Council

Schedule
Thursday 26 September 2019, 6:30 PM — 9:00 PM BST

Venue
Council Chamber, Priory House, Monks Walk, Chicksands, Shefford, SG17 5TQ

Description
To Chairman and Members of the Committee: -

Cllr Brian Saunders (Chairman)
Cllr Gordon Perham (Vice-Chairman)

All Members of Central Bedfordshire Council.

Notes for Participants
A member of the public who wishes to speak at this meeting can register online via this link:
http://www.centralbedfordshire.gov.uk/speak

This meeting will be filmed by the Council for live and/or subsequent broadcast online and can be viewed at https://centralbedfordshire.public-i.tv/core/portal/home. Any footage will be on the Council’s website, a copy of it will also be retained in accordance with the Council’s data retention policy. By attending the meeting, you are deemed to have consented to being filmed by the Council. Full details on the use of recordings is provided via the link above.

For further information on this meeting contact committeemeetings@centralbedfordshire.gov.uk

Hard copies of the papers for this meeting are not routinely made available to those in attendance. Should you require a copy of please download this from the Council website beforehand.

Agenda

Prayers

The Reverend Bill Britt, Vicar of St. Mary’s Church, Stotfold will take prayers.
1. Apologies for Absence

   To receive apologies for absence and notification of substitute Members.

2. Minutes

   To approve as a correct record the minutes of the meeting of Council held on
   18 July 2019.

   Council Minutes - 18 July 2019.pdf

3. Members' Interests

   To receive from Members any declarations of interest.

4. Questions, Statements or Deputations

   To receive any questions, statements or deputations from members of the
   public in accordance with the Public Participation Procedure as set out in Part
   4G of the Constitution.

5. Petitions

   To receive petitions from members of the public in accordance with the Public
   Participation Procedure as set out in Part 4G of the Constitution.

6. Chairman's Announcements and Communications

   To receive any announcements from the Chairman and any matters of
   communication.

7. Leader's Announcements and Communications

   To receive any announcements from the Leader and any matters of
   communication.
8. Executive Member Presentations

To receive reports from up to three Executive Members on recent matters of interest and ask questions on matters contained within the reports.

Reports are anticipated from:

- Councillor Tracey Stock, Executive Member for Health & Wellbeing and Communities
- Councillor Steven Dixon, Executive Member for Transformation and External Relations

9. Recommendations from the Executive

To consider recommendations from the meeting of the Executive, 20 August 2019 and answer questions asked under Rule No. 13.1.

a) June 2019 (Q1) Capital Budget Monitoring Report
   ![Capital Budget Monitoring.docx]

A copy of the above reports can be viewed here.

10. Recommendations from the General Purposes Committee

To consider recommendations from the meeting of the General Purposes Committee, 9 September 2019 and answer questions asked under Rule No. 31.3.

a) Report of the Electoral Review Working Group
b) Community Grants - Amendments to the Constitution
c) Joint Committees Terms of Reference

  ![Report of the Electoral Review Working Group.docx]
  ![Community Grants - Amendments to the Constitution.docx]
  ![Joint Committees Terms of Reference.docx]
  ![Appendix A - Joint Committees Terms of Reference.docx]

A copy of the above reports can be viewed here.
11. Treasury Management Outturn Report 2018/19

The purpose of this report is to provide a review of Treasury Management activities for the year ended 31 March 2019 in compliance with relevant codes of practice adopted by Central Bedfordshire Council.

Treasury Management Outturn 2018/19.docx
Appendix A.doc
Appendix B.docx
Appendix C.docx

12. Motions

To consider motions by Members of the Council under Part 4A, Rule No. 17 of the Council's Procedure Rules in the order received:

a) Proposed by Councillor Zerny:

"The New Homes Bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. It is appropriate that the areas which face new housing allocations should also receive the appropriate infrastructure and services to compensate. This Council agrees to calculate how much New Homes Bonus is generated by each ward, and spend 50% of this amount on infrastructure and services - in the ward or town - based on priorities set out by parish/town councils and ward councillors, to ensure this money directly benefits residents."

b) Proposed by Councillor Mackey:

"It is proposed that this Council recognise that the lack of step free access to Flitwick station appears to be discriminatory and is a moral outrage. In order to remedy the situation Central Bedfordshire Council commits to match fund government investment and seek further grants and funding from other stakeholders in order to ensure this vital infrastructure project is progressed as a matter of urgency."
13. **Written Questions**

To answer written questions from Members of the Council under Part 4A, Rule No. 13.2 of the Council's Procedure Rules:

To the Leader of the Council:

In order for the Leader of Central Bedfordshire Council to effectively carry out his role how many hours a week should he be at the Council's Priory House Head Office?

