

# DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

## **SPECIAL EXECUTIVE MINUTES OF THE MEETING HELD ON THURSDAY, 25 FEBRUARY 2016**

**Councillors Present:** Dominic Boeck, Hilary Cole, Roger Croft, Lynne Doherty, Marcus Franks, James Fredrickson and Garth Simpson

**Also Present:** John Ashworth (Corporate Director - Environment), Andy Day (Head of Strategic Support), Martin Dunscombe (Communications Manager), Andy Walker (Head of Finance), Rachael Wardell (Corporate Director - Communities), Robert Alexander (Policy Officer), Councillor Pamela Bale, Councillor Anthony Chadley, Stephen Chard (Policy Officer), Councillor James Cole, Councillor Richard Crumly, Councillor Lee Dillon, Councillor Adrian Edwards, Councillor Mollie Lock, Councillor Alan Macro, Councillor Anthony Pick and Councillor Quentin Webb

**Apologies for inability to attend the meeting:** Councillor Graham Jones and Councillor Alan Law

### **PART I**

#### **60. Declarations of Interest**

Councillor Roger Croft took the opportunity of welcoming members of the public present for the meeting and thanking them for their attendance.

The Monitoring Officer read out the following declarations of interest:

Councillor Lynne Doherty had an interest in Agenda Item 5 (Revenue Budget 2016/17) by virtue of the fact that her employer was a recipient of Short Breaks Funding. Councillor Doherty had applied to the Governance and Ethics Committee for a dispensation to speak and vote on this item. The Committee decided to allow Councillor Doherty to speak and vote on the Phase 1 consultation responses as a whole but could only speak on the short breaks for children and not vote on this should this situation occur.

Councillor Marcus Franks had an interest in Agenda Item 5 (Revenue Budget 2016/17) by virtue of the fact that his employer, Sovereign Housing, received funding from the Council for its Neighbourhood Warden Scheme. Councillor Franks had applied to the Governance and Ethics Committee for a dispensation to speak and vote on this item. The Committee decided that a dispensation should be granted but that the dispensation would permit Councillor Franks to speak but not vote (on the budget) on this item.

All Members present had also been granted a dispensation by the Monitoring Officer to speak and vote on any items pertaining to Council Tax.

Councillor Lee Dillon declared an interest in Agenda Item 5 by virtue of the fact that his employer, Sovereign Housing, received funding from the Council for its Neighbourhood Warden Scheme. He reported that, as his interest was personal and prejudicial and a disclosable pecuniary interest, he would not participate in the debate on this particular matter should it arise, but pointed out that he had no vote at Executive in any event.

Councillor Alan Macro declared an interest in Agenda Item 5 by virtue of the fact that he was a Member of Theale Parish Council and the Parish contributed funding to the Neighbourhood Warden Scheme. However, he reported that, as his interest was personal and not prejudicial or a disclosable pecuniary interest, he determined to remain to take part in the debate on this particular matter should it arise. This declaration

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followed advice being given by the Monitoring Officer that any Member who sat on a Town/Parish Council, which contributed to the Neighbourhood Warden Scheme, had a personal interest only. The Monitoring Officer also advised that savings proposals in relation to the Neighbourhood Warden Scheme formed part of the Phase Two consultation process which was ongoing.

### 61. Investment and Borrowing Strategy 2016/17 (C2976)

Councillor Roger Croft presented the report to the Executive (Agenda Item 3) which summarised the Council's borrowing limits as set out by CIPFA's Prudential Code (which was in compliance with the Local Government Act 2003) and which recommended the Annual Investment and Borrowing Strategy for 2016/17. The report proposed that the Executive recommend the Strategy to Council for adoption.

The report also set out the framework within which the Treasury Management Team would conduct the Council's investments and borrowing for the forthcoming financial year. It recommended prudential limits for investments in 2016/17 and borrowing limits for the next three years.

The report recommended prudential limits for exposure to borrowing at fixed and variable rates of interest, the maturity structure of borrowing and the types of institutions with which the Council would invest its funds and their minimum credit ratings. For 2016/17, it was proposed to increase the maximum limit for investments with banks with appropriate ratings. It was also proposed to consider investing for longer term periods of up to two years if funds allowed and market conditions were favourable.

It was further proposed to increase the Council's maximum borrowing limits by £11 million (to £173 million) in 2016/17, by a further £4 million (to £177 million) in 2017/18 and by £1 million (to £178 million) in 2018/19. The increases in borrowing limits over the next three years were to allow for the planned level of borrowing to fund the proposed capital programme (also taking into account the planned level of debt repayment). The increase proposed in the borrowing limit in 2016/17 was £3 million higher than previously estimated because of the planned use of capital receipts in 2016/17 to offset the cost of transforming and restructuring services to generate revenue savings.

Councillor Lee Dillon queried whether regular meetings of the Treasury Management Group, of which both he and Councillor Croft were Members, were scheduled. Councillor Croft agreed to ask appropriate Officers to confirm meeting dates for the next 12 months.

Councillor Dillon welcomed the potential for the Council to invest over the longer term periods described.

#### **RESOLVED that:**

- (1) The adoption of the 2016/17 Investment and Borrowing Strategy be recommended to Council.
- (2) Formulation of Treasury Management Policy in compliance with the Local Government Act 2003 and CIPFA's Prudential Code and Code of Practice for Treasury Management be recommended to Council.

**Reason for the decision:** Formulation of Treasury Management Policy in compliance with the Local Government Act 2003 and CIPFA's Prudential Code and Code of Practice for Treasury Management.

**Other options considered:** Not applicable.

**62. Capital Strategy and Programme 2016/17 to 2020/21 (C2978)**

Councillor Roger Croft presented the report to the Executive (Agenda Item 4) which set out the draft Capital Strategy and Programme covering the five year period 2016/17 to 2020/21. Its aim was to ensure that the Council's highest priorities for capital investment could be delivered within the financial constraints which the Council faced.

The proposed Capital Programme would help to deliver the key priorities set out in the Council Strategy 2015-2019, including investment over the next five years in the following key areas:

*Better Educated Communities:* £57.1 million for new school places and improvements to school buildings;

*A Stronger Local Economy:* £55 million for maintenance and improvement of highways and £1.5 million to facilitate the delivery of superfast broadband across West Berkshire;

*Protect and support those who need it:* £11.6 million for occupational health equipment, home adaptations and supported living for older people and people with physical, sensory or learning disabilities and support for looked after children;

*Maintaining a high quality of life within our Communities:* £3.8 million for maintenance and improvement of parks, open spaces, sporting and cultural facilities.

The Capital Programme would allow for total expenditure over five years of £140.4 million, of which £20.9 million would be from developers contributions, £80.7 million would be funded from other external sources of funding – mainly government grants, and £38.8 million, or an average of £7.8 million per year, would be funded from Council resources. Council resources included an estimated £1.25 million capital receipts from assets which were expected to be sold over the following two years. The remainder would be funded from prudential borrowing in line with the revenue provision for capital financing assumed in the current Medium Term Financial Strategy (MTFS).

Any schemes in the programme which had not yet been committed would be subject to further review by Officers and Members to determine whether any savings could be made in the Capital Programme which could generate additional revenue savings, without serious detriment to the Council's objectives. Any further changes which were proposed to the 2016/17 Programme would be reported to the next meeting of the Executive.

Councillor Lee Dillon queried the absence of an aim for income generation. While the potential for the Council to sell its assets was mentioned, the report did not consider the possibility of the Council letting its assets in order to achieve income. Councillor Croft pointed out that the Council's physical assets were limited, but made the suggestion that this matter be discussed further at the next meeting of the Treasury Management Group. Officers would be asked to schedule this.

Councillor Alan Macro referred to paragraph 1.4 of the Capital Strategy document which highlighted that the Capital Programme would help to deliver many of the Council's strategic priorities. This paragraph listed additional primary places in Hungerford and Newbury as one of these priorities but made no mention of additional primary places in Theale, although this was referenced in the more detailed Capital Programme. Councillor Croft agreed to ask Officers to ensure that an appropriate reference was made in paragraph 1.4.

The provision of extra care housing in the east of the district, referred to in paragraph 1.5 of the report, was also in line with the Council's strategic priorities, but was not specifically included in the detailed Capital Programme and Councillor Macro queried

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whether this was an omission as investment was needed in this area. Councillor Croft noted this omission and Councillor Hilary Cole agreed that provision of housing in the east was an objective of the Council Strategy and a commitment of the Conservative's Manifesto

**RESOLVED that** the Capital Strategy and Programme 2016/17 to 2020/21 be recommended to Council for approval.

**Reason for the decision:** To outline the five year Capital Strategy for 2016 to 2021, including the Minimum Revenue Provision Statement and the Asset Management Plans for Property and Highways, and to set out the funding framework for the Council's five year Capital Programme.

**Other options considered:** Not applicable.

### 63. Revenue Budget 2016/17 (C2979)

Councillor Roger Croft presented the report (Agenda Item 5) which asked the Executive to consider and recommend to Council the 2016/17 Revenue Budget.

In introducing the report, Councillor Croft highlighted the fact that the Council had been faced with an enormous financial challenge which was unprecedented. In order to achieve a balanced budget it had been necessary, regrettably, to propose that Council Tax be increased by 1.99% in 2016/17 together with a 2% ring-fenced precept for Adult Social Care. Councillor Croft pointed out that Council Tax levels had seen no increases in four out of the last six years, with the last increase being in 2013/14. Where there had been increases, these had been kept below 2%. This step was particularly necessary when considering that the Council Tax Freeze Grant issued by the Government in recent years had ceased.

It had also been necessary for the Council to find savings of £14m in 2016/17, the highest in the Council's history, and given the scale of the task to arrive at a balanced budget for 2016/17 a number of significant saving proposals had been made. This included reductions to libraries, children centres, home to school transport, public transport subsidy, highway maintenance, provision of care services and many others. 47 public facing savings proposals had formed the Phase One public consultation and the Phase Two process was ongoing and had a closing date of 7 March 2016. There were 16 public facing savings proposals in Phase Two representing savings of £2.1m. Councillor Croft highlighted the importance of receiving consultation feedback.

Councillor Croft then took the opportunity to thank all those residents who had responded to the Phase One consultation, which had been based on the Council's assumption that the Revenue Support Grant would be reduced by 25% in 2016/17 rather than the 44% which had eventually transpired. Over 2,500 responses were received to the Phase One consultation and Councillor Croft was heartened to see that West Berkshire's communities had already stepped forward and were working with the Council to find new ways to deliver much valued services. CCTV across a number of parishes was one example, and this showed that West Berkshire had communities and partners who were prepared to help.

Following the hard work of Officers, Councillors and West Berkshire's MPs, the Council had secured a grant of £2.8m transitional funding over the next two financial years. This had provided the Council with further scope to respond to residents' feedback when setting the budget for 2016/17 and as a result of this, and following consideration of Phase One consultation feedback, Councillor Croft proposed that the Executive recommend to Council that transitional funding be made available in 2016/17 in the following areas:

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- Short Breaks for Disabled Children - £170,000.
- Two Saints Floating Support Service and Step by Step Lodgings Service - £100,000.
- Empowering West Berkshire - £25,000.
- Learning Disability Clients - £100,000.

A further review of residents feedback would commence once the Phase Two consultation had completed on 7 March 2016. The Executive, subject to Council approval to do so, would then look at how the remaining transitional funding for 2016/17 could be used.

It was proposed that the Council would set its budget on 1 March 2016, prior to the closing date of the Phase Two consultation. However, it would also be proposed to Council that the Executive, at its meeting on 24 March 2016, be given delegated authority to adjust plans post the setting of the budget on 1 March 2016 and subject to the outcome of the Phase Two consultation.

Councillor Alan Macro was pleased to note the areas identified for transitional funding that would be recommended to Council.

Councillor Macro noted from the report that the Medium Term Financial Volatility Reserve (MTFVR) had reduced during the course of 2015/16 and queried the reasons for this. Andy Walker explained that this reserve had primarily been used to help balance the 2015/16 revenue budget.

Councillor Lee Dillon advised of an approach made by Thatcham Town Council to West Berkshire Council with a view to a meeting being arranged to consider how services at risk, for example bus services, could continue. To date this had not been possible and Councillor Dillon sought a commitment from the Executive to co-ordinate such a meeting(s) with Thatcham Town Council and other interested town/parish councils.

Councillor Dominic Boeck responded to this point by stating that active dialogue was ongoing between West Berkshire Council and town/parish councils which included Thatcham Town Council. These towns and parishes had been asked to consider what they were able to contribute to services and responses were awaited.

Councillor Croft added his awareness of the public concern in relation to public transport which was demonstrated by the level of consultation response to these proposals (this formed part of the ongoing Phase Two consultation) and asked Councillor Garth Simpson (Portfolio Holder for Transport) if he would be able to arrange/facilitate a meeting with parishes on this matter. Councillor Simpson confirmed his willingness to do so.

Councillor Croft stated that alternative service delivery models could be considered, dependent on the consultation feedback. He reiterated his gratitude to West Berkshire's MPs for helping to achieve transitional monies which provided the Council with some financial flexibility.

Councillor Croft then explained, primarily for the benefit of members of the public present, that more significant debate would be held on the Revenue Budget and other budget items at the Council meeting on 1 March 2016. The main function of the Executive this evening was to make recommendations for Council's consideration.

**RESOLVED that** the Executive would recommend to Council:

- (1) That the responses received to each of the 47 public facing savings proposals in relation to Phase 1 of the public consultation exercise undertaken on the 2016/17 budget be noted.

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- (2) That Council consider the use of the 2016/17 transitional grant as a means of mitigating the impact of some of the Phase 1 proposals and where this is not used, the recommendations set out in the Overview and Recommendations template be approved.
- (3) That it be a recommendation to Council that those public health grant funded services (marked as “to be progressed”) in the Overview and Recommendations template totalling £114,000 be progressed.
- (4) That the 2016/17 revenue budget requirement for Council Tax setting purposes of £82.28 million requiring a Council Tax increase of 1.99% be approved.
- (5) That the 2% ring-fenced adult social care precept be applied.
- (6) That the Fees and Charges be approved as set out in Appendix H and the appropriate statutory notices be placed where required.
- (7) That the Special Expenses be approved as set out in Appendix I.
- (8) That the Efficiency Strategy for Use of Capital Receipts be approved as set out in Appendix O.
- (9) That the Executive, on 24 March 2016, be given delegated authority to adjust the Council’s budget plans, should the responses to Phase 2 of the public consultation require it to do so.
- (10) That the Executive, on 24 March 2016, propose where the transitional grant funding of £1.39m will be used.

**Reason for the decision:** Formulation of the 2016/17 Revenue Budget is required in order to meet the Council’s statutory duties.

**Other options considered:** The scale of the Local Government Settlement has left West Berkshire Council with limited options. The Council are proposing to increase Council Tax by 1.99% and apply the adult social care ring-fenced precept of a 2% increase to Council Tax. If these options were not taken, the savings requirement would be £3.2m higher. The Council has considered all options available in order to keep the savings requirement to the level it is. These options include use of capital receipts and transitional grant funding.

*(The meeting commenced at 5.00pm and closed at 5.24pm)*

**CHAIRMAN** .....

**Date of Signature** .....