TEWKESBURY BOROUGH COUNCIL

Minutes of a Meeting of the Executive Committee held at the Council Offices, Gloucester Road, Tewkesbury on Wednesday, 3 February 2016 commencing at 2:00 pm

Present:

Chair	Councillor R J E Vines
Vice Chair	Councillor D J Waters

and Councillors:

R E Allen, Mrs K J Berry, R A Bird, D M M Davies, M Dean, Mrs E J MacTiernan and J R Mason

EX.72 ANNOUNCEMENTS

72.1 The evacuation procedure, as noted on the Agenda, was advised to those present.

72.2 The Chairman welcomed Mr Bruce Carpenter, Gloucestershire Joint Waste Committee, to the meeting and advised that he was in attendance for Item 7, Waste Service Review and Vehicle Procurement.

EX.73 DECLARATIONS OF INTEREST

73.1 The Committee's attention was drawn to the Tewkesbury Borough Council Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.

73.2 There were no declarations of interest made on this occasion.

EX.74 MINUTES

74.1 The Minutes of the meeting held on 13 January 2016, copies of which had been circulated, were approved as a correct record and signed by the Chairman.

EX.75 ITEMS FROM MEMBERS OF THE PUBLIC

75.1 There were no items from members of the public on this occasion.

EX.76 EXECUTIVE COMMITTEE FORWARD PLAN

76.1 Attention was drawn to the Committee's Forward Plan, circulated at Pages No. 11-13. Members were asked to consider the Plan.

76.2 Referring to Page No. 12, Cemetery Provision in Tewkesbury, a Member questioned whether this referred to Tewkesbury Town or Tewkesbury Borough. In response, the Finance and Asset Management Group Manager indicated that this referred to the cemetery in Tewkesbury Town which was an asset owned by the Borough Council. The cemetery was almost at capacity so there was a need for the Council to explore the options available to it for the future.

76.3 Accordingly, it was

RESOLVED: That the Committee's Forward Plan be **NOTED**.

EX.77 WASTE SERVICE REVIEW AND VEHICLE PROCUREMENT

77.1 The report of the Environmental and Housing Services Group Manager, circulated at Pages No. 14-28, informed Members of the outcome of the review and recommended a revised model for the waste and recycling service as well as a procurement process to provide the vehicles to deliver the service. Members were asked to endorse the findings of the waste service review; adopt the comingled recycling service with separate food waste collections (option two) as the preferred option for implementation in 2017; to recommend to Council that the allocation of £3.25 million from capital resources to fund the vehicle replacement programme be approved; and to delegate authority to the Deputy Chief Executive, in consultation with the Lead Members for Clean and Green Environment and Finance and Asset Management, to procure the new and replacement vehicles.

77.2 The Deputy Chief Executive advised Members that the current waste and comingled recycling collection service had been in place since 2010. The service had been introduced with the aim of achieving 50% recycling and composting by 2014/15 and reaching an annual landfill rate of 273kg per capita. Since 2014, the waste and recycling collection service had been provided for Tewkesbury by the local authority company Ubico which also provided street cleansing and ground maintenance services in the Borough. The vehicles currently used by Ubico for delivery of the service were contract hired and that agreement was due to expire at the end of March 2017 so this also needed to be given consideration. The review of the waste service had been commissioned in September 2015 to consider whether the current service configuration was still fit for purpose and to compare it against other service models in terms of cost, performance and compliance. Bruce Carpenter, working through the Joint Waste Team, had undertaken the review on behalf of the Council and the report before Members drew together the conclusions of that review.

77.3 In introducing himself Bruce Carpenter explained that he was the Head of Operations for the Somerset Waste Partnership and through that was linked to the Joint Waste Team. He explained that the report before the Committee described the review and made recommendations on service provision and the replacement vehicles that might deliver the new service. As identified by the Deputy Chief Executive, the current service had been introduced in 2010 and had proven to be successful in reducing residual waste and improving recycling so it was likely that, if reversed, recycling would reduce and this would be contrary to the Council's objectives. This had to be taken into account as did the fact that, by 2019, the energy from the waste facility at Javelin Park should come on-stream. Members were also advised that new legislation had been introduced by the Waste Regulations England and Wales 2011 (as amended) which had underpinned the review. Those Regulations required the collection of materials separately but there were expectations within them that allowed comingling of materials if it was not technically, environmentally and economically practicable (TEEP) to change.