14. **Open Questions**

To answer Open Questions asked by Members of the Council under Part 4A, Rule No. 13.7 of the Council's Procedure Rules.

15. **Change of Membership on Committees**

Notification is given under Part 4A (2.6.2) of the Council’s Constitution that since the last meeting, the following changes to the membership of Committees has been made:

- Councillors S Collins and J Baker have been appointed to the vacancies on the Appeals Panel and Councillor Ford has been appointed as the substitute.
- Lorraine King has been appointed to the vacancy on the Children's Services Overview and Scrutiny Committee as a co-opted member with voting rights on education matters for the period July 2019 to the AGM in May 2023.
Prayers

The Reverend Bill Britt, Vicar of St. Mary’s Church, Stotfold will take prayers.
1. Apologies for Absence

To receive apologies for absence and notification of substitute Members.
2. Minutes

To approve as a correct record the minutes of the meeting of Council held on 18 July 2019.
At a meeting of Council held in the Council Chamber, Priory House, Monks Walk, Shefford, Chicksands on Thursday 18 July 2019 at 6.30 pm to 9.00 pm

Present:

Cllr B Saunders (Chairman)
Cllr G Perham (Vice-Chairman)

Members:

Cllrs

J Baker
R Berry
M Blair
I Bond
D Bowater
A Brown
N Bunyan
J Chatterley
S Collins
K Collins
I Dalgarno
S Dixon
A Dodwell
P Duckett
Y Farrell
K Ferguson
S Ford
F Firth
M Foster
E Ghent
S Goodchild
C Gomm
A Graham
P Hamill
R Hares
N Harris
V Harvey
C Hegley

Cllrs

J Jamieson
M Liddiard
G Mackey
K Matthews
C Maudlin
D McVicar
R Morris
G Perham
E Perry
A Ryan
G Sanders
B Saunders
D Shelvey
I Shingler
M Smith
P Snelling
P Spicer
B Spurr
T Stock
M Walsh
R Wenham
H Whitaker
T Wye
M Versallion
N Young
A Zerny

Apologies:

Cllrs

S Clark
P Crawley
J Tamara

Cllrs

E Wallace
S Watkins

Absent:

None

Officers in Attendance:

Mr R Carr
Chief Executive
Mrs J Dickinson
Assistant Director Leisure, Libraries and Countryside
Mrs S Hobbs
Senior Committee Services Officer
Mr T Hoyle
Assistant Director of Strategic Commissioning
Prayers

Prayers were taken by Reverend Bill Britt, Vicar of St Mary’s Church, Stotfold.

1. Minutes

RESOLVED

that the minutes of the Council meeting held on 16 May 2019 be approved as a correct record.

2. Members’ Interests

Councillor Harvey declared an interest in item 15 b) Motion from Councillor Dixon requesting the Council to endorse the Local Government Association (LGA) motion on climate change, as she was a member of Friends of the Earth. She was present in the Council Chamber whilst this item was discussed.

Councillor Baker declared an interest in item 15 a) Motion on Fulbrook Middle School as his son attended and his partner was a Governor at Aspley Guise Lower School. Aspley Guise Lower School was part of the Fulbrook Middle School cluster. He was present in the Council Chamber whilst this item was discussed.

3. Questions, Statements or Deputations

Climate Change

Mrs Shepherd, a volunteer of Friends of the Earth and a resident in Leighton Buzzard, spoke in support of the Motion on climate change. The Inter-Governmental Panel on Climate Change last year had called for a reduction in carbon emissions to limit global warming to 1.5°C above pre-industrial levels, given the consequences for the planet. She stated that the Council should update its strategy and lead the way to show that it is committed to urgently addressing climate change.

Dr Brierley, an Associate Professor in Climate Science at University College London and a resident in Leighton Buzzard, spoke in support of the Motion on climate change. He emphasised the urgent need to address climate change and explained his work in the modelling of global warming. He urged the Council to support the Motion.
Mrs Shepherd and Dr Brierley’s statements would be taken into account at Agenda item 15 b).

Mr Paxman, a member of CamBed RailRoad and a local resident, spoke about the appointment of a Councillor to the East West Rail Strategic Board. He felt that it was imperative that whoever was appointed to the Board must have energy, commitment, excellent knowledge of the area, represent the wards that were affected and share information with local residents and organisations.

Mr Berry felt that there should be effective representation on the Board. He was concerned that there was a lack of communication regarding the East West Rail routes. The representative on the Board should communicate the information to those residents affected by the proposals.

Mr Paxman and Mr Berry’s statements would be taken into account at Agenda item 19.

Mrs Scholfield spoke in support of the Motion on climate change. She also spoke about the Motion on Fulbrook Middle School. The School had carried out a consultation on proposals to extend its age range. 736 people had responded to the consultation with 98% in support of the change. Statements of support had been received from local Councillors and MPs. Children from Central Bedfordshire and Milton Keynes attended the School and it was a very close community. She requested the Council support the plans for the School to change its age range to become a secondary school.

Mrs Scholfield’s statement would be taken into account when considering the Motions set out at Agenda item 15.

4. Petitions

No petitions had been received.

5. Chairman’s Announcements and Communication

Item 20 ‘Leader of the Council’s Annual Report’ would be considered at item 7 instead of the ‘Leader’s Announcements and Communications’.

The Motion on climate change would be considered before the Motion on Fulbrook Middle School.


The Leader presented his annual report celebrating successes over recent years and outlining plans for the future.
7. Executive Member Presentations

Councillor Wenham, Deputy Leader and Executive Member for Corporate Resources provided an overview of the Revenue and Benefits Services, including:

- Council Tax
- Business Rates
- Benefits
- Fraud

The Service was working to digitise its processes in order to contribute to the Council’s ambition to enhance both customer responsiveness and efficiency. The Council’s customer portal for revenues and benefits had been updated to allow customers’ real time access to information about their Council Tax or Business Rate accounts. Councillor Wenham asked that Members promote the portal to residents.

No questions were asked on Councillor Wenham’s report.

Councillor Hegley, Executive Member for Adults, Social Care and Housing Operations reported on developments across Central Bedfordshire within her portfolio:

- In addition to Priory View, Dunstable an independent living scheme was being built in Houghton Regis, All Saints View, with other schemes being considered across Central Bedfordshire.
- Homes England had provided the Council with financial support which was greatly welcomed.
- Sheltered housing was being reviewed and remodeled.
- In 2018/19, £13.8M had been invested in Houses in Multiple Occupation (HMO) and it was planned to invest £17M in 2019/20.
- There were approximately 5,500 Council-managed properties and this would continue to grow.
- The support of the Tenants Scrutiny Panel was welcomed.
- New build projects were planned for across Central Bedfordshire.
- Day opportunities would continue to be improved. This included the improved facilities at the Silsoe Horticultural Centre.
- A Parking Scheme programme had been initiated to improve parking on Council housing estates.
- 63 empty homes had been brought back into use and this scheme would continue throughout 2019/20.

Councillor Hegley provided an update on the concerns raised at a previous Council meeting regarding confidentiality of Customer Services in Shefford Library. There has been some reconfiguration of the arrangements made to improve the position.

In response to a question, Councillor Hegley confirmed that the Council had used a Compulsory Purchase Order in order to purchase an empty property to bring it back into use.
8. Recommendations from the Executive

The Council considered recommendations from the meeting of the Executive held on 11 June 2019.

a) Variation to Capital Programme

To seek approval to vary the 2019/20 Capital Programme to include up to £15M for the provision of advanced infrastructure at Chase Farm, Arlesey.

RESOLVED

that the Capital Programme 2019/20 be varied to include up to £15M for the provision of advanced infrastructure at Chase Farm, Arlesey.

b) March 2019 Capital Budget Monitoring Outturn Report

To seek approval of a net overspend on the Highways Structural Maintenance of £1.829M and the M1-A6 Phase 1 and 2 of £0.781M.

RESOLVED

that the net overspend be approved on the following schemes:

- Highways Structural Maintenance - £1.829M
- M1-A6 Phase 1 and 2 - £0.781M

Upon both recommendations being put to the vote 52 Members voted in favour, 1 voted against and 1 Member abstained.

9. Recommendations from the General Purposes Committee

The Council considered recommendations from the General Purposes Committee held on 20 June 2019.

a) Proposed Changes to the Director of Social Care, Health and Housing’s Delegated Powers on Housing Functions

To seek approval of the proposed changes to the Director of Social Care, Health and Housing’s Delegated Powers on Housing Functions.

RESOLVED

that the proposed changes to the Director of Social Care, Health and Housing’s delegated powers, as set out in Appendix A to the report, be approved and the Constitution be updated accordingly.
Upon being put to the vote 53 Members voted in favour, no Members voted against and 1 Member abstained.

b) Amendments to Members’ Scheme of ICT Allowances

To seek approval of the revised scheme of Member ICT Allowances with the following amendments:

a) to make it clear that any equipment comes with the appropriate data and telephone contracts;
b) that Members can choose to have a Central Bedfordshire Council-owned computer but use their own phone and vice-versa; and
c) that the wording of Option 2 be amended to remove the word ‘these’ and replace with the words ‘Council owned’.

RESOLVED

that the revised scheme of Member ICT Allowances be approved as out, subject to the above amendments.

Upon both recommendations being put to the vote 53 Members voted in favour, no Members voted against and 1 Member abstained.

10. Audit Committee Activity Annual Report 2018/19

The Council considered a report that summarised the work of the Audit Committee during the 2018/19.

RESOLVED

that the work of the Audit Committee during the 2018/19 financial year be noted.

The decision was unanimous.

11. Overview and Scrutiny Annual Report 2018/19

The Council received the Overview and Scrutiny Annual Report that summarised the activities of the Overview and Scrutiny Committees during 2018/19 and the anticipated activity during 2019/20.

In response to a statement, the Chairman of the Overview and Scrutiny Coordination Panel for 2018/19 noted the comment that the presentation from Anglian Water to the Sustainable Communities Overview and Scrutiny Committee on a 30-year water management strategy had not been mentioned in the Annual Report.
RESOLVED

that the Overview and Scrutiny Annual Report 2018/19 be noted.

Upon both recommendations being put to the vote 52 Members voted in favour, no Members voted against and 2 Members abstained.

12. Bedfordshire Fire and Rescue Authority

The Council received a report from the Bedfordshire Fire and Rescue Authority, following its meeting held on 6 June 2019.

RESOLVED

that the report of the Bedfordshire Fire and Rescue Authority be noted.


The Council received the Bedfordshire Police and Crime Panel Activity Report for 2018/19.

In response to a question, the Executive Member for Community Services agreed to provide the relevant Member with a written response about policing in rural areas.

RESOLVED

that the report of the Bedfordshire Police and Crime Panel Activity 2018/19 be noted.

14. Motions

a) A notice of motion had been received from Councillor Dixon:

“That CBC endorse the recent LGA motion on Climate Change passed at the 2019 conference and calls on the whole council to support the production of a deliverable climate change plan, ready for roll out during 2020. The plan will start with CBC leading by example in its everyday practices, encouraging residents and businesses to do likewise and looking to invest in programmes that support a carbon free Central Beds for 2030 and beyond.”

In presenting the motion Councillor Dixon highlighted the importance of tackling climate change and the need to update the Council’s Climate Change Strategy.

The motion was duly seconded by Councillor Wye.
In responding to comments made during the ensuing debate, Councillor Dixon explained that the Council should lead by example to change residents’ attitudes and would be able to highlight climate change at the Town and Parish Council Conference, consult residents and work with other organisations. The Council was already making appropriate improvements, including, for example, through the installation of solar panels at Priory House.

Upon being put to vote, all Members voted in favour. The motion was therefore CARRIED.

b) A notice of motion had been received from Councillor Baker:

"That this Council fully supports the aspirations of Fulbrook Middle School to become a secondary school and commits to funding half of the approximate £3m cost of the secondary conversion. This Council recognises that half of the school's intake is from the Milton Keynes Council Authority and calls upon Milton Keynes Council to fund the other half."

In presenting the motion, Councillor Baker explained that Fulbrook Middle School had 420 pupils serving Central Bedfordshire and Milton Keynes. 736 people had responded to the consultation to extend the age range at Fulbrook Middle School, with 98% in support of the change.

The motion was duly seconded by Councillor Zerny.

An amendment to the motion was moved by Councillor Dodwell and duly seconded by Councillor Shelvey as follows:

“The Council supports Fulbrook Middle School’s aspiration to become a secondary school, whilst having regard for the emerging plan for the Leighton Linslade cluster as a whole.”

In presenting the amendment to the motion, Councillor Dodwell explained that Fulbrook Middle School was part of the Leighton Linslade cluster and that no decision should be made on one school in isolation and that it should be considered as part of the emerging plan for the whole of the cluster. A report was due to be considered by Children’s Services Overview and Scrutiny Committee in September and the Executive in October.

Upon putting to the vote 37 Members voted in favour of the amendment, 9 Members voted against and 8 Members abstained. The amendment was therefore CARRIED.

Upon putting to the vote, 43 Members voted in favour of the substantive motion, 1 Member voted against and 10 Members abstained. The substantive motion was therefore CARRIED.

15. Written Questions

No written questions were received.
16. Open Questions

The Chairman invited the Minority Group Leaders to ask a question, prior to the consideration of questions that had been placed in the Open Question receptacle.

1) Councillor Zerny asked about the Council’s representation on the South East Midlands Local Enterprise Partnership (SEMLEP) Board and enquired why the Leader had not attended a meeting in the last year.

The Leader of the Council advised that the Deputy Leader and Executive Member for Corporate Resources had attended the last 6 out of 7 meetings.

Councillor Zerny asked a supplementary question regarding the process for making appointments to SEMLEP.

The Leader advised that the appointment to SEMLEP was made by the SEMLEP Board from the Leaders of all the Council’s represented.

2) Councillor Snelling asked how many schools in Central Bedfordshire had a budget deficit and how many were likely to move into deficit if the current shortfall in government funding was not addressed in the Comprehensive Spending Review? He also asked about any representations the Council had made to local MPs and the Department for Education?

In the absence of the Executive Member for Families, Education and Children, the Deputy Executive Member for Families, Education and Children advised that a written response would be provided to Councillor Snelling.

3) Councillor Baker asked how the the Leader of the Council would be able to discharge his responsibilities to this Council whilst serving as Chair of the Local Government Association.

The Leader thanked Councillor Baker for acknowledging the work he did for Central Bedfordshire.

Councillor Baker asked a supplementary question regarding the Leader’s allowances.

The Leader explained that many Councillors have two jobs.

4) Councillor Hares asked why the Council was selling assets rather than deploying them for community use which might also generate income.

The Leader of the Council advised that he would speak with Councillor Hares directly as he was unsure what asset she was referring to.

Councillor Hares explained she was concerned with the future use of the Ampthill Day Centre.
The Executive Member for Adults, Social Care and Housing Operations explained that the day offer for older people and adults with disabilities was being improved. Some of the facilities were very tired and institutional so the Council had embarked on a modernisation programme. She was aware of concerns from local community groups and the Council would work with them. There were no immediate plans for the Day Centre, but she would be happy to talk further to Councillor Hares.

5) Councillor Ryan enquired about a Housing Enabling Strategy (HES).

The Executive Member for Planning and Regeneration explained that the HES was being developed and would be considered through the Council’s governance process later this year.

6) Councillor Duckett asked if the Council was organising any activities during the summer holidays for children.

The Executive Member for Community Services acknowledged the cost of entertaining children during the summer holidays. The Council was supporting a number of free events including Xplorer orienteering events, ‘love your parks’ week, open air theatres and outdoor fitness. There would also be events for the Council’s Looked after Children.

7) Councillor Goodchild asked about the progress of improvements to Bedford Road in Houghton Regis.

The Executive Member for Planning and Regeneration advised that he would liaise with the relevant Member directly.

8) Councillor Shelvey asked for an update on the sugar tax scheme.

The Executive Member for Health & Wellbeing and Communities that the Council had received £171,000 from Government from the Healthy Schools Fund and the Council’s Public Health Service had match funded this. 95 bids for funding had been received from schools in Central Bedfordshire, with 25 bids being successful. As examples, Totternhoe Church of England Academy had used the funding to build a new trim trail area and a primary school in Sandy was building a sensory garden.

9) Councillor Mackey asked if officers could be instructed to meet with the relevant Councillors to discuss the proposed Crematorium in Steppingley.

The Executive Member for Assets and Housing Delivery was aware of Councillor Mackey’s request. Public consultation had been carried out including consultation with the relevant town and parish councils and an open day held been held. The planning application had been submitted and the public would have another opportunity to comment through the planning process.
Councillor Mackey asked a supplementary question as he believed that there were better solutions available and wanted an alternative proposal to be discussed.

The Executive Member for Assets and Housing Delivery explained that various sites had been considered for the proposed Crematorium and the most appropriate site was the one at Steppingley.

10) Councillor Brown enquired when the Councillor Community Grant Scheme would be available.

The Executive Member for Health & Wellbeing and Communities explained that each Councillor would have £2,000 to spend in their community. A report setting out the process for the scheme would be considered by the Executive on 20 August and the General Purposes Committee on 9 September. The intention was that the Scheme would be implemented from October.

17. Change of Membership on Committees

NOTED

the following changes to the membership of Committees:

- Councillor Bunyan had replaced Councillor Versallion as the substitute on the Audit Committee.

- Councillor Shingler had replaced Councillor Ford on the Bedfordshire Fire and Rescue Authority.

18. Appointment to the East West Rail Strategic Board

Council considered a report that sought approval of the appointment of one nominated Member to the East West Rail Strategic Board.

RESOLVED

that the appointment of one nominated Member of the East West Rail Strategic Board be approved.

The decision was unanimous.

The Chairman invited nominations to serve on the East West Rail Strategic Board. Councillors Clark and Whittacker were nominated.

Upon being put to the vote Councillor Clark received 39 votes and Councillor Whittaker received 15 votes.
RESOLVED

that Councillor Clark be duly elected to the seat on the East West Rail Strategic Board.

Chairman …………………………………………………

Dated ………………………………………………………..
3. Members' Interests

To receive from Members any declarations of interest.
4. Questions, Statements or Deputations

To receive any questions, statements or deputations from members of the public in accordance with the Public Participation Procedure as set out in Part 4G of the Constitution.
5. Petitions

To receive petitions from members of the public in accordance with the Public Participation Procedure as set out in Part 4G of the Constitution.
6. Chairman's Announcements and Communications

To receive any announcements from the Chairman and any matters of communication.
7. Leader's Announcements and Communications

To receive any announcements from the Leader and any matters of communication.
8. Executive Member Presentations

To receive reports from up to three Executive Members on recent matters of interest and ask questions on matters contained within the reports.

Reports are anticipated from:

- Councillor Tracey Stock, Executive Member for Health & Wellbeing and Communities
- Councillor Steven Dixon, Executive Member for Transformation and External Relations
9. Recommendations from the Executive

To consider recommendations from the meeting of the Executive, 20 August 2019 and answer questions asked under Rule No. 13.1.

a) June 2019 (Q1) Capital Budget Monitoring Report
17. Quarter 1 Capital Budget Monitoring 2019/20

The Executive considered a report from the Deputy Leader and Executive Member for Corporate Resources that set out the capital forecast outturn position as at June 2019.

In response to a question, the Executive Member for Assets and Housing Delivery explained that the slippage on the replacement care home in Leighton Buzzard was due to the current consultation.

Reason for decision: To facilitate effective financial management and planning.

RESOLVED

1. that the capital gross forecast position was a spend of £115.7M (£80.2M in 2018/19), demonstrating the continued significant capital investment made by Central Bedfordshire to support its community; and

2. to note that the schemes in the recommendation below would be accommodated by the forecast slippage on other schemes, such that there is no additional revenue pressure from doing so.

RECOMMENDED to Council

to increase the 2019/20 Capital Programme by £2.0M (£1.0M for Highways Innovation and £1.0M for Footpaths and Cycleways) as announced by the Leader at the Annual Council meeting. Both to be subject to the normal outline and detailed business case process.
10. Recommendations from the General Purposes Committee

To consider recommendations from the meeting of the General Purposes Committee, 9 September 2019 and answer questions asked under Rule No. 31.3.

a) Report of the Electoral Review Working Group
b) Community Grants - Amendments to the Constitution
c) Joint Committees Terms of Reference
COUNCIL MEETING – 26 September 2019

Recommendation to Council from the General Purposes Committee held on 9 September 2019

6. Electoral Review Work Group

The Committee considered the report of the Chair of the Electoral Review Working Group which presented the findings of the working group in relation to the proposed appropriate council size for Central Bedfordshire from May 2023 onwards.

In light of the report Members raised the following:-

- Whether the result of the submission to the LGBCE would be received before the next meeting of the General Purposes Committee on 17 October. The result was expected on 15 October but it was noted that it may not be in time for discussion at the meeting.
- Concern was raised that the process excluded those Members who were not part of the working group and that access to information was limited. In response it was noted that the working group were not required to make public their detailed considerations. However, the draft report detailed the matters that had been taken into account in drafting the submission. A motion was proposed that a sub-committee be established in place of the working group, not having been seconded, the motion was not debated.
- It was also noted that the second stage of the process would involve public consultation.

RECOMMENDED to Council

that the proposed Council size submission be submitted to the Local Government Boundary Commission for England (LGBCE).
COUNCIL MEETING – 26 September 2019

Recommendation to Council from the General Purposes Committee held on 9 September 2019

7. Community Grants – Amendments to the Constitution

The Committee considered the report of the Director of Resources outlining the Community Grant Schemes approved by Executive on 20 August 2019 and the proposals for amendments to the Constitution to implement the schemes.

Points and comments included:

- Clarification was sought on who would monitor the allocated funding per group and it was confirmed that the Ward Member would alert the officer to any inappropriate spending.

RECOMMENDED to Council

that the proposed amendments to the Constitution, as set out in Appendix A to the report, be approved and the Constitution be updated accordingly.
Recommendation to Council from the General Purposes Committee held on 9 September 2019

8. Joint Committees Terms of Reference

The Committee considered the report of the Chief Executive which set out a single set of Terms of Reference for the Town Joint Committees in Central Bedfordshire.

Points and comments included:

- The previous review, which took place in 2016/17, revealed that a universal set of Terms of References would provide consistency and would establish a reporting mechanism into Central Bedfordshire Council.
- The proposed Terms of References had been considered by all four Joint Committees and had been approved for submission to the General Purposes Committee and then to Council.
- It was commented that decision making for removal of co-opted members could be either determined by the whole committee or by the Chair and Vice-Chair, depending on the preference of each joint committee. It was agreed for this to be added as an amendment to the submitted Appendix A.
- It was also asked if further detail could be added to the Governance section so that it confirmed that whilst minutes and actions were submitted to Central Bedfordshire Council, they should also be submitted to the Town Council to ensure that actions were not lost. It was agreed to add this as an amendment to the submitted Appendix A.

RECOMMENDED to Council

1. that the proposed Terms of Reference for the Town Joint Committees in Central Bedfordshire (Biggleswade, Dunstable, Houghton Regis and Leighton Linslade) be approved with the amendments requested; and

2. that the proposed Terms of Reference be adopted by Council and the Constitution be updated accordingly.
Appendix A

Joint Committees: Terms of Reference Final version

Purpose

1. To influence decisions and help shape initiatives and their delivery for the benefit of the whole town taking into account the needs of the town, customers, employers, employees, residents, visitors, traders, property owners and developers.

2. To develop and encourage public participation and engagement and take into consideration the resident voice in the work of the Committee

Objectives

1. Help improve the economic, social, environmental and cultural vitality of the town

2. Ensure a partnership and collaborative approach to achieve the delivery of town regeneration, including influencing Section 106 funding received for town improvements and community facilities.

3. Opportunities to delegate funding decisions to the Committees should be explored, such as Section 106 received to spend on community facilities.

4. The Committee will make decisions on any joint funding allocated to it.

5. Influence and help shape strategies/plans that impact on the future viability of the town.

6. Provide a forum for briefing Members of the Joint Committee on all key issues affecting the town, at the discretion of the Chairman and Vice Chairman.

7. Make recommendations on strategically significant projects to the relevant Council’s decision-making committees, including Committees of the Town Council.

8. Develop and maintain joint branding of communication, agendas and minutes.

9. To enable communities to discuss services and influence decisions at the local level as to how these services are delivered.

10. To provide a forum for two-way communication about public service delivery and the implementation and effectiveness of policies affecting the town.

11. Promote resilience by encouraging communities to do more for themselves and champion local solutions.
12. