

BOROUGH OF REIGATE AND BANSTEAD

COUNCIL MEETING 13 DECEMBER 2018

ADDENDUM TO AGENDA

Agenda Item 7

RECOMMENDATIONS

The report on the Recommendations of the Executive (8 November 2018 and 29 November 2018) and Employment Committee (5 December 2018) is attached.

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RECOMMENDATIONS OF THE EXECUTIVE

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HALF YEAR TREASURY MANAGEMENT PERFORMANCE REPORT

Councillor T. Schofield, Executive Member for Finance, explained that the purpose of the report was to provide an update on the performance of the Council's treasury management activities. The Executive was informed that the report of the Director of Finance and Organisation formed part of the formal reporting requirements of the CIPFA Code of Practice on Treasury Management.

The Executive Member for Finance highlighted that the Treasury Management performance, up to Period 6, showed, overall, the projected outturn was better than budget. This was primarily due to the borrowing facility not being utilised.

Councillor Schofield went on to provide an update on the Council's Investment Strategy, Borrowing Strategy and Cash Management Strategy. The Executive was informed that whilst there were no changes to any of these strategies it was noted that the Council was in the process of producing a robust Investment Strategy. This was not only for the purposes of meeting the requirements to changes in the prudential code but also to enhance decision support and governance of the capital programme moving forward.

In terms of Prudential Indicators, the following points were noted:

- The Capital Programme and the Capital Financing requirement had been updated to take account of carry forwards and proposed changes to the approved capital plan.
- Under the level of approved expenditure the Council would need to borrow from 2019/20.
- The Borrowing Limits were unchanged from when the Strategy had been adopted earlier in the year.

Councillor Schofield explained that Annex 1 to the report provided an update on economic conditions and expected movements in interest rates. This information had been provided by the Council's advisors, Link Treasury Services. During the discussion a number of matters were considered, including capital financing for the revised capital programme, the use of reserves and the work that was taking place to

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develop an Investment Strategy. It was suggested that as part of this, it would be useful to bring forward a comprehensive reserves table in order to highlight sources of capital and revenue reserves and the requirements.

RECOMMENDED that the Treasury Management Performance for the year to date and the prudential indicators be noted.

Reason for decision: To comply with the requirements of the regulatory framework for treasury management and meet the Council's reporting requirements.

Alternative options: Accept the report, but ask Officers to provide more detail on some specific issues contained in the report.

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**SERVICE AND FINANCIAL PLANNING / BUDGET
PROPOSAL FOR 2019/20**

Councillor T. Schofield introduced the report setting out service and financial planning proposals and the Council Tax Reduction Scheme for 2019/20. As set out in the report, the Executive Member for Finance highlighted proposals for 2019/20 had been based on a full and robust assessment. It was noted that this work had been carried out by Executive members, supported by the Management Team and a Budget Advisory Working Group.

Councillor Schofield explained the proposals set out in the report would allow for a continuation of high quality services. In recognition of this, it was proposed to move a number of long term established officer posts into the base budget. This would result in an increased budget requirement for 2019/20 but a more sustainable funding structure for future years, with more certainty for staff and service users.

The Executive Member for Finance explained that the budget savings proposed, and income generation forecasts, would more than cover the planned service improvements for 2019/20. However, it was noted that the Council was faced with a short term loss of income until some regeneration and income generation projects came on stream. Combined with the sharp reduction in business rates receipts it was explained that this would mean the Council would likely need to draw on reserves in order to present a balanced budget for 2019/20 to Full Council in February 2019.

In response to questions, it was explained that in recent years the Council had established ring-fenced reserves to respond to this challenge and it was noted that Table 2 of the report

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summarised the gap and the proposals to deliver a balanced budget. It was also highlighted that the Council had plans in place to replace the use of reserves with new income in the medium term to help ensure a sustainable budget position for the future.

In terms of Council Tax proposals, Councillor Schofield explained that it was always a difficult decision to increase Council Tax. It was highlighted that there would be some concerns about the proposed 2.99% rise and it was noted that the proposals would see the Reigate and Banstead element of a Band D charge increase by 13 pence per week. However, Councillor Schofield outlined that for less than £4.40 a week, residents would benefit from waste and recycling collections, clean streets and award winning open spaces. The Council would also provide leisure and community centres, health and wellbeing services, housing, community development and business support services. In addition, residents would benefit from various regeneration and place improvement activities across the borough, and from statutory services provided, such as planning and environmental health and licencing.

Councillor G.J. Knight, Deputy Leader and Executive Member for Housing and Benefits, went on to introduce the Council Tax Reduction Scheme recommendation. The Executive was informed that since 2013 Council Tax billing authorities had been required to agree local Council Tax reduction schemes for working age households who were on low incomes, benefits or out of work. It was noted that in recent years the Council had implemented a scheme that:

- Required residents receiving full Council Tax benefit to pay at least 10% of their bill.
- Protected residents who were either disabled or providing care for disabled people.
- Had provisions so residents did not lose out on support when they entered work. It was noted that this was an important principle.

It was also highlighted that households who were genuinely unable to pay their Council Tax were able to receive further discretionary relief should they require it. Councillor Knight went on to explain that the Council had an opportunity to review this approach annually. It was noted that the current scheme was working well and had not affected the Council's overall collection rate, which remained one of the highest in the country.

Councillor Knight informed the Executive that Council Tax collected from the 3,500 working age households receiving a

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reduction amounted to under 1% of the total Council Tax liability. It was noted that arrears were only around 0.2% of the total Council Tax liability, which could be collected in subsequent years. With this in mind, Councillor Knight explained that the recommendation was to implement the current scheme, with increases to allowances and premiums applied to reflect cost of living increases.

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During the discussion that followed, the Leader, Deputy Leader and Executive Member for Housing and Benefits, and Executive Member for Finance responded to questions on service and financial proposals and the Council Tax Reduction Scheme for 2019/20. It was also noted that the Chairman of the Overview and Scrutiny Committee had invited all non-executive Members to attend the Budget Scrutiny Review Panel meeting, chaired by Councillor N.D. Harrison, on Thursday 22 November 2018.

RECOMMENDED that the local Council Tax Reduction Scheme for 2019/20, outlined in the Executive's report, be adopted.

RESOLVED that:

- (i) The national and local service context, outlined in Annex 1 to the report, be noted.
- (ii) The service proposals, set out in the report and accompanying Annex 2, which seek to respond to the national and local service context and to deliver corporate priorities, be endorsed.
- (iii) The following be approved for consultation under the Council's budget and policy framework: (a) Medium Term Financial Plan (Annex 3); (b) Savings and income totalling £1.229m (Annex 4); and (c) Growth totalling £2.620m (Annex 5).
- (iv) The Director of Finance and Organisation be authorised, in consultation with the Leader of the Council, to make any necessary changes to the Corporate Business Plan arising from the service and financial planning changes agreed for 2019/20.

Reason for decision: To ensure that the Council continued to plan and manage its resources well, deliver high standards of service and meet the aims and objectives of the Council's adopted Five Year Plan (2015-2020). The initial local Council Tax Reduction Scheme was introduced from 2013/14 and had been effective in reducing the level of support awarded whilst

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ensuring vulnerable residents were not penalised unfairly. It was therefore appropriate that this scheme was continued with some changes to reflect increases in the cost of living in line with other benefits and allowances.

Alternative options: In terms of Service and Financial Planning, the following alternative options were available: (i) To only approve some of the proposed budget and financial planning changes set out within the report, for consultation under the terms of the Constitution; or (ii) To reject the proposed budget and financial planning changes set out within the report, and request that further work be undertaken to develop new proposals for consultation under the terms of the Constitution. In terms of the Council Tax Reduction Scheme, the following alternative options were available: (i) To reduce the level of support. This would reduce the cost to the Council but would likely lead to more households experiencing financial hardship and affect Council Tax recovery rates; or (ii) To increase the level of support payable. This would have a financial cost for the Council and could affect other services provided by the Council.

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REPLACEMENT OF THE COUNCIL'S FLEET OF DOMESTIC REFUSE COLLECTION VEHICLES

Councillor A.C.J. Horwood, Executive Member for Neighbourhood Services, explained that the proposals set out in the report, of the Strategic Head of Operations, addressed the need to replace the Council's existing fleet of 17 Refuse Collection Vehicles. The following points were noted by the Executive:

- The existing fleet had been procured in 2011/12 as part of the planned introduction of an enhanced kerbside recycling service.
- Vehicles were entering their seventh year of continuous service.
- An options appraisal had been undertaken and it was noted that this had considered the use of alternative fuels and had compared the lease hire of vehicles with outright purchase. It was also highlighted that opportunities in relation to potential refurbishment of some vehicles, to extend service life, had been explored.

In response to questions, Councillor Horwood highlighted that the proposals set out in the report supported the outright purchase of diesel vehicles, complying with Euro VI emission standards, over a three year period, along with the

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refurbishment of selected vehicles from the existing fleet. The Executive Member went on to explain that this approach provided flexibility and would allow the Council to react to any changes in waste legislation and any changes to financial transfers that would be agreed between Surrey County Council and Reigate and Banstead post 2020/21. The Executive was informed that should the proposals be approved:

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- Three new replacement vehicles would be procured in 2019/20 at an estimated cost of £600,000. It was noted that an additional sum of £120,000 would be made available for the refurbishment of up to three vehicles from the existing fleet.
 - Up to seven vehicles would be purchased in 2020/21 with an estimated total cost of £1.5 million. It was noted that an additional sum of £120,000 would be made available for refurbishment.
 - The arrangements for 2020/21 would be repeated in 2021/22.
 - At the end of the process an entirely new fleet of household Refuse Collection Vehicles would be in operation.

Councillor Horwood explained, by phasing the procurement of new vehicles over three years, the financial burden of future replacement would be mitigated by extending the period over which any future fleet was acquired.

During the discussion a number of issues were considered in relation to alternative fuels, including the distinction between air pollution and greenhouse gas emissions. In response to questions, the Leader of the Council explained that currently alternative fuels were not viable (at the time of making the decision) however rapid technological advances meant these would be kept under close review. It was also emphasised that the proposed approach provided flexibility and allowed for improvements to be made, within an agreed budget, to the Council's fleet in the future. This included further consideration of alternative fuels, once these became viable, and other considerations to ensure the recycling service remained cost effective, robust and fully legally compliant.

In conclusion, the Executive Member for Neighbourhood Services explained the regular collection of household recycling and residual waste was one of the Council's highest profile services. It was highlighted that residents expected their waste to be collected in a timely and efficient manner and

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that this required a fleet of well maintained, reliable vehicles that were fit for purpose each and every week.

RECOMMENDED that, in order to fulfil resolution (ii) below, financial provision be made as follows:

- **Include within the Council's capital programme planning the sum total of £600,000 in financial year 2019/20 to fund the initial purchase of three new vehicles;**
- **Include within the Council's capital programme planning the sum total of £120,000 in financial years 2019/20, 2020/21 and 2021/22 to fund a refurbishment programme of vehicles from the current fleet; and**
- **Include within the Council's capital programme planning the sum total of £1.5 million in financial years 2020/21 and 2021/22 (£3 million total across these two financial years) to fund the purchase of up to fourteen new vehicles.**

RESOLVED that:

(i) The Council's current fleet of domestic refuse collection vehicles be recognised as approaching the end of its economical service life.

(ii) The Council purchase new vehicles over a period of three financial years, concluding in 2021/22, supported by the refurbishment of vehicles from the current fleet (Option 2).

(iii) The Strategic Head of Neighbourhood Operations be authorised, in consultation with the Leader of the Council and Executive Member for Neighbourhood Services, to make revisions to the replacement options and approach within the agreed budget as required.

Reason for decision: To continue to deliver a cost effective, robust and legally compliant refuse collection service for the borough's residents.

Alternative options: To outright capital purchase a new fleet with in-house maintenance, with capital expenditure incurred in one financial year (2019/20); to contract hire a new fleet of vehicles, with maintenance undertaken in-house; or to contract hire a new fleet of vehicles, with outsourced maintenance.

RECOMMENDATIONS OF THE EMPLOYMENT COMMITTEE

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Employment Committee	The Committee interviewed the remaining candidate who had been short listed for interview for the post of Head of Legal and Governance (Monitoring Officer).
5 December 2018	It was noted that the appointment of Head of Legal and Governance was the responsibility of the Chief Executive and that the Committee's remit was to consider if the candidate was suitable to be appointed as Monitoring Officer.
25/ 142-143	<p>The short listing process undertaken during the Assessment Day had involved a technical exercise and presentation of findings; informal meeting with Heads of Service and direct reports; technical interviews and an informal meeting with the Directors and Portfolio Holder, Councillor T. Schofield.</p> <p>Penna Consultancy had supported the recruitment process leading up to the Assessment Day. The Chief Executive, Head of Finance and Organisation; Interim Head of Legal and Governance and Human Resources Business Partner attended the meeting to support the Committee.</p> <p>Councillor T Schofield also attended the meeting, under Procedure Rule 4.19.1.</p> <p>During the interview process the remaining candidate was asked a set of predetermined questions. Following which the candidate was also given the opportunity to ask questions and to discuss the appointment package.</p> <p>Following the interview, the Committee debated the merits of the candidate, based upon the written information before them and the outcomes of the formal interview process.</p> <p>Upon a vote, it was then accordingly</p> <p>RECOMMENDED that Caroline Waterworth be appointed Monitoring Officer with effect from her commencement of employment at the Council.</p>