased inflation on contracts and new budget requirements for emergency works;
  - an increase of £1,773,400 being charged to Supervision & Management – General which consisted of increased Gas and Electricity Costs, inflation on contracts and staff costs and a revision of the GF Recharges to the HRA budget, approved mid-year in the Q1 Finance Report presented to Cabinet, which had increased the charges to the HRA;
  - an increase of £1,138,000 being charged to the Supervision & Management – Special budget line which was linked to the revision of the GF Recharges to the HRA budget, approved mid-year in the Q1 Finance Report presented to Cabinet, which had increased the charges to the HRA;
  - £1,678,200 Increase in Interest on Balances Costs due to a change in treasury policy from internal borrowing for additional HRA borrowing for Development schemes changed to external

borrowing from the PWLB and this increase was the estimated interest cost on borrowing in real terms; and

- a £1,908,700 increase of HRA dwelling and Garage rents as per Rent Policy and Inflation.

A number of assumptions had been made in setting the budgets for 2023/24 as follows.

Inflation had been applied in line with specific guidance for each expenditure type, for instance the Gas and Electricity inflation had been advised by ESPO the Commercial Energy Broker that the Council should buy its energy from. The Russian war with Ukraine had caused utility costs to increase by huge and unexpected amounts. Price Caps were implemented by central government to protect consumers and businesses from these extreme price rises but because ESPO Broker affordable contracts for the Council the Caps were a lot higher than the actual usage so were not able to be applied. In real terms the increases had meant that from October 2022, the Electricity cost had doubled, and from April 2023, the Gas cost had quadrupled. Further increases were expected on electricity in October 2023 of another 30% increase on electricity and in April 2024 also 30% increase on gas on top off the previous increases. This increased cost was included in the Supervision and Management part of the Budget at Appendix 3 to the report.

Other inflation factors such as for the major works had been inflated at between 10-14% depending on the contract. Staff costs had been inflated in line with the National Local Government two-year Pay agreement and where there were no clear inflation factors, a 4% estimate had been applied to general budgets where applicable, which was an increase from 2% used in previous years.

The base rent budget in the report was a baseline calculated from the 7% Rent Cap assumptions as noted above. This Cap had meant that the rental income had not been increased at the same rate as corresponding inflation. Although increased rents higher than the 7% Cap would have been a further financial demand on tenants, in real terms the Rent Cap had meant that the increased income did not cover the costs of the increased inflation on other operation costs. If rents were inflated by national rent policy, then income increases of approx. £3m would have been anticipated but the 7% cap had meant an increase of only £1.9m. Considering that the inflation on costs had increased by £6.6m in section 1.17.2 in the report, there was a £4.7m gap between the two figures.

Growth / Income Reductions from unavoidable and previously committed growth had been included in the Base Budget.

In terms of the HRA Capital Investment Reserve, any HRA operational surplus above the amount required to maintain the appropriate HRA working balance of £1.5m was transferred into the HRA Capital Investment Reserve (CIR) to be used on future HRA capital projects. If the costs increased to the point that there was a requirement to draw money out of the CIR, then this was noted in the same place in the budget appendix 3 to the report. The 2023/24 Base Budget required £268,500 contribution from the reserve into the HRA Operating budgets to enable the budget to be balanced, and this meant that there were no top ups being paid into the HRA CIR in 2023/24.

The Current Balance of the HRA CIR was £29.206m but there were numerous demands on this reserve, particularly from new build development schemes, Climate Change and Fire Safety works. The CIR was also being used to support the Major Repairs Reserve as that had been used in full in recent years to support the ongoing improvement works on the Council's Housing Stock. The full impact of having to drawdown from the HRA CIR would be documented in the forthcoming HRA Business Plan Report being presented to March Cabinet but in future years budgets would need to be adjusted to ensure that there were sufficient surpluses to enable the HRA CIR to continue to be topped up.

Notional Interest budgets had been removed in 2023/24 as they were no longer required by CIPFA Accounting Rules. Previously they were charged and reversed out to represent the cost of tying up resources in the HRA assets.

Costs for electricity, gas, water, and laundry facilities were provided at some sheltered housing schemes and were recovered as a weekly charge. These utility charges were not eligible for Housing Benefit. Tenants were notified of these charges at the same time as the annual rent increase. Appendix 4 to the report contained the charges for 2023/24 which would commence on the 1 April 2023.

A policy of full cost recovery was adopted in the report to Cabinet "Heating, Lighting and Water Charges 2018/19 – Council Tenants on 7 February 2018." Recharges were levied to recover costs of electricity, gas, and water supply usage to individual properties within one of the sheltered and the five very sheltered housing schemes.

The costs of maintaining communal laundry facilities were also recharged at those sites benefitting from these facilities under the heading of miscellaneous charges.

Utility costs were reviewed in line with Council contracts to ensure affordability. The gas and electricity used to deliver communal heating and lighting was supplied under the provisions of the Council's energy supply contracts. Other measures such as installing Photovoltaic cells (solar panels) at James Court, Tannery Court and Yeomanry Court in April 2012 assisted with reducing tenants' costs, with the electricity generated reducing consumption from the national grid.

The charges necessary to fully recover costs for electricity, gas, water, and laundry facilities in 2023/24 were calculated annually from average consumption over the last three years, updated for current costs such as average void levels, Solar panel feed in tariff income, Biomass Boiler feed in tariff subsidy and adjusted for estimated inflation for the forthcoming year. The use of a three-year adjusted average ensured that seasonal and yearly variations were reflected in the calculation.

The cost of gas and electricity had increased due to the Russian War and Cost of Living Crisis. The Council's electricity contract was renewed in October 2022 and the gas contract was to be renewed in April 2023. As part of these contract renewals, inflation of 100% on top of current electricity cost had been advised and inflation on 200% had been advised on gas, meaning electric had doubled in cost and gas had tripled.

To protect the general public from the huge increases in energy costs, the Government implemented an Energy Price Guarantee which protected customers from increases in energy costs by limiting the amount suppliers could charge per unit of energy used. It currently brought a typical household energy bill in Great Britain for dual-fuel gas and electricity down to around £2,500 per year.

With the Councils ESPO Contract increases, the total charges to be paid by Sheltered Housing Tenants for their energy was below this Cap as noted in Appendix 4 to the report. Depending on the location and the number of bedrooms in the dwelling, the total annual bills ranged from £608.40 - £1,583.40 which at the top end of this range was £916.60 less than the £2,500 Energy Price Cap.

This three-year average cost calculation would shield tenants to some extent from the huge increases in gas and electricity bills which had been experienced in the current financial year, but costs were likely to increase in the next financial year as the second year of increased costs would increase the three-year average cost unless energy costs started to decrease.

The total cost to the Council in 2023/24 had been calculated at £323,181 for Electricity, Heating, Lighting and Laundry and £37,352 for Water. This would be recovered by being recharged to the tenants of applicable Sheltered Housing Schemes with the service charges being itemised in Appendix 4 to the report.

DLUHC had advised that it was able to award up to a total of £2,820,431 in Grant Funding to Warwick District Council to purchase 21 dwellings.

The objective of the funding was to ensure arrivals on Afghan and Ukraine resettlement schemes were provided with sufficient longer-term accommodation and relieve the increased pressures on local authority homelessness and housing resources. Of this funding, £2,268,600 was allocated to 19 of these homes, and an additional £551,831 in funding, referred to as "bridging funding" was to purchase two larger four-bedroom properties to support households currently residing in bridging accommodation. The level of grant was 40% for the 19 properties and 50% for the 2 x 4-bedroom properties.

It was anticipated additional match funding from the HRA of approximately £3,954,731 would be required to support the purchases. A full viability appraisal of the scheme would be completed and would be included in a further Cabinet report to be submitted at March's Cabinet meeting. It was anticipated the total Scheme costs would be approximately £6,775m including Grant and additional Funding.

The funding would be granted under section 31 of the Local Government Act 2003 and was programmed to be spent by November 2023. A "validation form" was required to be submitted by 25 January 2023 clarifying that the programme aims could be met, and a Memorandum of Understanding by 1 March 2023, authorised by the s151 officer."

In terms of alternative options, the purpose of the report was to produce budgets as determined under the requirements of the Financial Strategy, in line with current Council policies. Any alternative strategies would be the subject of separate reports.

In terms of Garage Rents, the Council had discretion over the setting of Garage rents. It would be possible to set Garage rents higher than those proposed to maximise income, however, significantly higher rents might make garages harder to let and so reduce income. Similarly, rents could also be reduced but this would reduce income to the HRA Budget when it was needed.

In terms of dwellings, the Council did have the discretion to decrease rents for existing tenants. However, following the negative impact of the previous rent policy of a four-year fixed -1% rental income reduction and the negative impact of the Covid-19 Pandemic and now the 7% rent cap not matching inflationary operational costs, any decreases would further reduce the level of income for the HRA, which in turn could impact upon the viability of future projects and business requirements.

The Budget Review Group supported the recommendations in the report.

The Group was concerned that while the HRA was on target for delivering its plans for 2023/24, in the following financial years the Council might have to reduce the ambitions in terms of development, decarbonising, decent home standards and support to customers, because of the impact in rental income reduction. While at this time there was not a proposal for cuts, if the restrictions on rent continued, there might be a need to.

The Group welcomed the agreement that the Head of Housing would share contact details of the Housing Team Financial Inclusion Officers with all Councillors to help them filter and direct cases.

Councillor Matecki proposed the report as laid out.

Recommended to Council that

(1) the proposed increase to rents for all Social & Affordable tenanted dwellings (excluding shared ownership) for 2023/24 in line with the Chancellor of the Exchequer’s one year 7% Rent Cap announced in the Autumn Statement on 17th November 2022, in place of the usual National Rent Policy increases as detailed in section 1.1 in the report, be approved;

(2) Shared Ownership tenanted dwelling rent increases are Voluntarily capped at 7% for 1 year in line with advice from the National Housing Federation, be approved;

(3) the HRA Social dwelling rents for all new tenancies created in 2023/24 continue to be set at Target Social (Formula) Rent for Social rent properties, be noted;

(4) the HRA Affordable dwelling rents for all new tenancies created in 2023/24 continue to be set at the standard National Affordable rent level, be noted;

(5) any new shared ownership tenancies will continue to adopt lease agreements based on the existing Housing & Communities Agency (HCA) template lease with rents increased by RPI + 0.5% annually, be noted;

(6) garage rents for 2023/24 continue to be increased by 10% per year, be approved;

(7) the new Temporary Accommodation rent review noted in 1.5 in the report, be approved;

(8) the proposed changes to the 2023/23 budget as detailed in section 1.33 in the report, be approved;

(9) the proposed 2023/24 revenue budget, as detailed in section 1.41 in the report, be approved; and

(10) the Sheltered Housing Heating, Water and Lighting recharges for 2023/24, (Appendix 4 to the report), be noted.

Resolved that authority be delegated to the Head of Finance in consultation with the Head of Housing and the Portfolio Holders for Housing, and Resources to agree to enter into a Memorandum of Understanding with the Department of Levelling Up, Homes and Communities (DLUCH) for the purchase of 21 properties as part of the Local Authority Housing Fund noting that a full viability appraisal will be included in a report to be submitted to Cabinet in March 2023.

(The Portfolio Holder for this item was Councillor Matecki)
Forward Plan Reference 1,314

86. **Strategic Direction Christine Ledger Square**

The Cabinet considered a report from Housing which provided an update following the decision made to temporarily rehouse residents from Christine Ledger Square (CLS) into alternative accommodation, in response to serious concerns about fire safety.

The report also set out a series of recommendations that would allow for the next steps in the decision-making process on the future of the building to be expedited to alleviate concerns and anxiety of displaced residents.

CLS was an 11 Storey High-Rise Wimpey No-Fines building constructed in 1967, containing 54 flats. Of the 54 flats, 12 were one bedroomed, 42 were two bedroomed, and 5 were leasehold with the rest being tenants.

Members were aware there had been concerns for all of the Council's high-rise buildings following the tragedy at Grenfell and subsequently extensive fire safety works at the Council's high-rise blocks were carried out. Due to locating asbestos containing material at CLS in 2019, more intrusive works were placed on hold whilst further investigative works were undertaken, and advice was sought. There were obvious delays in obtaining information as a result of the pandemic. In December 2021, in response to heightening concerns about fire risk, a walking waking watch was commissioned on a 365/24/7 basis to offer early warning and to help those who required assistance to leave the building if needed, was introduced.

Most significantly at the end of October 2022, a fire occurred in a high rise building in Bristol where, it was said, the insulating cladding was seen to encourage the spread of fire. The full findings of the investigation into the fire were still being awaited, however, the Council had been advised that the insulating cladding at CLS was materially the same as that at the building in Bristol. The recent External Wall Survey report received in October had detailed concerns regarding the external wall insulation, in this case a Structherm system. Concerns had been highlighted following the Bristol fire regarding the flammability of the internal expanded polystyrene insulation, whilst an apparent omission of vertical cavity barriers within the system had been highlighted. Within the report submitted in October, the nature of installation around window openings had also been questioned. These findings, over and above the position regarding fire safety measures and structural issues, could only draw officers to one conclusion which was in order to immediately protect the health and safety of residents, that they needed to be temporarily rehoused until a decision could be made on the future of CLS.

Cabinet members and Group Leaders were made aware of the need and urgency with which residents were required to be temporarily rehoused from CLS. Members were reminded this was not a decision taken lightly, particularly as it was so close to Christmas, but given the concerns with the safety of the building, the situation could not be ignored. The Housing team responded quickly and effectively to communicate with residents and support them, identifying and securing alternative accommodation and assisting them financially. All residents were temporarily rehoused from the building by 23 December 2022.

Tenants and other residents had been accommodated as follows:

- accepted a permanent move to another property;
- accepted a move under Decant arrangements;
- stayed with family or friends.

Officers continued to work closely with residents, ensuring contact twice a week to check on their situation and provide any update. In accordance with the Council's Decant Policy, measures had been put in place to meet the needs of individual households, and also the costs of this undertaking.

The Council was under a statutory duty to consult secure tenants on matters of housing management under the Housing Act 1985. The Council had wide discretion as to how it ran the consultation process. However, the overriding concern was that the consultation was carried out in a fair, timely, appropriate, and effective manner.

The urgency to start the consultation process was to minimise the levels of concerns and anxieties of displaced residents about having to live in temporary accommodation for a long period of time and not knowing what the future of the building would be and whether they would be moving back. The views and feedback of residents as to the future of the building were to be taken account of when the decision on the future of the block was to be made, however, they would only be one of the relevant factors which the Council would ultimately consider in making a decision.

The consultation involved a formal letter being sent to all households remaining at CLS (in the sense of not having agreed to being permanently rehoused elsewhere; some had already elected to move permanently from CLS and had no remaining interest in the block). There followed two in person sessions with residents to enable discussion and for residents to ask questions. Officers would also offer to meet individually with residents who might wish to discuss their options privately.

The consultation results would be collated and carefully considered by the Head of Service in deciding the Council's preferred option, together with all other relevant factors, which might include the degree of certainty that a given option would be deliverable, the practicality of each option, the ability of an option to deliver a safe, cost-effective, long term solution to the issues that had been identified, their likely timescales and costs and the level of disruption they were likely to cause to residents and others. This was a non-exhaustive list.

Even with expediting the start of the consultation process, given administrative timelines, it was likely that May 23 would be the earliest that a report could be presented to Cabinet. Members were aware that this was an election year, meaning that there was no Cabinet meeting in May and, given the process requirements of establishing a new administration, it was most likely that the matter would not be before Cabinet until July 2023, some five/six months away. For residents of CLS, this would mean an extended period of considerable uncertainly, anxiety and disturbance with no knowledge of when they would possibly be able to return to a safe and modern building or secure alternative permanent accommodation.

It was therefore proposed that Cabinet should delegate authority to the Head of Housing in consultation with Group Leaders and Portfolio Holders having considered the available information including the views of the residents of CLS and other relevant factors identified to decide on the most viable option for the Council.

As a result of the developing and emerging concerns for the block, the conclusion was that there were only two realistic and viable options, which were either to (a) fully refurbish the building or (b) to demolish the block. These were the two options on which residents were being consulted.

The current thinking was that both the options appeared to be viable on the information available, however:

- The refurbishment option had a great degree of uncertainty in design and cost from the beginning and had very limited scope for change during the refurbishment programme and hence would be more expensive and potentially might not be deliverable cost-effectively or at all if further investigations revealed additional barriers.
- There was also concern that this option would not be compliant with the climate emergency and decarbonisation targets and aspirations and might never meet standards which were considered modern good practice.
- The option of retaining and refurbishing the existing building, given the age and characteristics of the building, along with the choice of building material used when constructed, which now posed a risk not only to the buildings but also to the occupants and the landlord, gave rise to significant risks and reduced cost, programme and quality certainty.
- The investment needed in order to remedy current fire safety deficiencies and remove deleterious materials was significant and such investment could be undermined by the age and remaining life expectancy of the original concrete structure and the age and condition of services infrastructure that might need to be retained as part of a pragmatically designed refurbishment.
- Demolition would provide more cost certainly and less risk uncertainty.
- CLS was home to a people who had invested in their space and within the local community, and five currently owned homes in the block as long leaseholders. There were many financial and emotional ties with the building and the location.
- Demolition would provide the opportunity to provide new homes on the cleared site albeit a potentially reduced number. If taken forward this would be the subject of a separate report to Cabinet.

Residents were being consulted on these two viable options and following consideration of the feedback and consideration of any further structural or feasibility reports needed, the most viable option would be considered through the delegated authority process.

The costs of the two options were £10,092,000 for refurbishment and £1,500,000 for demolition. The costs of executing and arranging temporary and/or permanent housing options, provide interim building security and safety, resident consultation and project management costs, obtain further advice such as technical and legal advice was £2,289,000. These costs would be incurred whichever option was taken forward.

The maximum budget requirement was therefore:

Refurbishment £10,092,000.

Project costs £2,289,000.
Contingency £1,300,000.
Total £13,681,000.

The implications of the two options on residents was as follows.

Refurbishment
Residents would continue to be displaced (with costs of accommodation, utilities etc. paid for by the Council) for an estimated period of c18 months/two years before returning to their current homes.

Demolition
Tenants: would be provided with a new tenancy of a new home by the Council. Costs of removals, reconnections etc. would also be met by the Council.

Leaseholders: The Council would have to enter into negotiations with leaseholders within the block to buy out their legal interests. Potentially, leaseholders could be offered the opportunity to become a secure tenant of a new property. In parallel with this, the Council would be likely to need to run a Compulsory Purchase Order exercise in case negotiations were unsuccessful. Leaseholders would be responsible for finding new properties for themselves.

Should the Refurbishment option be taken forward, it was intended that costs would be met primarily from borrowing from Public Works Loans Board (PWLB) with contributions from the Housing Investment Programme HIP), Major Repairs Reserve and Housing Revenue Account (HRA) revenue budgets. Should the demolition option be chosen, costs would be met from Housing Revenue Account Reserves and possibly PWLB borrowing if new homes were to be built on the cleared land.

A confidential addendum circulated prior to the meeting advised of an additional recommendation.

Councillor Matecki commended all staff who reacted to the situation, and who worked tirelessly with residents during all hours of the day. He then proposed the report as laid out.

Recommended to Council that a total maximum budget of £13,681,000 is made available which includes for the following:

(a) £2,289,000 to execute and arrange temporary and/or permanent housing options, provide interim building security and safety, obtain further advice such as technical and legal advice;

(b) either:

i. £10,092,000 for refurbishment of the block; or
ii. £1,500,000 to cover demolition costs; and

(c) A contingency of £1,300,000 for estimated costs associated with the above.

Resolved that

(1) the urgent response and actions taken to temporarily rehouse residents of CLS in response to fire safety concerns, be noted;

(2) the previous decision taken by the Chief Executive using his emergency powers, delegation CE(4) after consultation with Group Leaders, approving the urgent need for consultation with the residents of CLS on the future options for the building, be noted; and

(3) authority be delegated to the Head of Housing in consultation with Group Leaders and Portfolio Holders for Housing and Resources to make a final decision on future of the building following the period of consultation, taking into consideration the views of residents and all other relevant factors.

(The Portfolio Holder for this item was Councillor Matecki)
Forward Plan Reference 1,273

87. **Relocation of Office Accommodation and the Provision of Public Facing Access to Council Services**

The Cabinet considered a report from Neighbourhood & Assets which sought agreement for a project for the relocation of the Council's administrative offices and public facing access to services.

At the meeting held on 29 September 2022, Cabinet considered an initial report on options for head office relocation including public facing access to services, and approved the recommendations in that report.

The report set out the recommendations following on from detailed negotiations with Warwickshire County Council in relation to offices owned by them and available for lease as an interim administrative base for the Council.

The Council was also required to designate a location as its legally recognised Headquarters for the making and receiving of documents and notices and for the delivery of mail etc. The current designated location within the Constitution was Riverside House and it was proposed that this be amended in the Constitution to be Royal Leamington Spa Town Hall.

The Council's Medium Term Financial Strategy (MTFS) currently assumed significant savings from the running costs of corporate office accommodation, principally Riverside House, with these assumed savings being £250,000 per year ongoing from 2023/24. It was possible that additional savings could be achieved from relocation over the medium term, and these were outlined later in the report, but there would be one-off costs associated with the move to be met from the Service Transformation Reserve.

Riverside House provided around 140 desks which were available for those staff who could work from home and for staff who needed to work from an office for all or part of the week. Meeting rooms and collaborative space could also be booked at Riverside House.

Riverside House public reception had reopened following the pandemic enforced enclosure and around 250 members of the public were attending in a typical week. There were proposals for the continued provision of public facing services.

For the period January to December 2022, the peak demand for desks on any one day was around 70 and substantially less in the summer period. Whilst there was initially some evidence of a gradual increase in numbers using Riverside House over the preceding three months, these figures had largely levelled out and were still well within the capacity for desks available.

In addition to desk and meeting room space, vacating Riverside House would mean that new storage space would be needed for elections and other equipment and for service delivery linked to printing and other facilities, as well as for the deed and document store, PACE room and other storage needs. A location was also needed for the Corporate Support Team, Homelessness reception and for private interview facilities.

These services would be assisted by creating a new Customer facing facility to replace the Riverside House Reception, as well as moving deed and document storage to Royal Leamington Spa Town Hall and, potentially moving ICT server equipment off-site to a managed location.

The space currently occupied by the University of Warwick at Royal Leamington Spa Town Hall would need to be retained for use by WDC when the current lease expired at the end of May 2023. Whilst this would result in a loss of rental income to the Council of circa £26,000 p.a., there might be options to generate some new income and it would also retain a significant administrative presence for WDC within Royal Leamington Spa. As part of further work undertaken in developing options, the Council's existing assets had been considered in more detail to establish which, and to what extent these could be used to provide office accommodation, albeit on a dispersed basis, as part of a stage one approach. Apart from the continued use of Royal Leamington Spa Town Hall, these did not provide a viable option from which to deliver joined-up administrative functions as they would require significant investment to enable use as fully operational offices whilst dispersing services across several locations and losing potential benefits of co-location.

Work was initially commissioned in September 2022 through Savills to establish potential availability of private sector office accommodation available for rent to give a baseline of likely costs for options comparison. This showed that there were at that time several good quality premises available, and these were at that time all located within the Warwick Town area and surrounds. This was of course a dynamic situation and availability changed by the day, but was intended to give a comparison of costs against other options.

Except for one, none of those available were likely to generate the savings required from leaving Riverside House, particularly on a short-term lease basis. The one that might have been viable no longer appeared to be on the market.

Alongside this exercise, contact was made with Warwickshire County Council as it was also undertaking a review of its own office accommodation needs post-pandemic and with the move to agile working.

Officers were made aware that WCC offices at Saltisford, Warwick were included in that review, and site visits were arranged to look at several options. The mid-range option of ground floor accommodation at Saltisford One was considered to be the best fit, and more detailed discussions around draft Heads of Terms commenced in December.

Saltisford One was a modern, brick-built building constructed in 2006, and was in a complex of three similar WCC buildings, accessed off Ansell Way, Warwick. It had an EPC rating of D (comparison for Riverside House also being D) and had the benefit of solar panels being installed on the roof although these might not have been reflected in the current EPC rating and officers were awaiting a revised EPC from the County Council. It had available a set number of parking (including disabled) spaces, with other spaces potentially available on a first come, first served basis each day. There were existing WDC public car parks within reasonable proximity to provide additional parking for staff and Members through using the issued car parking passes and green travel options would be promoted.

Saltisford One was accessed via an entrance lobby shared with the occupant of the first-floor space. The first floor was currently vacant, although WCC was also in advanced discussions with a prospective commercial tenant. It was not intended that the building would facilitate public access, this would be elsewhere in more appropriate locations.

The building could provide a mix of good quality open-plan desk space, a variety of meeting rooms of different sizes and capacities and kitchen and casual meeting spaces. An indicative layout was attached as the appendix to the report.

A key criterion was to provide a short to medium term option to allow for the disposal of Riverside House and associated cost savings over a period, and to allow WDC to then look at options for a permanent replacement for its office accommodation and other service needs.

On that assumption, discussions with WCC had been based on a six-year lease but with a break clause after three years with six months' notice thereafter to allow all parties the necessary certainty and flexibility after the initial three-year period.

The lease would be based on inclusive costs including maintenance and repair, energy/ services costs (subject to an annual year end reconciliation of actual expenditure) and certain facilities management services. There was an option to retain WCC cleaning services which required further discussion with the existing WDC cleaning contractor, or alternatively, WDC could buy in to the WCC cleaning contract, subject to procurement and employment compliance.

Other facilities included bicycle racks and a staff shower, linked to a green transport plan to minimise the transport-related climate change impact, and a Faith room, these to be within the complex of buildings if not immediately available at Saltisford One itself.

An outline comparison of costs was shown at paragraph 2.1.5 in the report. There would be some one-off costs associated with vacating Riverside House, including deed/ document stores and ICT operations, public reception facilities, relocation or ending of contracts on the large capacity printers in Riverside House as well as the actual removals themselves. There were also many contracts associated with Riverside House which would either need ending or varying, and there might be costs with these, although they were not expected to be significant. For that reason, a contingency sum for unknown factors had been included.

There were discussions ongoing with WCC around including existing desk and storage equipment to be included as part of the proposed lease and this might reduce WDC costs in providing or transporting desks and other equipment.

Councillor Tracey echoed positive comments from the Cabinet regarding having a Town Centre based location, and the positive footfall that might bring to the Town Hall and Pump Rooms. He explained that there was the intention to ensure where possible there could be digitalisation at the forefront of customer interaction.

Councillor Matecki reassured that confidentiality for the public would not be compromised; there would be meeting rooms for privacy for the public and officers to meet. Having a front facing location on the Parade would be a much better experience for the public. He then proposed the report as laid out.

Recommended to Council that

(1) the Monitoring Officer be authorised to amend the Constitution to replace Riverside House as the Council's formal Headquarters, with Royal Leamington Spa Town Hall, from the day the Council formally takes occupation of the office space in Warwick; and

(2) endorses the decisions taken by the Cabinet.

Resolved that

(1) there is insufficient office space of the required quality and location within the Council's existing built assets to accommodate staff and to meet document and equipment storage needs, be agreed, as part of stage one of the two-stage relocation approach agreed by Cabinet at its

meeting of 29 September;

(2) the lease from Warwickshire County Council the Premises known as Saltisford One (Ground Floor) located in Warwick (CV34 4UL), on terms as set out in the report, be agreed;

(3) the use of the Ground Floor space at Royal Leamington Spa Town Hall as part of the office relocation strategy, be approved;

(4) alternative options for Civic and Council meetings were investigated and found not to be feasible, be noted;

(5) financial provision be made in 2022/23 from the Service Transformation Reserve in the sum of £98,000 as part of the one-off costs of moving to new offices, the balance of the estimated one-off costs of £396,500 to be funded from the reserve in 2023/24, be agreed;

(6) a Customer Service Hub is created at the Royal Pump Rooms as a replacement and significant enhancement to the customer service provision currently operated at Riverside House, be agreed;

(7) Crown Commercial Services be contracted through the Crown Hosting 2 Framework to provide a datacentre and space to allow ICT to relocate servers and other equipment currently located within Riverside House, be agreed; and

(8) the report at Agenda Item 11 – Minute Number 88 - which provides the latest position on plans for the future use of the Riverside House site, be noted.

(The Portfolio Holders for this item were Councillors Matecki and Tracey)
Forward Plan Reference 1,325

88. **Riverside House Disposal Options**

The Cabinet considered a report from Place, Arts & Economy which set out a proposal through which the Riverside House site was proposed to be brought forward for development in the context of other possible approaches, together with risks and opportunities associated with each. The paper also made a recommendation based upon the information provided and requested delegated authority for agreements needed to proceed with the recommendation.

Subject to the recommendations being accepted, the report sought approval for the allocation of the capital receipt which together with existing allocated CIL receipts to fund the project for the relocation of the Edmondscote athletics facility to land off Fusiliers Way and of the proposed Myton Path footpath/cycleway connecting Myton Road and Fusiliers Way and providing access to the relocated athletics track.

The report also sought approval to the creation of a new park as a Commonwealth Games legacy and to commemorate Queen Elizabeth II.

On 8 July 2021, Cabinet approved the draft Development Brief for the Riverside House site for public consultation. Then on 4 November 2021, Cabinet approved the updated Brief, following public consultation. It was agreed that the Brief would be used to guide future development on the site. The agreed brief was attached at Appendix 1 to the report. The site, whilst allocated in the Local Plan for housing and in many ways certainly location wise, was an attractive site, it was also far from straightforward given it was partly in the flood plain. It was covered by extensive Tree Preservation Orders (TPOs), had a major sewer running through it, adjoined a conservation area and it sloped down both west to east and north to south.

Cabinet also approved the recommendation that a further report putting forward options for how a development at Riverside House might be brought forward for consideration. The report though, had been dependent upon the Council having an agreed way forward for leaving Riverside House. That point had been reached as another report on the agenda – Minute Number 87 - recommended that the Council should move office provision to the ground floor of Saltisford One in Warwick in the short term – up to six years. Now that a plan to move from Riverside House this year had been established, options for disposal of the site could now be considered.

The options for bringing the site forward for development included:

The Council could decide to agree for Milverton Homes, the Council’s wholly owned housing company, to bring the site forward for development. This option would also pose some degree of risk being carried by the Council since it was almost certain that this would involve a loan from the Council, though that risk would also be potentially balanced by the prospect of a reward. The increase in interest rates, however, made this position more difficult to assess and sustain. As a result, it was difficult at this stage to assess the financial benefit to the Council of this option or for the development that would be envisaged on site.

This option would not provide a quick solution, as it would take Milverton Homes and the Council time to complete the due diligence process to find a partner to work with in a joint venture relationship and to assess any potential loan finance. The Council would therefore continue to have a financial outlay over this period in terms of running the building, especially business rates, unless it decided to demolish the building though this would also involve a significant cost up front. The Council would also lose some degree of direct control over the development of the site should this option be chosen. The mitigation for this issue was reliance upon the Council’s role as Local Planning Authority, but this could not compel the development to take place in accordance with a specific scheme.

Whilst this option had attractions, it also meant the Council was carrying risks for an indeterminate period and/or it needed to invest further to demolish the existing building. As a benchmark, the cost of demolition of the Covent Garden car park was circa £1m.

The Council could potentially bring forward the site for development itself.

In doing so, this would keep the full control of the future site within the Council's remit, in accordance with the Development Brief. This would not provide a quick solution and would mean that the Council would continue to carry costs of owning the site and /or the demolition of the existing building (circa £1m) and the upfront cost of preparing a planning application – circa £300 - £500k and then of the cost of funding the procurement and construction of new homes and ancillary development. Whilst this cost could be mitigated by the reward of receiving the full income of the site's development, the recent increase in interest rates made the assessment of any reward challenging to sustain. In addition, there was also a lack of resource/expertise available within the Council to bring forward the development of the site in this way and so would need to be bought in or time allowed for recruitment thereof, and therefore the associated costs of doing so would be high and would not be quick. This approach came therefore with a considerable degree of risk and cost, all of which would lie with the Council.

Under this option, the Council could market the Riverside House site on the general market and sell to the highest bidder/most compliant proposal. This was a more straightforward option compared to the options above. There would be some cost of marketing and obtaining expert advice to assess the financial proposals put forward. However, in following this approach, the Council would lose direct control of the future use of the site and any design for the future of the site might considerably vary from the approved Development Brief. The Council would need to rely on its role as Local Planning Authority, but this would not result in a means to compel delivery of a particular scheme. This mitigation applied though to the other options set out above.

In addition, the Council needed to reflect upon its previous experience of trying to dispose of this site via a private sector partner which ultimately was unable to deliver a developer, even with planning permission.

Although there had been expressions of interest from various companies from time to time, there was no guarantee that the interest would materialise as an up-front payment or a willingness to take on the existing building and the site's existing running costs immediately. Therefore, this approach carried the risk to the Council of continuing to have to carry the costs of the site for an undetermined amount of time unless it also decided to demolish the existing building with the upfront cost that that involved.

All the above options were technically possible, but none were without risk to the Council, nor without upfront cost. However, the Council had received a specific proposal from another public body and this was considered in the private and confidential appendix to the report.

The proposal received and set out in the private and confidential appendix was accompanied by place making infrastructure proposals. The agreed Development Brief for the site envisaged the inclusion of a bridge over the river Leam into Victoria Park. This would deliver greater access to public open space for any residents on the site but would also enable the wider existing community in the Milverton Hill area to have more direct access to Victoria Park and to the riverside corridor. The bridge would also enable a connection for walking and cycling along the river as there were tunnels under both Adelaide Road and Princes Drive, but they were on opposite sides of the river. The bridge would therefore enable that connection across the river to be made and so enable the creation of a continuous off-road footpath/cycleway route along the river through the town and onwards westwards via the proposed new park to St Nicholas Park in Warwick, and eastwards to Newbold Comyn and onwards into the wider countryside via the canal and old railway line, to Draycote Water in particular. There was always the risk that the cost of the bridge was greater than the sum allocated, in which case the Council might choose to top up the funding using the £250k already allocated in the five-year CIL programme for such a facility and top it up with more funds if or as necessary.

The proposal also envisaged a place shaping investment in the laying out of a new park covering the area along the River Leam from Princes Drive to Emscote Road. An illustration of this potential was attached at Appendix 2 to the report. This project, which the Council had previously considered and supported, would represent a clear legacy for the Commonwealth Games. Given the timing, it seemed appropriate for *Royal* Leamington Spa to add another "Royal" park and it was therefore also proposed that the park commemorated the life of Queen Elizabeth II and be named after her. As the park would take some time to implement in terms of design, community consultation, seeking of planning permission and then implementation, it seemed appropriate that the date of the late Majesty's 100th birthday be identified as a target date for opening 21 April 2026.

It was highly possible that the cost of the park could be more if local community aspirations, maximising the opportunity to implement the Council's commitment to improving biodiversity as per the recent Council motion, and integrating features to accommodate safe river bathing, were also accommodated (as laid out in another report on the agenda relating to works in Leamington proposed by Severn Trent Water (STW) – Minute Number 96). Therefore, those other opportunities for funding should be pursued. This included tapping into other funding sources held by STW and other agencies as well as approaching the West Midlands Combined Authority (WMCA) to secure Commonwealth Games legacy funding. It had circa £70m to distribute.

However, to implement the new park required the relocation of the existing athletics facilities and to secure the small portion of land owned by the Guide Dogs for the Blind charity. The Council was in discussion on the latter point and would seek to secure that land in connection with the redevelopment of the main part of their site as part, if necessary, of a Section 106 agreement and therefore at no cost to the Council.

In respect of the athletics facilities, the Council had a proposal to relocate the facilities to land off Fusiliers Way to the rear of Myton School as part of a much bigger project – the masterplan was included at Appendix 3 to the report. Connected to this was another project to create a footpath/cycleway from Myton Road to Fusiliers Way. As well as enabling access north and south to the new facilities, it would also enable a new access to Myton School and to the new Schools proposed on Fusiliers Way, as well as to the wider footpath and cycleway network. It would also create another access point to Warwick School and a pedestrian and cycle access to Warwick Technology Park. Officers were also in discussion with WCC officers on the footpath/cycleway becoming part of a bid to the Government relating to Active Travel as part of the overall funding package.

The current CIL schedule over five years allowed for £1.5m for the relocation of the athletics facilities and £1.05m for the footpath/cycleway proposal as against an estimated cost of £3m to £4m for the athletics facilities overall and £1.75m to £2.75m for the footpath/cycleway. The Council had already agreed £225,000 for athletics and £150,000 for the Myton Path for the development of the proposals for each project in the financial years 22/23 and 23/24. The programme for both projects anticipated completion by the autumn of 2024 which would be enough time to then allow for the implementation of the new park. It was proposed therefore that part or all of the receipt from the disposal of Riverside House should be used to underwrite/complete the funding gap to allow both projects to be fully implemented. This would require a detailed report so that Members could understand the costs involved before proceeding in practice.

Whilst the Programme Team progressing the Council's Leisure Development Programme was staffed to cover the athletics track and footpath/cycleway link, the team responsible for taking the Council's parks and related projects forward did not have sufficient staff resource to take this forward, so it was proposed that up to £100,000 should be provided.

In terms of alternative options, the options that were available to decide upon were set out above and in the private and confidential appendix to the report. Given the previous direction by Members to officers to arrange to leave Riverside House as soon as possible and given the opportunity to deliver that objective via the report set out at Minute Number 87, doing nothing with the Riverside House site was not a real option and indeed would be perverse in the circumstances.

The Chief Executive updated the Cabinet that he had received the valuation from Bruton Knowles and shared with Members. Although it did not change the report, it was shared ahead of Cabinet taking their decision.

Councillor Matecki praised the Council for leading by example in the high standard of houses being built. He then proposed the report as laid out.

Recommended to Council that

(1) the expected capital receipt be in principle earmarked and incorporated within the Council's Capital Programme and used to complete the funding package (including the existing commitment of CIL) necessary to cover the expected cost of relocating the Council's Edmondscote athletics facilities to land off Fusiliers Way and the associated footpath/cycleway connecting Myton Road and Fusiliers Way, subject to a further detailed report setting out and seeking approval for the details on the implementation of the schemes, be approved; and

(2) endorses the decisions below taken by the Cabinet.

Resolved that

(1) the options for the disposal of Riverside House, together with the associated risks, costs, and opportunities for each, be noted;

(2) to the necessary due diligence and completion of negotiations (in principle and subject to contract), the disposal of the Riverside House site on the basis as set out in the private and confidential appendix to the report and in line with the approved Development Brief for the site, be approved;

(3) authority be delegated to the Chief Executive, in consultation with the Deputy Chief Executive (Monitoring Officer), Head of Finance (S151), Head of Neighbourhood and Assets, Group Leaders, and the Portfolio Holder for Resources and the Portfolio Holder for Housing, to finalise and agree the Heads of Terms and to subsequently put in place the necessary agreements and to seek any consents necessary or required to implement the proposals within the report;

(4) included within the Council's project list, the new foot/cycle bridge over the River Leam and the creation of a new park stretching from Princes Drive to Emscote Road as a Commonwealth Games Legacy to be named Queen Elizabeth II Park in commemoration of the late Queen with a target date for completion of 21 April 2026 (which would have been the late Queen's 100th birthday), noting

that a full business case will be submitted to a future Cabinet meeting, be agreed;

(5) £100,000 be made available for progressing the projects listed at recommendation 4 to provide a staffing and other resource to be funded from additional income generated, be agreed; and

(6) other funding be sought for the new park, bridge, footpath/cycleway, and athletics facilities to enhance/ensure the intended outcomes, be agreed.

(The Portfolio Holders for this item were Councillors Day, Falp, Hales and Matecki)
Forward Plan Reference 1,340

A vote of thanks was recorded for the Chief Executive for his work on the project, showing entrepreneurial ability in getting the deal done in the time that had been achieved.

Part 2
(Items upon which a decision by the Council was not required)

89. **Levelling-up and Regeneration Bill: reforms to national planning policy – consultation response**

The Cabinet considered a report from Place, Arts & Economy which recommended giving delegated authority to officers to allow the Council to make a response before the close of the consultation period to the Department for Levelling Up, Housing & Communities, who had launched a public consultation on some significant proposed changes which would impact on the planning service. This consultation was launched on 23 December 2022 and closed before the next Cabinet meeting in March.

On 23 December 2022, the Department for Levelling Up, Housing & Communities launched a public consultation on its proposed approach to updating the National Planning Policy Framework (NPPF). The scope of the consultation also included seeking views on the government’s proposed approach to preparing National Development Management Policies, how it might develop policy to support levelling up, and how national planning policy was currently accessed by users.

This was a wide-ranging planning consultation. Whilst the focus was on planning policy (most significantly the South Warwickshire Local Plan), the changes that were being consulted on would also have implications for decision making on planning applications. Whilst some of the matters under consideration in the consultation would need to await primary legislation, and therefore would not have immediate effect, some related to changes to the NPPF. These would not require legislation and so could be in place by the spring / summer of 2023, subject to Government timetables. It was important, therefore, that the Council understood the implications these changes might have on its work and decisions it would make.

Officers were in the process of considering how the Council might wish to frame any responses, however, they had not been able to complete this, and consult with Members, in time for the February Cabinet meeting. The consultation closed on 2 March 2023 which was before the date of the next Cabinet meeting. It was therefore recommended that authority should be delegated to the Head of Place, Arts & Economy, in consultation with the Portfolio Holder for Planning & Place and all Group Leaders, to prepare and submit a response to the consultation.

The final response would be shared with all Councillors, and consideration would be given to how it could be placed in the public domain.

In terms of alternative options, there was no requirement on the Council to respond to this consultation and so an alternative option would be for the Council not to make a response. This was not recommended as it was felt helpful for the Council to make any concerns it might have about the changes known to Government through this consultation. It was also an important opportunity to register support for any proposed changes which it was considered would be helpful to the Council, particularly in its plan-making work.

Councillor Cooke proposed the report as laid out.

Resolved that authority be delegated to the Head of Place, Arts & Economy, in consultation with the Portfolio Holder for Planning & Place and all Group Leaders, to prepare and submit a response to the current Government consultation "Levelling-up and Regeneration Bill: reforms to national planning policy".

(The Portfolio Holder for this item was Councillor Tracey)
Forward Plan Reference 1,346

90. **Warwick District Council Change Management Programme**

The Cabinet considered a report from the Deputy Chief Executive & Monitoring Officer.

Warwick District Council continually demonstrated that it was a community leader during the most challenging of times. Whether that was through a period of national austerity, a pandemic, or climate change, the Council had been able to deliver its ambition through service and place-shaping outcomes whilst at the same time being financially responsible.

However, the financial challenge to the Council had not abated and the Chancellor's latest Autumn Statement (17 November 2022) detailed significant financial constraint of public finances from financial year 2025/20206, with major implications for local government.

The Council could not ignore this impending financial situation and needed to plan well in advance. Whilst it was fully recognised that the Council had been through periods of very real upheaval and uncertainty, it would be complacent not to prepare.

Officers were therefore proposing a programme of organisational change to be developed over the next twelve months with the new administration and the Council's trade union, Unison, to enable the breadth and depth, and delivery method of Council services to be reviewed thereby enabling the local taxpayer to continue to receive value-for-money.

Members noted at item 7 on the agenda for the meeting – Minute Number 84 - that the Council would once again be able to set a balanced budget with no impact on the range or quality of services whilst also retaining an ambitious programme of community-based projects to enhance the economic viability, environmental sustainability, and overall desirability of the district. Despite this, Members noted at paragraph 1.8.3 of the Budget report – Minute Number 84 - that the Council's Section 151 Officer was forecasting an annual General Fund deficit of £2.5m in 2025/2026.

Anchored by the Fit For the Future Business Strategy and its subsequent revisions, over the last 12 years the Council had annually set balanced budgets with no diminution of services and through careful financial management declared a General Fund financial surplus in each of those years. Nevertheless, as the opportunities for cost reduction and income generation became increasingly difficult, the Council agreed that more fundamental change was required and the proposed merger with Stratford-on-Avon District Council was endorsed to generate further significant savings.

The collapse of the merger now required a fresh approach to bridging the gap between expenditure and income and officers were therefore proposing a change management programme. Change management was a systematic methodology to deal with the transition of an organisation's goals, processes, or technologies. The proposal to adopt a programme approach to change was to ensure that the implementation of strategies for effecting and controlling change were effectively managed and that the Council's staff were supported throughout the programme.

It was not possible at this time to produce the definitive content of the programme as the Council had elections in May and officers would need to understand the new administration's priority areas. However, each of the Council's Group Leaders had endorsed the development of a change management programme, having been briefed on the challenges facing the Council.

The programme would bring further uncertainty to staff who had had to contend with significant pressures over the last three years in the face of the pandemic and then the failed merger. However, the reality was that based on the financial forecast, the Council needed to prepare and have a plan for meeting the financial gap and that plan could not be to do nothing.

To ensure that there was full transparency about the programme and communication was as effective as it could be, it was proposed that there would be frequent dialogue with the Trade Union (TU). The precise nature of this engagement would be developed in consultation with Unison.

At Appendix 1 to the report were the proposed governance arrangements for the change management Programme Board. Although the Board consisted entirely of officers, it was proposed that once the composition of the new Council was known, a discussion would take place with the Leader to agree the role of, and reporting arrangements to, Members. In the meantime, Members were asked to endorse these governance arrangements as they would enable work to commence on the programme in readiness for the new administration.

The change programme would be a major piece of work for the Council and its impact should not be underestimated. To ensure that it was properly developed and then stayed on track, it needed to be properly serviced and so additional human resource would be required. The exact nature of this resource was to be determined and therefore it was proposed that the Head of Paid Service addressed this requirement following consultation with the Council's Senior Leadership Team.

To provide Members with a sense of what the change programme was seeking to achieve, it would commence with a refreshed Business Strategy with the key objectives of:

- A Council that could state and deliver its priorities.
- A Council that was financially stable.
- A Council that supported and developed its Councillors.
- A Council that could attract, develop, and retain its officer talent.
- A Council that maximised its investment in new technology.
- A Council that had a fully resourced portfolio of services and programme of work to deliver its priorities.

The "how" this would all be achieved would be the detail contained within the change programme and associated plans.

Officers were recommending a structured approach to change. There was a do-nothing option which had been discounted due to the financial challenge facing the organisation. Initiatives for savings and income generation could be developed and considered in an ad-hoc manner but this provided no credible plan as to how the forecast deficit would be addressed.

The Overview & Scrutiny Committee Members were conscious of the potential impact of the proposals on the workforce and wished to be kept informed on staff satisfaction levels and wellbeing.

The Overview & Scrutiny Committee recommended that:

1. Aspects of wellbeing were included in the Terms of Reference programme; and
2. Members were involved in helping to shape the programme prior to the elections in May (the appropriate PAB was suggested as the means for this to happen).

Councillor Day supported the recommendations above from the Overview and Scrutiny Committee and he then proposed the report as laid out.

Resolved that

(1) the development of a change management programme with governance arrangements as detailed in Appendix 1 to the report, be agreed;

(2) in accordance with their respective delegations, the Chief Executive and S151 Officer should ensure that appropriate human resources are made available to support the delivery of the programme, be agreed;

(3) aspects of wellbeing be included in the Terms of Reference programme; and

(4) Members be involved in helping to shape the programme prior to the elections in May (the appropriate PAB was suggested as the means for this to happen).

(The Portfolio Holder for this item was Councillor Day.)
Forward Plan Reference 1,339

91. **Update on Business Improvement District (BID) Leamington Ltd Renewal Process and Progress**

The Cabinet considered a report from Place, Arts & Economy which provided an update to Cabinet on the progress of the BID Leamington Ltd Renewal, presented the draft BID Business Plan and provided a recommendation on Warwick District Council's voting rights.

Cabinet was advised of the BID Renewal Proposal at the last Cabinet Meeting on 7 December 2022. The report was an update on the progress of the Renewal process. As per the mandatory notice period of 126 days before the ballot date, the Board of BID had notified WDC (as the billing authority) and the Secretary of State of their intention to seek a renewal ballot.

In line with The Business Improvement Districts (England) Regulations 2004, Regulation 4, BID needed to submit to WDC a copy of their renewal proposal, their proposed financial business plan, a summary of the consultation undertaken with the BID levy payers and a summary of the financial management arrangements for the BID. This was attached as Confidential Appendix 1 to the report.

The document had been subject to due diligence, and it could be confirmed that:

- there was no conflict with any of the published formal policy documents (as detailed in Regulation 4 of the 2004 Regulations).
- BID had sufficient funds to meet the costs of the renewal ballot in the event that WDC were in a position to recoup the ballot costs should the ballot return a NO result (as detailed in Regulation 10 of the 2004 Regulations); and

- the BID arrangements were not likely to be significantly disproportionate. The content of the BID business plan and renewal proposal were determined by BID in consultation with their members. WDC had no right to veto the proposal based on opinions regarding the contents, although it might choose to vote against the proposal if it was opposed to the content of the plan.

The Business Plan and renewal proposal was still in draft format and therefore might be subject to change. It was not anticipated that there would be material changes that would affect the outcome of officers' due diligence.

There were a number of Council properties within the BID area which would be subject to the levy and WDC received one vote for each of these premises. All rateable premises had been subject to a re-valuation and as such, the number of WDC premises which would be liable for a levy had fallen from nine to seven, to include four car parks, parking land at Newbold Terrace and The Pump Rooms and Royal Spa Centre (The Museum & Art Gallery had been down-valued below the £15,000 threshold where a levy became due and the Town Hall was now categorised as 'Offices' by the VOA). WDC had the same rights as any other levy payer to review the renewal documents and decide if it wished to vote for BID renewal, vote against BID renewal or abstain from voting altogether.

The BID business plan offered numerous benefits to the Royal Leamington Spa town centre. These included:

- An estimated level of investment into the town centre of £1,462,425 over the course of the five years.
- National and regional promotion of Royal Leamington Spa through websites, social media, print and events. An example of the scale of this promotion was the Royal Leamington Spa website, which received in excess of 30,000 hits per month.
- Enhancement of the streetscape through beautification projects and ongoing work to tackle begging, rough sleeping and vacant properties.
- Supporting businesses to develop and grow, which was all the more necessary with the challenges facing the changing High Street in the next five years.
- Acting as the collective voice for the town centre businesses in fighting for the businesses' and the town centre's interests.

Considering the substantial value of investment gained from £1,462,425 of town centre investment versus a WDC levy payment of £9,875, it was clear that the BID provided significantly greater value to the town centre than the levy cost and, as such, a yes vote for BID renewal was recommended.

To reflect the importance of the vote, it was recommended that the Chief Executive (CE) would be responsible for completing the ballot return with a yes vote for each Council building in the BID area.

In terms of alternative options, these were as follows.

To veto the BID proposal - this was not recommended as the proposal documents did not conflict with any WDC published policy documents and the levy would not create a significantly disproportionate financial burden.

To vote against the BID renewal - this was not recommended due to the significant impact to the business community.

To abstain from the vote - this was not recommended due to the significant impact to the business community.

Councillor Bartlett proposed the report as laid out.

Resolved that

(1) the content of the BID Renewal proposal and its business plan for the next five years (attached as Confidential Appendix 1 to the report), be noted;

(2) BID be notified that the draft BID business plan and renewal 2023 – 2028 (attached as Confidential Appendix 1 to the report) meets the relevant regulatory requirements as detailed in the Business Improvement Districts (England) Regulations 2004; and

(3) a YES vote be returned to the BID Renewal for each of the WDC's seven eligible premises, be agreed.

(The Portfolio Holder for this item was Councillor Bartlett.)
Forward Plan Reference 1,330

92. **Future High Street Funds Update**

The Cabinet considered a report from Place, Arts & Economy which presented an update on the projects being funded by the Future High Streets Fund (FHSF). There was also a confidential element in respect of one of those project sites, set out in confidential appendix 2 to the report.

Members would recall that Warwick District Council was successful in its bid to the FHSF in 2020. The total amount of funding awarded amounted to £10.015million. The deadline to utilise this funding was 31 March 2024. The report provided Members with an update as to progress against the projects included in the funding bid.

As well as the FHSF, there was also co-funding from private investment and Warwick District Council for some of the projects with FHSF. Members noted that only the FHSF had to be utilised by the above date. If projects were still being developed beyond that date, the co-funding could still be utilised.

The FHSF projects were as follows:

Sustainable Movement – this project was designed to deliver new East/West cycle routes through Leamington Spa town centre. Officers were working closely with colleagues at the County Council on the design of this scheme, in conjunction with the upcoming Mini-Holland proposals. The Mini-Holland scheme was a Government backed Active Travel initiative designed to invite proposals for new or improved cycleways and footways. Warwickshire County Council was successful in securing £1.4million to develop a study and produce a report to be submitted to Government. If selected, the Government would award additional funding to bring forward the Mini-Holland scheme. At a recent meeting with the County Council team, officers clarified the level of funding available through the FHSF for the East/West route. County colleagues had undertaken to provide detailed designs in the coming weeks to enable this project to commence by the summer. The funding allocated from FHSF for this project was £506,000, with co-funding through CIL in the amount of £0.5million. Officers were confident that the FHSF element of this funding would be fully spent by the deadline to utilise the funding.

Spencer Yard – works had commenced on this site and this was now well advanced. The completion of the works was due in July 2023 and as such, all of the FHSF funding would have been utilised by that date. Tenants had been secured for the URC, the Old Dole Office and the former Nursery. COGENT was a well-established marketing agency and SEA Institute was a global leader in creative media education. These two tenants would occupy the majority of the Spencer Yard development and in turn, would bring a significant amount of economic and educational benefits to the town centre, as well as new jobs and advanced training facilities. The total amount of funding that had been allocated to Spencer Yard from FHSF was £1.5million with private sector co-funding of £3.6million from the Council's development partner CDP.

Town Hall Creative Hub – FHSF spend had commenced on this project through the procurement of conservation architects to undertake stakeholder consultation and arrive at design options. The design stages had progressed with an expectation that a planning application would be submitted by March 2023. The total FHSF allocation for this project was £951,000 with co-funding from WDC in the amount of £787,000. This funding would be utilised to deliver phase one of the entire development and improvement plans for the Town Hall. Further funding would be sought to deliver future phases which were not part of the FHSF Programme. Phase one included improvements to the access to the Town Hall, enhancements to the entrance, reworking the reception area and the ground floor corridors to create a welcoming space for networking and exhibition space. Improvements and enhancements would be made to the staircase leading to the first floor where more exhibition and meeting areas would be created to enable the asset to become the creative Hub as set out in the FHSF bid. These proposals were all subject to relevant planning permissions.

Stoneleigh Arms – Members recalled that officers were at an advanced stage of negotiation with the Post Office to secure a lease on the Old Post Office building in Leamington Spa. Shortly before the final heads of terms were due to be signed a decision was made by the building owners to withdraw it from the market. As a result, a decision was made to reprofile the FHSF allocation to an alternative site at the Stoneleigh Arms former public house and the Old Schoolhouse to the rear of the Stoneleigh Arms.

As the current condition of both buildings was extremely poor and unsafe, working under a WDC licence, the Council's development partner CDP had commenced demolition work to the rear of the Stoneleigh Arms in order that detailed structural survey work could take place. In terms of the future use of these buildings, local engagement had been undertaken and further engagement work (including a planning pre-application submission) would take place in mid-February. Following that, a planning application would be submitted in late March early April, with a view to commence work on site in July. The development completion was anticipated for July 2024. Officers were confident that the entire allocation of FHSF would be utilised by 31 March 2024, by which time approximately 85% of the entire development would have been completed.

Consideration was being given to the potential future uses for the buildings. CDP's architects were due to present officers with options in the near future. There was likely to be an active frontage onto Clemens Street, artists space contained within the new development, a café and possibly a micro-brewery. Overall, the building would be a mix of uses to support local creatives and if feasible, there might be some office space included which was much in demand in Leamington to support grow on space for the creative sector and games companies.

There was also a proposal to introduce a "pocket park" to the rear of the Stoneleigh Arms building to link up with the Old Schoolhouse which was also part of this overall development. A high-level concept plan was attached to illustrate this at appendix 1 to the report. Authority had already been delegated to proceed with the development of this site and agreed appropriate lease and disposal arrangements with CDP in a previous report to Cabinet in July 2022.

Confidential site **–** update contained in private and confidential appendix 2 to the report.

Spend Profile **–** a summary of the current spend profile against the FHSF allocation was shown at appendix 3 to the report.

The report along with the confidential appendix provided Members with the current position of the projects included in the FHSF programme. Whilst some projects were more advanced than others, it was anticipated that all of the projects would gain significant momentum over the course of the next 12 months.

It was evident that the approach outlined in the confidential appendix was the most challenging and time critical of the entire FHSF programme. It was therefore of vital importance that Members were fully appraised of the current proposals and that, subject to their approval, officers could move swiftly to undertake the further work that was necessary to enable this element of the funding to be spent by the deadline of 31 March 2024.

Furthermore, in order for further progress on this project at the required pace and with a number of critical and time sensitive decisions to be made in the coming weeks, the recommended scheme of delegations was vital at this point for the overall success of the Programme. A further report would be forthcoming later in the year to provide an update to Members on progress on this vital element of the FHSF.

In terms of an alternative option, Members could opt not to support the approach being recommended in confidential appendix 2 to the report, and furthermore, not to grant the scheme of delegations as recommended in this report.

This option was not recommended by officers as this would carry a substantial risk of not being able to fulfil the options as presented and therefore risking this element of the FHSF programme. This would pose a risk to the funding allocation for this project being spent by the deadline date which in turn would necessitate returning the funds to Central Government.

If this alternative option was taken, then this further jeopardised the opportunity to regenerate Leamington Spa town centre and lose a prime development opportunity with all of the economic and social benefits that would most likely accompany the redevelopment of the site in question.

(The meeting briefly went into confidential session to hear the confidential scrutiny comments from the Chair of the Overview and Scrutiny Committee – set The meeting resumed in public session at the end of the item).

Councillor Bartlett proposed the report as laid out.

Resolved that

(1) the progress being made in respect of the projects being funded through the FHSF, be noted;

(2) the approach being taken in respect of the particular element of the project outlined in confidential appendix 2 to the report, be agreed; and

(3) authority be delegated to the Chief Executive in consultation with the Group Leaders, the relevant Portfolio Holder, and the S151 Officer to progress the proposals as set out in confidential appendix 2 to the report.

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

This item was a key decision but was not included on the Forward Plan, so a Notice of Exemption was published.

93. **Significant Business Risk Register**

The Cabinet considered a report from Finance which set out the latest version of the Council's Significant Business Risk Register. It had been drafted following review by the Council's Leadership Team (SLT) and by the Leader of the Council.

The report sought to assist Members fulfil their role in overseeing the organisation's risk management framework. A very useful source of guidance on the responsibilities of Members and officers regarding risk management came from the Audit Commission in its management paper, "Worth the risk: improving risk management in local government".

At the Scrutiny meeting in the last cycle of meetings, Councillors questioned whether Local Government Review (LGR) should be listed separately as an organisational risk. The Council's SLT had discussed this issue and had concluded that, at this stage, this matter was more a political risk rather than necessarily an organisational one. The Government was not proposing widespread LGRs. Whilst there had been much talk from various quarters about LGR, there were no proposals for LGR for Warwickshire. The Council had not formally discussed its view on LGR or the options that would arise in such a review. Whichever the outcome, the Council as a body would simply merge into the successor body. Arguably, therefore, the Council's services, assets and activities therefore would continue. This made assessing the risks involved difficult and so officers suggested it would remain as a possible risk, but that they maintained an "eye" on Government policy evolution on this matter.

The Overview & Scrutiny Committee asked the Deputy Chief Executive to liaise with the Audit & Risk Manager to request that the next SBRR report contained a summary of risk movement detailing why changes to risk rating had occurred from the previous evaluation. The SBRR would be added to the Committee's Work Programme as a standing item for call-in off the agenda for Cabinet.

The Overview & Scrutiny Committee thanked officers for their work on the report and drew emphasis on the need for future Councillors to receive a good level of financial training to help with their responsibility to scrutinise financial reports.

The Overview & Scrutiny Committee enquired whether the new entry in Risk 16 referring to "Working with partners to address local risks – e.g., Severn Trent Water on water quality issues caused by storm overflows" would be better placed under Risk 17 because it did not have much to do with carbon neutrality.

Under Risk 17, it was noted that the wording had changed slightly to state "colder changes and increased rain fall/flooding". The Committee noted that the weather had not become really cold and suggested "greater variability in seasonal temperatures" might be a more apt description to use rather than "colder changes".

In response to a question from Councillor Davison, the Deputy Chief Executive and Monitoring Officer advised that he would discuss with the Audit and Risk Manager if he could produce an annual summary of the risk progress in a narrative that could be the catalyst for a broader debate. There was already a commitment to providing in each covering report each quarter more of a narrative around risk direction.

Councillor Day proposed the report as laid out.

Resolved that the contents of the report and appendices, be noted.

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

94. **Covent Garden Update**

The Cabinet considered a report from Place, Arts & Economy which set out the following three-step approach to the future of Covent Garden Multi-Storey Car Park:

1) To report to Cabinet on the Emergency Decision to close the multi-storey car park (MSCP) at Covent Garden and the arrangements for doing so.
2) To provide further information in respect of the second phase of the work, to demolish the MSCP later in the year, and to approve the release of funds.
3) To update Cabinet on the progress for the design and feasibility work for the Covent Garden site.

A short paper was circulated to the Leadership Coordinating Group (LCG) on 21 December 2022 in respect of the future of Covent Garden MSCP. The Cabinet had already made an in-principle decision late in 2022 that because of the structural issues of the car park, it had no long term future and indeed it would be costly to simply patch up and repair, but it would not be possible to resolve the structure's underlying problems. On top of this issue, anti-social behaviour had become a significant issue in the car park, and this increased recently, resulting in further costs and resource, and increasingly, risks to the public. Recently in November, there was a major incident within Covent Garden car park, and there were also other weekly, and even daily occurrences of other types of anti-social behaviour and dangerous incidents. Further detail was set out in the report in Appendix 1 to the report.

Based upon the history and recent escalations and concerns, the Chief Executive consulted with the LCG to agree to an emergency decision on 23 December 2022, to close the MSCP from before the February half term break, which was agreed.

Indicative costings of securing the MSCP to close it completely, based upon provision of a three-metre-high anti-climb mesh being supplied and fitted was £15,218.00. It could be installed over a one-week period, with a delivery period of four weeks likely (ready to be delivered week commencing 13th February). There might be further smaller costs involved in shutting down services within the car park and therefore £20k in total was suggested to cover such eventualities.

Since the decision to close the car park was made, a closure plan and communication plan had been developed to enable the MSCP to be securely closed the week beginning 13 February and to be completed by 17th February 2023. This would be prior to the half term break in February 2023. At the time of writing, these plans were in progress, including stakeholder engagement and regular updates.

Following the Cabinet's previous decision in September 2022 that the Covent Garden MSCP should be demolished, Pick Everard was commissioned to establish the cost and potential programme for demolition of the MSCP at Covent Garden. This report was attached at Appendix 2 to the report. The report set out three possible options and as this had only been recently received, it was suggested that the delegation sought at Recommendation 3 would include authority to determine the appropriate option. The report set out the high level of details for the demolition of the MSCP but had differing options of how to treat the resultant footprint of the MSCP. The more expensive option allowed for a tarmac treatment which would better enable the area to be re-used at least in the short term as a car park and that would enable some 120 car parking spaces to be provided. This would be helpful to the town centre in the period until the future of the site was determined and work would begin on site, which might be a little while given the processes to go through.

Therefore, Cabinet was asked to agree for the release of up to £1.2 million for the demolition of the MSCP and of the connecting bridge to the Parade and to delegate authority to officers to seek any consents and arrangements necessary to enable the demolition to happen at an appropriate time, as set out at Recommendation 3.

Demolition would be planned to ensure as little disruption as possible around the site. There was a risk in leaving the structure standing for any length of time, both in terms of the structure itself and other types of anti-social behaviour. In addition, the feasibility and design work that had been commissioned would be reported upon by then, with next steps for approval by Cabinet.

There was a challenge in taking this action that it created confusion or concern for visitors and residents as to where to park when the MSCP would close. This concern was proposed to be mitigated through a Displacement Plan attached at Appendix 3 to the report. The information within the Plan clearly showed that the car parks over the past four months had been operating overall significantly under capacity meaning that there would be enough space in other car parks in Leamington town centre for car park users and current permit holders, to be accommodated. In seeking to reassure the community, it was also proposed to allow the car park at Riverside House to be used for long stay car parking, which would add capacity for 2023 at least. Overall, this capacity would also allow for any impact at Station Approach because of SWT’s proposed works in late 2023/early 2024 and once the demolition works were complete, circa 120 spaces could be re provided on site, at least for a short period of time. In the medium to longer term, the Asps park and ride scheme with 500 spaces would come on stream.

Sitting alongside this Plan would be an active communications plan as set out at Appendix 4 to the report.

The Displacement Plan provided potential parking options around the town centre, and there was evidence that there was capacity for doing so. The pandemic had changed the ways many people worked, with home/agile working being seen as the norm for many companies. This had resulted in less parking need within the town centre, and Covent Garden MSCP parking had seen reductions in capacity. Therefore, based on current understanding, the alternative parking options proposed were that the other car parks around the town centre would be able to take up the current MSCP usage.

The Displacement Plan at Appendix 3 to the report set out alternative parking options which would help to manage the current MSCP usage in car parks either within or near to the town centre. Many of these options had had significant improvements, and walking times and distances to each of them were also covered in the Displacement Plan. However, it was not possible to provide the same amount of car parking in the same place, so some changes of usage patterns would need to be encouraged of current car park users.

Existing Covent Garden MSCP season ticket holders could continue to use them at long stay car parks at St Peters MSCP, Upper Grove Street and Adelaide Bridge. Existing 'The Space' resident season tickets could be used in Covent Garden surface car park overnight between 5pm and 9am 7 days a week. There were no plans to enable these tickets to be renewed for the time being but the number of season tickets able to be issued in other car parks would be reviewed to prevent existing ticket holder being denied access elsewhere.

There were plans to develop a 'Park and Ride' car park on the outskirts of town at the Asps. This would also assist with reducing congestion, pollution and improve the air quality in the town centre.

The October Cabinet agreed to commission a feasibility study on the development of the Covent Garden site as a Community Well-being Hub. Cushman and Wakefield had now been commissioned to provide design and feasibility advice for the potential Wellbeing Hub to be built on the Covent Garden site.

This work was expected to continue through the next few months, working closely with the Council and partners. This work would be reported to the Cabinet in the Spring of 2023.

The alternative option would have been to leave the car park open until demolition began. However, this would have required further expenditure for repair and maintenance work, further resource time, and increased risks to the public around health and safety, from the structure itself and the increased daily episodes of anti-social behaviour on the site.
Equally, closing the MSCP but not demolishing it until a decision had been made on the future of the site or indeed until works on the future use of it began would leave a building unused and increasingly dilapidated. The surface car park only could at least be used beneficially as a car park until such time as works would begin on site for a new scheme.

The other options would have been not to close or demolish the MSCP, but this would have involved significant costs without resolving the inherent structural problems of the MSCP.

An addendum circulated prior to the meeting advised of the following additional recommendation:

"that Cabinet agrees to vary the Parking Order to enable the public to use the available parking at Riverside House, and to delegate authority to the Chief Executive in consultation with the Head of Neighbourhood and Assets and the Neighbourhood Services Portfolio Holder to agree the detail of that variation and also to apply for planning permission concurrently, and to implement these changes."

Councillor Grainger proposed the report as laid out.

Resolved that

(1) the decision made on 23 December 2022 under the Chief Executive's Emergency Powers, in consultation with Group Leaders, to close Covent Garden MSCP from 12 February 2023 at 6pm, be noted, and the release of £20k from the Service Transformation Reserve for works to ensure the secure closure of the car park, be noted (Appendix 1 to the report sets out the detail behind this decision);

(2) Pick Everard were commissioned to complete a report in respect of the demolition of Covent Garden MSCP, attached as appendix 2 to the report, be noted;

(3) provision be made for the estimated sum of up to £1.2 million within the budget for 2023/24, in order to implement the demolition of Covent Garden MSCP, be agreed, and authority be delegated to the Chief Executive, in consultation with the Head of Neighbourhood and Assets, Head of Finance, Head of Safer Communities, Leisure and Environment, Group Leaders and the Portfolio Holders for Resources, Neighbourhood Services and Safer Communities, Leisure and Environment, to agree the options and the Programme for demolition, having consulted locally on timing with businesses and residents, and then to make arrangements necessary to enable the demolition to happen at an appropriate time;

(4) the Displacement Plan at Appendix 3 to the report be agreed, and the MSCP Closure Communication Plan at Appendix 4 to the report which provides for proactive stakeholder engagement, be noted;

(5) the risk register in respect of the future demolition of the MSCP at Appendix 5 to the report, be noted;

(6) the previously agreed design and feasibility work for the Covent Garden site is now underway, with an update report scheduled to come to Cabinet in Spring 2023, be noted; and

(7) the Parking Order be varied to enable the public to use the available parking at Riverside House, and to delegate authority to the Chief Executive in consultation with the Head of Neighbourhood and Assets and the Neighbourhood Services Portfolio Holder to agree the detail of that variation and also to apply for planning permission concurrently, and to implement these changes.

(The Portfolio Holders for this item were Councillors Grainger, Falp, Hales and Matecki).
Forward Plan Reference 1,347

95. **Draft South Warwickshire Economic Strategy**

The Cabinet considered a report from Place, Arts & Economy which presented a draft Economic Strategy for South Warwickshire to be approved for public consultation. The document had been prepared jointly by officers from Warwick and Stratford-on-Avon District Councils.

The purpose of an economic strategy, as prepared by a local Council, was to give an overview of the economy of a local area and to provide an opportunity for the local Council to set out priorities for how it wished to support the economy. This support could include: deploying resources (including staff resources) most effectively; working with local employers and education institutions; and linking with, and obtaining support from, outside agencies including Government. Economic strategies could also allow Councils to consider how to align economic objectives with other priorities such as responding to climate emergencies. Economic strategies were not land-use planning documents, however, they could support the work of plan-making by helping to shape the local economic priorities which underpinned allocations and policies within the Local Plan.

There was no legal requirement for local authorities to prepare economic strategies, however, many did so. Warwick and Stratford-on-Avon District Councils began to discuss last year producing a joint Economic Strategy, recognising the shared economic geography of the South Warwickshire area. There were several reasons why it was felt that a joint South Warwickshire Economic Strategy would be beneficial to both Councils:

- The shared economic geography included some shared challenges and shared opportunities. These were better addressed across the wider area of both Councils, particularly where an issue within one Council's area could better be addressed by the other authority.
- The South Warwickshire Local Plan would include land-use policies to support economic development. A joint economic strategy would help to shape thinking about what priorities should shape these policies.
- When engaging with Government and outside agencies (such as the West Midlands Combined Authority and CWLEP), the case for any support or inward investment was stronger when clear and joined-up thinking about how to support both economies could be demonstrated.
- As both Councils had declared a climate emergency, a joint economic strategy might provide wider opportunities to deliver on climate

pledges.

A draft Economic Strategy had been prepared and was attached as appendix B to the report. The document had been prepared by a team of officers from both Councils working alongside Portfolio Holders (including the previous Place & Economy Portfolio Holders of both Councils). The Councils had also sought external advice from an expert to ensure that the document was presented in a manner that could ensure that it had maximum impact, reach and effectiveness.

Over the course of its preparation, the draft Economic Strategy had been considered twice by the relevant Programme Advisory Board (PAB). At the start of the preparation of the Economic Strategy, officers also held a workshop for local stakeholders, including business representatives, to help shape the vision, themes and actions contained within the Plan.
The draft Economic Strategy had been structured in three sections as follows:

1) South Warwickshire at a Glance – presented key facts and figures about the South Warwickshire economy, and challenges and opportunities for the future.
2) An Economic Strategy for South Warwickshire – set out a Vision for economic growth across South Warwickshire, our mission and focus.
3) Delivering the Economic Strategy – presented objectives to be achieved and actions to be delivered by 2028.

Within the strategy itself, (part 2), the document started with the vision and then articulated this across the three themes of People, Productivity and Place, before identifying eight objectives that the two Councils wanted the strategy to accomplish. Under these objectives were a series of priority actions. The Strategy also identified a Core Opportunity Area and five Core Opportunity Sectors where the focus of significant growth and effort was likely to occur.

Outside of this joint Economic Strategy would sit two action plans which would be prepared subsequently by each Council to ensure that they worked in conjunction with a wide range of key delivery partners, stakeholders, local businesses and the community to deliver on these economic priorities. There was a small officer resource in each Council which could support the delivery of the Strategy and action plans would need to consider how best to deploy this resource to deliver on the key priorities.

This Economic Strategy was currently in draft form only. It was proposed that, subject to approval from both Councils, a public consultation was undertaken on it and would commence in February. The draft document was currently shown as a WORD document, but its layout and design would be improved in line with other documents produced by the Council before the public consultation commenced.

Recommendation 3 proposed that authority should be delegated to the Head of Place, Arts & Economy, in consultation with the Economy & Culture Portfolio Holder, to agree any minor further changes to the draft Economic Strategy as might be needed prior to the public consultation. This was to allow for any further minor amendments or corrections as were identified and needed. Also, it reflected the fact that the document would need to also be approved by Stratford-on-Avon District Council's Cabinet before consultation could begin. The meeting of the SDC Cabinet was taking place on 6 February and so it was possible that it might wish to make some minor changes following its own discussions which officers were not aware of at the present time.

Once the public consultation on the South Warwickshire Economic Strategy had been completed, comments made to it would be assessed and presented to both Cabinets along with a final draft of the South Warwickshire Economic Strategy for approval. This was likely to be in June/July after the Elections and when the new Council was in place.

As outlined above, whilst there was no requirement for the Council to prepare an Economic Strategy, there were reasons why it was a good idea to do so. It was noted that the Strategy was being presented in draft form only for public consultation. There would be opportunity for further scrutiny, and for changes to be made to the Strategy, before it was finalised.

In terms of alternatives, one option would be to instruct officers to prepare an economic development strategy for Warwick District alone. For the reasons set out in paragraph 1.2 in the report, this option was not supported.

Councillor Bartlett proposed the report as laid out.

Resolved that

(1) the work that has been undertaken to date to prepare an economic strategy for South Warwickshire including the evidence base paper which is attached as appendix A to the report, be noted;

(2) the draft South Warwickshire Economic Strategy attached as appendix B for public consultation, be approved, recognising that approval will also need to be given by Stratford-on-Avon District Council's Cabinet before any public consultation can take place; and

(3) authority be delegated to the Head of Place, Arts & Economy, in consultation with the Economy & Culture Portfolio Holder, to agree any minor further changes to the draft Economic Strategy as may be needed prior to the public consultation.

(The Portfolio Holder for this item was Councillor Bartlett.)
Forward Plan Reference 1,276

96. **Severn Trent Water's River Leam Water Quality Improvement Works**

The Cabinet considered a report from the Programme Director for Climate Change. Severn Trent Water (STW) had proposed a multi-million pound investment in to the water infrastructure in and around Royal Leamington Spa, with a view to improving water quality in the River Leam. Some elements of this new infrastructure would be installed on the Council's land. The report set out the impact of the proposed works and recommended that, subject to conditions, the Council supported STW in delivering the improvement scheme and worked with STW to minimise disruption and to maximise the benefits for our community and environment.

As part of Severn Trent Water's "Get River Positive" campaign, the water company had made five commitments:

a) ensure storm overflows and sewage treatment works did not harm rivers;
b) create more opportunities for everyone to enjoy the rivers;
c) support others to improve and care for rivers;
d) enhance the rivers and create new habitats so that wildlife could thrive; and
e) be open and transparent about performance and plans.

According to Environment Agency data, the River Leam was classed as being in "poor" ecological status in the section the 22km from Itchen to the confluence with the River Avon. As one of the contributors to water quality, STW were committed to playing their part to improve water quality and recognise that this aligned with the challenge to meet the ambition in the Government's 25 Year Environment Plan of 75% of rivers being close to their natural state. Currently, only 14% of UK rivers met good ecological status. The status of rivers was assessed and tracked by the Environment Agency via a measure of "Reasons for Not Achieving Good Status (RNAGS)". As part of STWs Get River Positive approach sought to make sure that storm overflows and sewage treatment works did not harm rivers, based on the Environment Agency measures.

Within the current water infrastructure for Leamington, there was a direct link between storm overflows and the RNAGS (water quality). Effluent contained significant levels of nitrogen and phosphorus which led to the issues such as eutrophication (algal blooms). Usually this was dealt with at treatment works, which prevented problems arising. However, where there were storm overflows (as could be the case in Leamington), harmful chemicals could bypass the treatment process, thereby causing water quality issues and impacting directly on ecology and the RNAGS.
In addressing the RNAGS for the River Leam, STW also intended to lead a movement encouraging others in the mission to improve water quality on the River Leam. The Severn Trent Water saw the projects in Leamington Spa as a showcase of possibilities when to influence other parties and agencies (for example the farming community) in delivery of a tangible 'step change' in outcomes for an area.

Within this context, STW investing £78 million to address two stretches of river – along the River Leam in Warwickshire and the River Teme in

Shropshire – and further improvements to the River Avon too, all in all, enhancing the water quality in over 50km of rivers in the STW region. Specifically, the Leam scheme sought to target water quality impacts which resulted from storm/rainfall overflows. These storm/overflow events might become more common as climate change impacted. The proposals would therefore help the local environment to adapt to changing weather patterns, and particularly the prediction of more frequent and more severe storm events. Storm/rainfall overflows could result in a range of unwanted pollutants making their way into the water course, particularly where surface water and sewage was dealt with through the same system. This, in turn, could affect people's enjoyment of rivers and could harm biodiversity. The aim was to substantially improve water quality, so that the biodiversity of the river was enhanced and so that river users could confidently enjoy good water quality.

To do this, STW's proposal sought to increase flow to treatment works, improve storage to enable storm waters to be released in a measured way and to separate out surface water. The scheme proposed improvements at seven locations, including five in Leamington:

- Cubbington Road surface water removal;
- Campion Road; Binswood Ave; Kenilworth Road; and Lillington Ave surface water removal;
- Shaft Tank Storage at the Pump Room Gardens;
- Shaft Tank Storage at Station Approach car park; and
- Princes Drive Sewage treatment Works storm storage facility.

In addition, there were two further elements of the scheme associated with the Longbridge Sewage Treatment Works in Warwick, which would see improved flow capacity to the Treatment Works and improved storage capacity at the works.

Most of the locations where work was taking place was under highways (sewage network) or at Sewage Treatment Works. These elements were worth noting but were beyond WDC's remit. However, the proposals for the Pump Room Gardens and Station Approach were within the Council's land ownership and were therefore the focus of the report.

At the Pump Room Gardens, it was proposed to sink a shaft immediately to the west of the central path that crossed the park from the pedestrian bridge to the southern end of Bedford Street. A large cylinder storage tank (20 metres in diameter and 19 meters deep) would be inserted into the shaft and would be connected to the River Leam via pipework which would run east from the tank and then south to river. Whilst the works were taking place, a substantial compound would be in place covering a central part of the park to both the east and west of the central path. This scheme had been selected from a number of options as it delivered the outcomes required whilst minimising the compound footprint, utilising existing access (from Dormer Place) and ensuring no impact on trees or the most significant heritage assets such as the bandstand. Appendix 1 to the report showed an outline of the proposed scheme.

The current programme for the Pump Room Gardens works, saw the compound set up for six weeks during September and October 2023, with the main works taking place over 44 weeks from October 2023 to

September 2024, and reinstatement works taking place during September and October 2024. Appendix 3 to the report showed the outline timetable for the works along with details of how regular scheduled events on the Pump Room Gardens would be impacted.

The solution proposed for the Pump Room Gardens combined sewer overflow (CSO) spill reduction had been put forward because:

- this was where the outfall pipe from the CSO ran to the river Leam and STW physically had to intercept this pipe which ran under the road then across the Pumps Room Gardens to the river.
- The underground storage tanks needed to be installed where there was space to construct.
- The sewerage system solution should ideally have been as 'simple as possible' to avoid introducing risks associated with blockage and flooding, the proposed solution for this location best met this criteria.

At Station Approach Car Park, it was proposed to install a shaft tank with 1000 cubic metres capacity within the car park, along with a pipe connection to a new interceptor chamber. The details of this element of the scheme were still being worked up and STW were undertaking survey work to understand various risks such as the proximity to the railway. STW's current estimate was that approximately half the parking spaces would become unavailable during the construction phase, which was currently expected to last nine months from November 2023. Appendix 2 to the report showed an overview of what was being considered for the Station Approach area.

Station Approach car parks would potentially lose 50 parking spaces as a result of these works, at a time when there was uncertainty about displacement car park options (such as Riverside House). Current occupancy levels in all the Council's car parks suggested there was capacity to absorb the loss of Covent Garden MSCP, however, future demand was less predictable in relation to issues such as the Covid recovery continuing and the economic uncertainties. Visibility and use of the parking remained to be seen following the closure of Covent Garden after 12 February. Therefore, the proposed works and temporary closures would add to the frustration for visitors and businesses.

This was a multi-million pound investment by STW in Leamington which would help the local environment adapt to changing weather patterns as a result of climate change and would bring tangible improvements to river water quality with knock on benefits for biodiversity and water-based activities (this project was being called the "bathing rivers" project by Severn Trent, but in reality, that was a misnomer which completely missed the most significant benefits for wildlife and a wide range of water sports and activities).

The scheme would do this by:

- reducing the number of spills from Combined Storm Overflows (CSOs) on the Leam;
- putting in brand new disinfection processes at a number of local sewage treatment works. As part of this project STW were investigating the installation of ozone disinfection technology

Treatment works which discharged into the river Leam. This would be a UK first in waste water treatment and provided vital insight into emerging river water quality risks including pharmaceuticals;

- creating an app, so information could be shared about the water quality in the Leam in real time; and
- working closely with local stakeholders – farmers, businesses, other river users – to help them protect rivers and share best practice.

Severn Trent had suggested the improvements to water quality would make the river even better for communities, for businesses and for wildlife:

- Cleaner rivers and in particular the catchment management interventions would drive improvements in biodiversity and would address the RNAGS to support all parts of the river eco-system.
- Better quality environmental setting for physical activity (e.g. going for a riverside walk or water-based activities such as rowing, kayaking, fishing or swimming) which would hopefully encourage an increase in number of active people.
- Increase in number of people getting a mental health and wellbeing benefit.
- Increase awareness of what was on offer in their local community and foster pride in the region.
- Stimulate economic recovery through the delivery and construction period, as well as through the sustained impact on the local area.
- A cleaner river and a consequent increase in river users should have a beneficial economic impact on existing local businesses and communities (such as riverside cafes, sports clubs, swim coaching, and those running activities on the river) and drive an increase in the number of businesses in the vicinity of the riverside.

Of these, officers considered the potential ecological benefits were particularly important given the Council's recent declaration of an ecological emergency. Noting the River Leam was currently rated at poor ecological value by the environment agency, these works, (along with the leadership STW were offering in terms of working with other stakeholders) had the potential to make a real difference. Rivers were a critical part of the District's ecological infrastructure, because of the habitat provided by the water itself, because of the unbroken connectivity they provided, and because the wide variety of habitats that existed adjacent to rivers (flood plains, wetlands, woodlands, meadows, and the riverbanks themselves). The likely ecological benefits of this scheme were therefore considered by an important reason to support STW's scheme.

Other benefits such as adaptation to changing weather patterns as a result of climate change, encouraging more physical activity, community pride and economic benefits were all additional important factors.
The works at the Pump Room Gardens would have a substantial impact whilst construction was taking place, and in the period following the completion of the works whilst the reinstatement of the park became established. As well as the area required to sink the borehole and insert the cylinder, there would be a substantial compound area covering the area both east and west of the central pathway (as described in appendix 1 to the report). Although officers would continue to work with STW to minimise the area required, the result would be that, whilst the works

were taking place, there would be only limited public access to and through the Pump Room Gardens and the space would not be available for events.

The works would also have an impact on the physical appearance of the park whilst they were taking place. This had the potential give rise to significant public concern, especially as the Pump Room Gardens had only recently been refurbished.

Appendix 2 to the report showed the timetable for the works and the impact this would have on regular events on the Pump Rom Gardens. The timetable for the works had been discussed with WDC officers and had been put forward to minimise disruption to events. Specifically, the timing allowed the EcoFest and Food Festival to take place in 2023 at the same time as enabling reinstatement works to be established in the winter of 2024/25 and spring of 2025 – which in turn would enable the summer events in 2025 to take place on the park. However, it was inevitable that the works would prevent any events taking place there during 2024.

Officers would work with events organisers to consider alternative venues for the period the park was unavailable. If the STW project was delayed and reinstatement works could not take place as planned in Autumn 2024, then the events season for 2025 would also be in doubt. The park had to be reinstated during the key Autumn growing window, to allow sufficient time for the grass to establish before the park was used for events to the following Spring onwards.

Compensation would be provided to WDC for loss of income. Specifically, the Council would need to evidence their loss of profit for this, for example, providing figures to show that the space would usually be rented out at £X cost and because of STW works the takings were £0 or a reduced amount. This would include lost income from events and car parking. If there were financial impacts on other Council facilities (such as the Royal Pump Rooms) these losses could also be compensated if the Council was able to demonstrate this through its accounts. The Council would lose income from regular events bookings, and would also seek to demonstrate that there would be lost income from new events, particularly reflecting that events bookings grew year-on year and the Pump Room Gardens was one of the most popular spaces for hire.

Officers were arguing strongly that if the Council was to support this scheme, the impact on communities needed to be balanced by a positive legacy that went beyond the direct water quality benefits. Whilst Severn Trent Water needed to ensure they acted within the parameters set by their regulators, they had indicated a willingness to engage on legacy measures recognising that WDC was not a commercial organisation and that the Council did not provide parks and open spaces for profit, rather for the enjoyment of communities. Discussions were there exploring a legacy package to deliver enhancements to the Pump Room Gardens and to accelerate associated projects which could support the delivery of the benefits STW had identified. Whilst the legacy was still to be agreed, the following was being considered:

- Asking STW to enable improvements to the Pump Room Gardens infrastructure whilst the works were taking place, for instance, leaving a legacy of additional power sources and connectivity around the permitter of the gardens, to significantly reduce the use of generators for events and to enhance the capacity for events such as live screening.

- Asking STW to incorporate community safety measures in relation to our Protect duties, particularly measures to prevent hostile vehicle mitigation.
- Asking STW to work with the Council to explore the potential to install a ground source heat pump as part of the STW works, which could potentially provide an energy source for the Pump Rooms and/or other town centre buildings.
- Asking STW to improve sustainable travel infrastructure at the Station Approach Car park, e.g., installation of cabling to enable EV charge points to be installed and/cycling infrastructure.

Discussions had also been taking place with STW about the potential to link water quality improvements to the emerging proposals for a new Commonwealth Park to commemorate Her Majesty Queen Elizabeth II. This new park would have the potential to build on the water quality improvements by providing more natural spaces for wildlife to thrive and by enabling active use of the river for water sports, bathing etc. Whilst the water regulator was likely to prevent STW from investing directly in a new park, there was potential that STW could support the scheme by enabling concept designs to be developed and to work with the Council to use these designs to attract funding for the park. So, whilst the Elizabeth Park proposal was not directly related to the proposals of the report, officers would continue to press STW to play an active role in progressing the initiatives.

Given the direct physical impact on the Pump Room Gardens over a considerable period of time, it was reasonable to expect there to be significant concern from stakeholders, businesses and communities. It would therefore be important to put in place a clear stakeholder engagement plan and communications strategy. Discussions had already started with STW around this, and they were equally committed to ensuring this would happen. Such engagement would need to ensure close liaison with events organisers, town centre businesses, park users and residents in general.

Parking at Station Approach had been underused and tariff drops were therefore recently introduced and more widely in Old Town car parks to restore lost parking from the last price increases in these areas. Parking was anticipated to expand once customers or commuters from Leamington realised the new £3 all day rate was available (in comparison with the Station's own £8 all day rates). It was too early to know how well this would pick up as January was always a low month for parking, more detail would be realised as Spring approached. It was important to note that parking availability at both Station Approach car parks might be impeded with the site of the works and lack of visibility, measures should be in place to ensure business as usual. Reflecting on predevelopment parking success, the Council could potentially be losing income from 50 spaces of around £3,000 pm (weekdays). Due to these uncertainties, it was therefore suggested that the data on usage of Station Approach was closely monitored during January to March and that subject to the outcomes of this data, an appropriate mitigation strategy was put in place and if necessary, this would explore displacement options.

Notwithstanding the case around betterment, STW had been clear that as a minimum, they would reinstate the Pump Room Gardens and Station Approach car park to match the existing quality. This would be defined clearly in a legal agreement between the Council and STW.

Recognising that this was a major project that would impact on the Council's assets and on the District's communities, there would need to be an ongoing dedicated resource to work with STW and to hold STW to account. This would be needed during the preparation phases as well as during the delivery and reinstatement phases. It was expected that this would be time consuming and given the significant work pressures currently being experienced by all the Council's services, it was difficult to identify any officer capacity to undertake this role within existing resources.

Whilst there would be a project liaison group to support the project, it was proposed that a new dedicated resource should be brought in to:

- collaborate and liaise with key external project team involved with planning and delivering the project;
- chair and report to a project liaison group of WDC officers, to include Events, Green Spaces, Media, Parking Assets, Legal team;
- assist with the legal process involved with formalising an agreement with STW including reinstatement, betterment and compensation;
- collaborate with STW, managing stakeholders engagement;
- work with Media to communicate messaging;
- oversee planning, delivery and reinstatement of the works;
- liaise with internal teams on the impacts of the works (including Events team, Green Spaces, Parking); and
- hold STW and their contractors to account for the quality of the works at all phases.

Given that WDC's resources would be directly impacted by the STW scheme, officers were currently in discussion with STW arguing that STW paid for the additional resource required. This had not yet been agreed by STW as it fell outside their usual compensation scheme.

If the Cabinet agreed to STW undertaking these on the Council's land, it was proposed that the works and associated factors would be controlled through the development of the legal agreement with STW. It was suggested that the legal agreement would capture the key conditions on which any agreement would be based. The key conditions of the agreement would need to address the following:

- No impact on the bandstand or other heritage assets without agreement.
- No impact on trees or other elements of the park's green or hard infrastructure without agreement.
- Public access across the park should be maintained at all times.
- Full reinstatement to a standard at least as good as existing (including both green and hard infrastructure).

- Compensation for loss of income as a result of the works, including loss of parking income, events income and any impacts on the operation of the Pump Rooms.
- No impact on potential scheme for replacing the roof at the Royal Pump Rooms.
- Collaboration with the District Council in relation to stakeholder engagement.
- Requirement around the quality of contractor operations and behaviours whilst the works are taking to minimise impacts on communities and neighbouring residents and businesses.
- Legacy improvements to the park's infrastructure to support events to balance lost opportunity whilst works taking place.

In addition, officers would seek to ensure the following were agreed in the ongoing discussions with STW ahead of the works taking place:

- Cover costs of consultant/project lead to work on behalf of WDC.
- Support (level to be determined) from STW for the Commonwealth/Queen Elizabeth Park in recognition the loss of social value arising from the works.

In terms of alternative options, one alternative would be to decide not to support the proposal on the basis that the level of disruption was likely to outweigh benefits. Whilst this course of action could be pursued, it had not been recommended as officers considered the long-term benefits for River Leam water quality outweighed the shorter-term disruption arising from the works. Further, STW might have powers to require the works to be undertaken, although that argument had yet to be put forward with a clear legal basis. It was not known whether STW would pursue such a course, but the possibility needed to be contemplated in considering this alternative.

A further alternative would be to agree the proposals in principle, but to ask for changes to the specification and/or timetable for works. This had not been recommended, as officers had worked with STW to agree a specification for the works that minimised the extent of the disruption to the Pump Room Gardens and was timed to ensure that only one season of events was disrupted as a result of the work. Alternative proposals and timescales were therefore likely to result in greater disruption.

In response to a question from Councillor Boad, the Chief Executive advised that the Programme Director for Climate Change was negotiating some upgrades to the pump room gardens, reflecting on the use of the gardens as a live event for the Commonwealth Games, in order to help put some infrastructure in as soon as possible. As an example, Councillor Rhead advised that officers were looking in to a proposal for a ground source heat pump for the pump rooms.

Councillor Falp proposed the report as laid out.

Resolved that

(1) STW carry out the works shown in appendix 1 to the report on the Royal Pump Room Gardens

and at Appendix 2 to the report in Station Approach Car Park, subject to STW satisfactorily addressing the points set out at paragraph 1.31 in the report, be agreed;

(2) a Council project liaison group be formed with the remit of working with STW to minimise the disruption arising from carrying out the works, to ensure post-works restoration is carried out the highest standard and to negotiate with STW to deliver fair financial compensation as well as community gains to compensate for the disruption resulting from the proposed works; and

(3) authority be delegated to the Head of Place, Economy and Art (or Programme Director for Climate Change or Head of Safer Communities, Leisure and Environment), in consultation with the Portfolio for Safer Communities, Leisure & Environment to:

(a) agree the legal terms with Severn Trent Water for the use of the Council's land;

(b) liaise with STW to ensure effective communications and stakeholder engagement is carried out prior to the works being agreed and commenced and to ensure ongoing engagement during the delivery of the works;

(c) agree the detailed schedule of works and delivery programme, including the restoration plan; and

(d) agree the details of the compensation and legacy to encompass the proposals set out in paragraphs 1.22 and 1.23 in the report.

(The Portfolio Holder for this item was Councillor Falp.)
Forward Plan Reference 1,345

97. **Ecological Emergency - Preparing a Biodiversity Action**

The Cabinet considered a report from the Programme Director for Climate Change. At its meeting on 19 October, the Council agreed a Notice of Motion which declared an ecological emergency and required "a report setting out the process, resources and funding to develop a detailed Biodiversity Action Plan" to be brought to Cabinet in February 2023. The report set out how the Biodiversity Action Programme would be developed.

The Notice of Motion agreed at Council on 19 October 2022 was as follows:

"This Council notes:

- The National Biodiversity Network 2019 State of Nature report, concluded that 1,188 of the 8,431 species assessed in Great Britain are threatened with extinction. The July 2022 statement of the Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services (IPBES) Sustainable Use Assessment provides compelling evidence that humans are overexploiting wild species and habitats and the government's Chief Scientific Advisor made it clear that we need to change if we are to survive;
- Under the Environment Act of 2021 the Government aims to clean up the country's air, restore natural habitats, increase biodiversity, reduce waste and make better use of our resources. The provisions of the act will "halt the decline in species by 2030 and require new developments to improve or create habitats for nature";
- Warwickshire County Council Highways Department has developed a new policy which considers a sustainable County wide approach to verge maintenance and wildflower planting in order to increase biodiversity whilst still ensuring the over-riding importance of road safety is maintained;
- Warwick District Council declared a climate emergency in 2019 and has created an action plan to address the 3 stated ambitions: to become a net zero council, to reduce the carbon emissions of the district as a whole and to enable our environment and communities to adapt to the coming rise in global temperatures, including an ambitious tree planting programme;
- Warwickshire Wildlife Trust, which aims to bring wildlife back, and to help people act for nature, numerous charities and community groups, many gardeners, allotment holders and some local farmers are actively engaged in trying to improve biodiversity across the District.

Council therefore resolves to declare an Ecological Emergency and develop a new Biodiversity Action Plan to complement the Climate Action Plan and position the Council as the leading organisation to enhance biodiversity in the District. Following discussions with the Climate Change Programme Advisory Board, a report setting out the process, resources and funding to develop a detailed Biodiversity Action Plan will be brought to Cabinet in February 2023. The Biodiversity Action Plan will deliver these aims:

1) To improve biodiversity in the green spaces managed by WDC and its contractors, taking full account of public safety and amenity requirements, including events;
2) To set out options for further reducing the amount of Glyphosate and other toxic chemicals that is used by WDC and its contractors, including at least one option to completely eliminate their use;
3) To ensure that the provisions of the Environment Act 2021 for Biodiversity Net Gain are fully implemented in all developments in the District and that Biodiversity Net Gain is maximised in all developments that WDC has a financial interest in;
4) To ensure that biodiversity runs through the new South Warwickshire Local Plan, for example, by creating green corridors;

5) Linking in with the Warwickshire Local Biodiversity Action Plan and emerging Nature Recovery Strategy, to work in partnership with other agencies including the County Council, the Environment Agency, Severn Trent and other relevant bodies to improve the biodiversity of areas supported by the natural water systems in the District including the development of natural flood management and drought resistant water courses and bodies of water;

6) To seek opportunities to invest the Carbon Offset Fund in projects that both sequester carbon and increase biodiversity;

7) To develop a public awareness and education plan for biodiversity in collaboration with WWT, charities and community groups, focussing on what individuals and groups can do in their own local areas".

The report responded specifically to the requirement of the Notice of Motion: "Following discussions with the Climate Change Programme Advisory Board, a report setting out the process, resources and funding to develop a detailed Biodiversity Action Plan will be brought to Cabinet in February 2023." The Climate Change PAB discussed the Notice of Motion at its meeting on 19 December 2022. Recognising the limited capacity and expertise within the Council to prepare a Biodiversity Action Plan (BAP), it would be necessary to procure external support. Therefore, the Climate Change PAB focused specifically on the brief for a consultant. The PAB considered two elements of the brief – the outputs and the process. The proposals set out below reflect the PAB's discussion on this.

In preparing the BAP and more generally in responding the ecological emergency, it was important to keep in mind that the Council was not starting from scratch. The Council had a track record of actively supporting biodiversity within the District and there was a range of examples to demonstrate this, including a long history of active involvement in the county-wide Biodiversity Habitat Audit, working proactively with WCC to be a national leader in biodiversity offsetting (and more latterly Biodiversity Net Gain) through the planning system, management of open spaces for the benefit of wildlife including for instance Oakley Wood, Newbold Comyn, Priory Park, Abbey Field and Parliament Piece, and the tree planting project.

Subject to the report being agreed, the procurement of consultants to carry out the work would commence. It was anticipated that the consultants would be in place by the time of the May Elections so that engagement with the new administration on the BAP could commence promptly. The aim was to develop the BAP Strategy for approval by December 2023 to align with the review of the Climate Change Action Programme.

Officers would work with the appointed consultants to put in place a programme of work to deliver this time. Subject to advice from the consultants, this might include:

- Stage 1: Background (May to June).

    - International and national context - including the COP15 ambition for the 30% protection by 2030 ("30 by 30") and other national targets.

    - Research and benchmarking.
    - Links with relevant WDC strategies (including CCAP and SWLP).
    - Links with external strategies (including the Warwickshire Local Biodiversity Action Plan and emerging Nature Recovery Strategy).
    - Review of existing WDC projects and initiatives

- Stage 2: Engagement (June and July).

    - Internal service engagement and officer steering group.
    - Member engagement – including PAB and new Cabinet.
    - Engagement with partners and stakeholders.

- Stage 3: Draft Strategy Development (August and September).

    - Agree aims and objectives.
    - Agree measures, baselines (and where relevant, targets).
    - Clear cross reference and alignment with external strategies.
    - Establish WDC "Areas of Influence" and opportunities for enhancement for each of these.
    - Consider the District's key habitats and species to enable the Action Plan to prioritise these.
    - Identify overall costs and resources so that these could be included in future budget setting.
    - Consultation with internal stakeholders, Members and key partners.

- Stage 4: Final Strategy Development (October to December).

    - Final Strategy Development (October and November.
    - Strategy Adoption (November or December).

- Stage 5: Ongoing Governance, Management and Delivery (November 2023 to March 2024).

    - Establish governance, management and high-level assessment of ongoing resource requirements.
    - Establish Communications Strategy and ongoing stakeholder engagement.
    - Establish Action Plan (including staff resources, timescales and costs).

The procurement brief would specify the outputs the consultants would be expected to deliver through the process set out above. Following discussions with the CCPAB, it was proposed that the following outputs were included:

- Set the overall Strategy and longer-term timescales, aims and objectives (30 by 30).
- Establish baseline data, measures and enhancement targets.
- Ensure coordination and alignment with external strategies and partnerships and consider how the Council could work to influence other key stakeholders including:

    - Warwickshire, Coventry and Solihull Biodiversity Action Plan.

  - Local Nature Recovery Strategy.
  - WCC Highways (Street Trees and Verge Policies).
  - Delivery of new open spaces through development.
  - Warwickshire Wildlife Trust (including a local "30 by 30" strategy).
  - Farmers and landowners.

- Establish WDC's approach in relation to key Internal Areas of Influence and ensure that these were considered in a joined-up way:

  - Green Spaces Strategy
  - Green spaces management and development, including rewilding opportunities.
  - SWLP and Planning.
  - Projects (incorporating biodiversity and urban greening into projects).
  - Assets – management of SUDs and other Council owned facilities.
  - Housing – management of open spaces.
  - Contract Management – particularly the grounds maintenance contracts.
  - Climate Change Action Programme and Climate Adaptation.

- Consider approach to specific Habitat Strategies: identify key the District's key habitats and develop cross cutting strategies for their protection, enhancement, restoration and/or creation.
- Link to WCC's Local Nature Recovery Strategy to ensure risks and threats to biodiversity were considered and to ensure resilience of the District's ecology and climate adaptation planning.
- Set out the ongoing monitoring, reporting, governance and management arrangements for the BAP.
- Establish a communications and stakeholder engagement strategy.
- Develop and agree an action plan to achieve improvements in the measures and specifically to deliver biodiversity enhancements in relation to the Areas of Influence, habitat strategies and work with partners and communities. This should include timescales, responsibilities and costs.

It should be noted that although the development of the BAP would be led by the appointed consultants, there would need to be significant input from Council staff. An important element of this would be a lead officer to manage the contract with the consultants, holding the consultants to account for delivering the outputs within agreed timescales and to act as a first point of contact for the Council. However, beyond that, staff involved with each of the Areas of Influence would also need to provide information and advice to ensure the BAP was based on local knowledge and aligned with other organisational priorities and initiatives. Options to incorporate this within the responsibilities of an existing post would be explored. However, given existing capacity constraints, it was proposed that £20,000 should be set aside from the Climate Action Fund to provide funding for the lead officer role. The role was expected to involve up to two days per week and the funding would be available to either backfill a post in the case of a secondment, or to appoint to a new part time post.

Recommendation 3 sought delegated authority to undertake the procurement exercise to appoint consultants to carry out the work set out in 1.4 and 1.5 in the report. It was expected that the cost of this would be up to £50,000. This would be funded from the 2023/24 Climate Action Fund. However, in addition to the work set out in 1.4 and 1.5 in the report, there might be a need for ongoing expert advice from the consultants as the Council established the resources and expertise required to manage and deliver the BAP on an ongoing basis. For this reason, recommendation 3 also sought delegated authority to extend the contract up to a maximum value of £150,000. Funding for the additional areas of work would be determined at the time and according to the purpose of the work to be carried out.

In terms of alternative options, one would be to decide not to proceed with the developing a Biodiversity Action Plan. However, such a decision would fail to comply with the requirements of the motion agreed by Council.

Another alternative would be to prepare the BAP using in house resources. This could only be achieved with a significant re-prioritisation of work within key teams to free up the capacity and expertise required. This approach was not recommended because of the likely impact on existing services and priorities.

Another alternative would be to prepare the BAP with a different scope and/or longer timescale. The scope set out in paragraph 1.5 in the report was considered to be comprehensive and it would be possible for Members to choose to narrow this scope to focus in on a smaller number of Areas of Influence or to develop plan without any key species plans. This had not been recommended as the PAB had considered the scope appropriate.

The option of extending the preparation period was also an option and it was acknowledged that the timescales were tight. However, this option had not be recommended as the report had been prepared in response to the declaration of an emergency and officers had therefore sought to progress things as quickly as possible.

An addendum circulated prior to the meeting advised of feedback received following Group Meetings held on Monday 6 February. Specifically, the addendum sought to address feedback regarding the omission of residents as stakeholders in paragraph 1.6 of the report and the need to recognise the important role they could play in supporting biodiversity through tree and wildflower planting, cultivating allotments, natural flood management and local organised environmental groups. The addendum proposed to amend paragraph 1.6 of the report to read:

"The procurement brief will specify the outputs the consultants will be expected to deliver through the process set out in 1.4 above. Following discussions with the CCPAB, it is proposed that the following outputs are included:

Set the overall Strategy and longer term timescales; aims and objectives (30 by 30)

- Establish baseline data, measures and enhancement targets
- Ensure coordination and alignment with external strategies and partnerships and consider how the Council can work to influence other key stakeholders including:

    - Warwickshire, Coventry and Solihull Biodiversity Action Plan
    - Local Nature Recovery Strategy
    - WCC Highways (Street Trees and Verge Policies)
    - Delivery of new open spaces through development
    - Warwickshire Wildlife Trust (including a local "30 by 30" strategy)
    - Farmers and landowners
    - **local residents and community groups**
    - **town and parish councils**

- Establish WDC's approach in relation to key Internal Areas of Influence and….".

Councillor Rhead advised that officers had pointed out that the report did not specifically address the pesticides petition that was brought to Council in October, and he therefore read out the following statement:

"Cabinet colleagues will also recall that at Council in October, we received a petition referred to us that read as follows

"To receive a petition that asks the Council to be pesticide-free by 2025 by taking the following actions:

1. *Commit to phasing out all pesticides, (which include herbicides such as glyphosate, fungicides, insecticides and synthetic insecticides) - in all council managed spaces, including but not limited to parks, playgrounds, gardens, verges, pathways, roads, pavements and street infrastructure. Contractors must also use pesticide-free weeding methods.*

2. *Run trials of non-chemical weed management alternatives over full-year seasonal cycles and create an adapted plan to replace pesticides. There are many viable and cost-effective alternatives which are available and already in use by many other councils across the UK. The council should evaluate alternatives ready for full-scale adoption by 2025 at the latest. The only acceptable use of toxic weed killers will be to treat illegal and notifiable noxious weeds, e.g. Giant hogweed, but only when these are not responding to treatment by non-toxic alternative methods.*

3. *Create and run a comms campaign to accompany the pesticide phase-out to help residents to understand the change in management and its benefits to their health and biodiversity. The campaign is to run for at least six months and include: signs, news articles and events."*

The petition covered similar areas to the Notice of Motion and had 1145 valid signatures of which 641 were from within Warwick District. Officers *have taken this into consideration when writing their report, though not directly referring to it, and believe that this can be brought forward as part of the proposed Bio diversity action plan."*

He also advised that the Bio Diversity Action Plan would sit alongside and be complementary to the Climate Action Plan, which is why the money was coming from the Climate Action Fund. He then proposed the report as laid out.

Resolved that

(1) the programme of work to support the process for developing a Biodiversity Action Programme (BAP), noting that the costs for doing this will be met from the Climate Action Fund, be agreed;

(2) the scope of the BAP is agreed, and that this forms the basis for working with the appointed consultants to agree the outputs of the consultants work; and

(3) authority be delegated to the Programme Director for Climate Change, in consultation with the Portfolio Holder for Climate Change, to procure consultants to deliver the outputs set out in paragraph 1.6 in the report and, further, that delegated authority be agreed, if necessary, to extend the contract with the successful tenderer up to a maximum total spend of £150,000, to enable ongoing use of their expertise should it be required, to carry out further specialist consultancy to support the delivery of the BAP.

(The Portfolio Holder for this item was Councillor Rhead.)
Forward Plan Reference 1,344

98. **Public and Press**

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

Minutes Numbers	Paragraph Numbers	Reason
99, 100, 101, 102 103, 104	3	Information relating to the financial or business affairs of any particular person

Minutes Numbers	Paragraph Numbers	Reason
		(including the authority holding that information)

99. **Strategic Direction Christine Ledger Square – Confidential addendum**

The confidential addendum to the report was approved.

100. **Minutes**

The confidential minutes of the meeting held on 7 December 2022 were taken as read and signed by the Chairman as a correct record.

101. **Confidential Appendix to Item 10 – Office Relocation Strategy**

The Cabinet noted the confidential appendix.

102. **Confidential Appendix to Item 11 – Riverside House Disposal Options**

The Cabinet noted the confidential appendix.

103. **Confidential Appendix to Item 14 – Update on BID (Business Improvement District) Leamington Ltd Renewal Process and Progress**

The Cabinet noted the confidential appendix.

104. **Confidential Appendix to Item 15 – Future High Streets Funds Update**

The Cabinet noted the confidential appendix.

(The meeting ended at 6.20pm)

CHAIRMAN
8 March 2023