77.4 In terms of the service models being considered option one was the 'as is' option which had recycling and food waste collections using a refuse collection vehicle with a pod for the food waste; a refuse and food collection using the same vehicle; and a garden waste collection. Option two would see a recycling collection, a refuse collection and a garden waste collection using standard refuse collection vehicles and a food waste collection using a food waste vehicle which was not podded – this vehicle would be much smaller, quicker and more efficient than those used at the moment and the refuse collection vehicles themselves would be high capacity standard vehicles. Option three was a splitback refuse collection vehicle which would collect recycling and glass, refuse collection vehicles for refuse and garden waste vehicles and a food waste vehicle – this offered some benefit in terms of the Materials Recovery Facility (MRF) gate fees but the original cost of the vehicle was approximately £30,000 more than a standard one. Option four was a full kerbside sort with a resource recovery vehicle for recycling and food waste and standard refuse collection vehicles for refuse and garden waste. In terms of the evaluation of the options a framework had been developed around the core principles of sustainability which showed that, overall, options one and two were the favourites. Future issues had also been considered including property growth, speed of loading, change of tipping point and likely financial changes. As a result of that analysis, option two was the preferred option as it used less expensive vehicles and had a reduced capital requirement; it avoided the cost of change; it had a low customer and client impact; there were minimal requirements for communications; no new containers were required; manual handling was minimised; the Borough's high recycling rate would be maintained; the service would be future proofed against a high level of property growth and changes in tipping points; and there would be no costs transferred to the Waste Disposal Authority.

77.5 A number of vehicles would be required to provide the proposed new waste service as well as a number of other types of vehicles which did not form part of the review but were needed to provide the service overall i.e. sweepers, cage tippers, transits etc. All in all the number of vehicles totalled 29 and, taking into account market values, was likely to cost in the region of £3,099,000. The review had looked at various ways of financing this project and the next stage was to go through the procurement phase; due to the fact that this was a relatively small number of vehicles there would not be a great economy of scale gained on the open market so it was felt that a framework arrangement would be the best way forward. This also reduced the risk of challenge. One further element to consider was that, by selecting the continuation of the comingled recycling service, the Council would need a MRF contract from 2017. Whilst a framework agreement could not be used for that, Bruce Carpenter was aware of MRFs within 30 miles of Tewkesbury Borough which had already said they would bid for the work so he suggested that this be done through a direct procurement service which would be managed by him.

77.6 Members thanked Bruce Carpenter for his clear presentation which had been easy to follow and understand. One Member questioned whether the Joint Waste Committee had generally been negative about the service that Tewkesbury Borough Council offered. In response, a Member indicated that Tewkesbury had always been different as it was the only authority that offered a comingled recycling service. Other Members within the Joint Waste Committee felt that a kerbside sort approach was better as it produced cleaner recyclate; however, with the improvements in MRFs he was sure that comingled recyclate would soon be as good as that gained from a kerbside sort approach. Referring to Paragraph 2.5 of the report, a Member questioned whether the issues with contaminated loads going into the MRF had now been addressed. In response, the Deputy Chief Executive confirmed that this had been addressed; although it had resulted in an increase in the contract price there was now a different system in place which was working well. In addition, work was still taking place within communities to try and raise awareness. The next time a MRF contract was agreed it would need to take account of the systems needed to ensure a similar contamination issue did not happen in future.

77.7 Referring to the food waste costs set out in the report, a Member questioned why they were different i.e. £412,710 in Paragraph 5.8 and £272,000 in Paragraph 6.1.

In response Bruce Carpenter explained that Paragraph 5.8 was inclusive of the costs of Ubico providing the service i.e. fuel, staff, maintenance etc. Paragraph 6.1 was the specific cost of purchasing the vehicles. In terms of the depreciation of the vehicles, which was accounted for over a seven year period, the Member questioned why Ubico appeared to benefit. In response, the Finance and Asset Management Group Manager indicated that this was a financial charge arrangement and it did not mean that the Borough Council lost out in any way. In terms of paying for new vehicles in seven years' time, the Finance and Asset Management Group Manager explained that a sinking fund would be established to ensure the savings from the contract lease were put aside to enable replacement of the vehicles in the future. There may need to be a 'top up' to make adequate provision but, in theory, most of the funding needed would be there.

77.8 In terms of the proposed comingled recycling service, a Member indicated that he was pleased to see this was the favoured option. He felt the Borough's residents would expect the popular service to remain in place and was of the view that they would definitely not want to return to a more in-depth sorting service. In terms of the risk of 'challenge' that the Council may face to its choice of waste service, Bruce Carpenter indicated that the risk was never nil and it was true that, in some ways, maintaining a comingled recycling service was contrary to the new waste Regulations; however, it should be borne in mind that over 60% of authorities across the country did not comply as they also operated comingled recycling collections. The review had been undertaken in an auditable and robust manner and, having gone through that process, the risk of challenge was significantly reduced. Bruce Carpenter felt that it was also interesting to note that there had been no challenges since the Regulations had been introduced in 2015 and, despite the fact that in a recent survey of authorities across the country, it had been found that only eight out of 400 authorities had decided to change their services in line with those Regulations.

77.9 Members felt that the Borough's residents were pleased with the current service and, therefore, to opt for one that would not appear different to the customer would be the best way forward. Accordingly, it was

RESOLVED:

a) That the findings of the Waste Service Review be **ENDORSED**.

b) That the comingled recycling service, with separate food waste collections (Option 2), be adopted as the preferred option for implementation in 2017.

c) That it be **RECOMMENDED TO COUNCIL** that £3.25million be allocated from capital resources to fund the vehicle replacement programme.

d) That authority be delegated to the Deputy Chief Executive, in consultation with the Lead Members for Clean and Green Environment and Finance and Asset Management, to procure the new and replacement vehicles.

EX.78 GLOUCESTER, CHELTENHAM AND TEWKESBURY JOINT CORE STRATEGY ADDITIONAL BUDGET REQUEST

78.1 The report of the Development Services Group Manager, circulated at Pages No.

29-31, asked Members to approve the use of £135,000 of reserves within 2016/17 to further support the Joint Core Strategy.

78.2 Members were advised that the Council was well aware of the protracted length of time that the examination of the Joint Core Strategy was taking and the fact that the Council had been supporting the whole process with finance and staff resources since 2008. Each of the three Joint Core Strategy authorities (Cheltenham, Gloucester and Tewkesbury) had been putting £60,000 into a budget on an annual basis since that time. However, since the examination was taking significantly longer than had initially been anticipated and was requiring more and more work, that funding was no longer adequate. The examination was now reaching stage three which covered major issues such as flooding, transport modelling etc. and following that would move into the main modifications phase, further consultation and examination of those modifications; along with this there would also be costs associated with the Community Infrastructure Levy work which ran alongside the Joint Core Strategy. The known/anticipated costs were £435,000 but it was felt prudent to add another £50,000 per authority to cover the length of the examination and the additional costs which were likely to be incurred.

78.3 In addition to the costs outlined above, the Inspector had also now released a preliminary findings report which was resulting in additional work but it was anticipated that the additional funding would also cover the costs of that work. The Joint Core Strategy was legally inescapable and Officers had to do the work required by the Inspector so it was hoped that Members would support the additional funding. Members were concerned at the length of time that the examination was taking and expressed their frustration at the costs that had to be borne by the Council even though it was not the Council’s fault that the process was so lengthy and costly. One Member questioned why New Homes Bonus funding could not be used rather than uncommitted reserves. In response, the Deputy Chief Executive indicated that she understood the frustrations and Officers had had conversations with the Secretary of State and the Planning Inspectorate which had resulted in a noticeable change in the speed of the Inspector. In terms of where the additional funding would come from, the Finance and Asset Management Group Manager indicated that the primary reason for using uncommitted reserves was that Officers did not have the figure for New Homes Bonus at the time of writing the report; largely it did not really make a difference which of the two routes the funding came from and he hoped the surplus at year end would top back up the reserves for further support for the Joint Core Strategy and other services.

78.4 Members agreed that the whole situation with the Joint Core Strategy was frustrating, particularly as the Council appeared to have no choice but to continue paying for the examination for as long as it lasted. It felt like the Planning Inspectorate was out of sync with the rest of government in terms of the fact that there was a drive to build more homes but this was not possible until the examination on the core strategy was complete. In response to a query regarding the thoughts of the other Joint Core Strategy authorities, the Development Services Group Manager explained that Gloucester City Council had already taken the issue to its Members and Cheltenham Borough Council was about to. She was not anticipating any problems although she expected similar comments to be made by those Members regarding the speed of the examination and the frustrations with the process. In terms of the costs, a Member questioned what had been spent on the Joint Core Strategy since 2008; who paid the bills directly; how much the Inspector had cost to date; and what her daily/hourly rate was. In response, the Development Services Group Manager advised that the overall cost to date had been approximately £480,000 per authority, however, she was not sure of any extra added in over that time since 2008. All of the invoicing was done through Cheltenham Borough Council but the Project Manager was a joint manager and all three Councils were involved in the governance at every level. The cost of the

Inspector was unknown but the Deputy Chief Executive undertook to find out those costs. The Member indicated that she would like an analysis of the money spent by each Council to date, how much the examination was costing the Council and a comparison to other joint strategies so that letters could be written to the Planning Inspectorate and the Secretary of State to tell them how much the process was costing the Council.

78.5 Accordingly, it was

RESOLVED: That the use of £135,000 of reserves within 2016/17 be **APPROVED** to further support the Joint Core Strategy.

EX.79 BUDGET 2016/17

79.1 The report of the Finance and Asset Management Group Manager, circulated at Pages No. 32-75, set out the proposed budget for 2016/17. Members were asked to consider and make a recommendation to Council thereon. The recommendations included a delegated authority for the Finance and Asset Management Group Manager, in consultation with the Lead Member for Finance and Asset Management, to apply to the Government for a four year settlement if he believed it to be in the best interest of the Council.

79.2 Members were advised that the Council had considered the Medium Term Financial Strategy at its meeting on 8 December 2015. That document outlined the current budget pressures facing the Council, as well as those in future years, and depicted the gap between the estimated net budget of the Council and the estimated funding available to finance that net expenditure. The deficit over the five years of the Strategy was estimated to be approximately £2.9 million with a gap in 2016/17 of approximately £1,090,000. Since the production of the Medium Term Financial Strategy, the conclusions of the Government's Comprehensive Spending Review had been announced with the headlines being a 46% reduction in core government grant support over the next four years (56% in real terms); greater support to upper tier authorities for the provision of social care, partly funded from an extra 2% levy on Council Tax and partly funded from redistribution of existing funding; and a consultation on the future of the New Homes bonus scheme with the intention of reducing the financial envelope by at least £800 million equating to 2/3 of the current spend. The Council had also received the provisional Local Government settlement for 2016/17 together with the promised New Homes Bonus consultation. All of that information, along with general information on the financial climate, had been brought together to make a proposal for the budget for 2016/17 and the resultant Council Tax.

79.3 The Finance and Asset Management Group Manager explained that details of the local government settlement for 2016/17 were contained at Paragraph 2.0 of the report. It should be noted that this was a provisional settlement at this stage and, although it did not usually change, the final settlement would not be received until the following week. Assuming the provisional figure remained the final one, table one at Page No. 35 of the report showed the significant reductions to core government support that were expected over the next four years. This was in line with the projections in the Medium Term Financial Strategy but the profile of the reductions was more gradual meaning that the Council was losing less support in the next couple of years compared with estimates. For 2016/17, the reduction was £451,000 which was approximately £110,000 better than anticipated. The government had made an offer to local authorities to apply for a four year fixed settlement which, in theory, would give the Council certainty as it prepared its Medium Term Financial Strategy; however, there was a lack of detail surrounding the offer, particularly what the Council would have to do to receive a multi-year settlement. It appeared that an efficiency plan would be needed which would include an intended use of reserves to support the budget. It should also be borne in mind that, although a four year deal would be agreed in principle, there were circumstances, for instance economic shock, when the government may not honour that deal. Of particular concern were the details regarding business rates and the future of New Home Bonus funding and, since more information was awaited regarding those issues, it was suggested that delegated authority be given to the Finance and Asset Management Group Manager, in consultation with the Lead Member, to consider the offer and, if deemed beneficial to the Council, to apply to the government.

79.4 Paragraph 3.0 detailed the New Homes Bonus allocation for 2016/17 which was based on housing growth and bringing empty properties back into use between October 2014 and 2015. The allocation for 2016/17 was £659,431 and gave the Council a total allocation of £3,401,162. In terms of the consultation the proposals included: a reduction in the number of years for which payments were made; that New Homes Bonus funding be withheld if there was no local plan in place; the loss of a percentage of funding if the local plan was not up-to-date; a reduction in payments for homes allowed on appeal – either 50% or 100%; and payments only made for housing growth above a baseline to allow for growth that would happen regardless of an incentive scheme being in place. The Council's forecast of future New Homes Bonus receipts had been reworked based on the government's preferred approach and those were set out at table two on Page No. 36 of the report. The proposed use of New Homes Bonus monies included support to the base budget; a base budget contingency; a business rates reserve; asset (IT and property) management; community grants; business transformation; and an uncommitted balance. The uncommitted balance would be spent through reports to the Executive Committee requesting a 'draw down' of funds as and when required. This would give flexibility to respond to the emerging needs of projects such as regeneration, public sector housing, the public service centre and vehicle purchases.

79.5 Referring to the performance of business rates, the Finance and Asset Management Group Manager advised that this had not been going particularly well and, given the ongoing threat of appeals and revaluations from Virgin Media especially, it had been agreed that Tewkesbury Borough Council would withdraw from the Gloucestershire business rates pool for 2016/17. Tewkesbury would then continue to operate independently within the retained business rates scheme and, should there be future safety net requirements, those would be met by the government rather than the Gloucestershire authorities. If the ongoing risk was reduced then Tewkesbury would look to re-join the pool at the earliest opportunity.

79.6 In terms of Council tax setting, Members were advised that the recommendation was for an increase of £5 on a Band D property which was the most that it was allowed to increase within referendum limits and, if this was agreed, it would retain its position of one of the lowest charging authorities. The position from the government was that a national threshold of 2% for lower tier authorities was set with the exception of those authorities whose Council Tax was in the lowest quartile and who were therefore deemed to have low Council Tax. A threshold of £5 or 2%, whichever was higher, had been set for those authorities. If the increase of £5 was approved it would be the first time in five years that the Council would have increased its Council Tax and that would generate much needed additional income of around £96,000 over an increase of 2%. That increase would limit the need to use reserves to cover ongoing service costs in 2016/17 and would also put the Council in a better position to tackle the future deficits it would face as well as the uncertainty over the future of the New Homes Bonus scheme. Referring to the proposed budget, the Finance and Asset Management Group Manager advised that the estimates for 2016/17 included an £80,000 increase in direct staffing costs as a result of the assumption of a 1% pay award which was still to be agreed for the period from April 2016; a £196,000 increase in pension deficit contributions which was the third and final step of the agreed three year settlement; a £150,000 increase in national insurance contributions as a result of removing the rebate from contracted out schemes; a £63,000 reduction in Housing Benefit Administration Subsidy grant from the government; a £68,000 reduction in investment income as a result of reduced investment balances; a £140,000 increase in the cost of resources in the planning department to meet increased demand; a £303,000 increase in planning income; a £70,000 increase in garden waste income; and £10,000 of new procurement targets. Also included were savings generated by a number of business transformation activities over the last 12-18 months as well as the previous Council decisions that would have a new impact on the base budget for 2016/17 i.e. the opening of the new leisure centre, the cashable savings generated by the service review of Customer Services, the potential savings from the ongoing review of environmental health and development management and the estimated return on the photovoltaics.

79.7 The risks to the budget were set out at Paragraph 7.0 and the Finance and Asset Management Group Manager drew particular attention to the top three which were the largest risks; those included government support, New Homes Bonus and business rates. Appendix A set out the current capital programme and Members were asked to bear in mind that this may need to be amended to fund future ambitions. In addition, Paragraph 9.4 of the report set out the Council's early plans for future investment which included a range of activities such as the purchase of a new vehicle fleet for its waste and recycling, grounds maintenance and cleansing services. All of those initiatives would require significant investment at a level well in excess of capital balances and, whilst the Council would seek to dispose of less valuable assets to supplement its current capital receipts, it was inevitable that it would need to consider borrowing, either internally or externally, in the next financial year.

79.8 During the discussion which ensued, a Member questioned whether the suggestion of a four year settlement from the government would restrict the Council's own Medium Term Financial Strategy on an annual basis. In response, the Finance and Asset Management Group Manager advised that the settlement should offer more certainty to the Council and therefore help form the Strategy, however, there was still a need to see the detail of the offer from government before this could be confirmed. Another Member indicated that he regretted the need to increase Council Tax and he felt the Council needed to look more imaginatively at the ways that income could be increased so that Tax payers were not burdened with more increases in forthcoming years. In response to a query regarding garden waste fees, the Finance and Asset Management Group Manager explained that whether or not the fees would be increased was still to be decided. The matter would be considered by the Transform Working Group again at its next meeting to see if a steer could be gained. In terms of the budget the suggested £70,000 additional income would, in part, be due to the increased number of households taking up the scheme. Some increase in fees would be included so if an increase was not agreed Members would need to discuss where the money would be funded from. In respect of the pay increase, a Member advised that he suspected this may end up being 1.5% rather than 1% and, in response, the Finance and Asset Management Group Manager advised that an extra 0.5% would cost the Council approximately £40,000 which would have to be met from New Homes Bonus. The Member noted that, to date, the work of the Transform Working Group had been focussed on the budget but now its attention would need to turn to how to raise income as it was not sustainable just to keep making savings.

79.9 Referring to Paragraph 3.2, a Member questioned how the Council would be affected by the possibility that New Homes Bonus funding could be cut if its local plan was not up-to-date. In response, the Finance and Asset Management Group Manager indicated that the Council had not yet been provided with a definition of what was meant by up-to-date. However, Tewkesbury Borough's local plan had been rolled over so its argument would be that it did have a local plan in place even though it was currently going through the Joint Core Strategy examination process.

79.10 Having considered the report and information provided, it was

RESOLVED: That it be **RECOMMENDED TO COUNCIL**:

i. That a net budget of £9,663,342 be **APPROVED**.

ii. That a Band D Council Tax of £104.36, an increase of £5.00 per annum, be **APPROVED**.

iii. That the use of New Homes Bonus, as proposed in Paragraph 3.5 of the report, be **APPROVED**.

iv. That the capital programme, as proposed in Appendix A to the report, be **APPROVED**.

v. That the capital prudential indicators, as proposed in Appendix B to the report, be **APPROVED**.

vi. That the annual Minimum Revenue Provision (MRP) statement, as contained in Appendix B to the report, be **APPROVED**.

vii. That the mid-year 2015/16 Treasury Management update, as contained in Appendix C to the report, be **APPROVED**.

viii. That the 2016/17 Treasury Management Strategy, as proposed in Appendix D to the report, be **APPROVED**.

ix. That authority be delegated to the Finance and Asset Management Group Manager, in consultation with the Lead Member for Finance and Asset Management, to apply to the Government for a four year Settlement if he believes it to be in the best interests of the Council.

EX.80 SEPARATE BUSINESS

80.1 The Chairman proposed, and it was

RESOLVED That, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely discussion of exempt information as defined in Part 1 of Schedule 12A of the Act.

EX.81 SEPARATE MINUTES

81.1 The separate Minutes of the meeting held on 13 January 2016, copies of which had been circulated, were approved as a correct record and signed by the Chairman.

The meeting closed at 3:40 pm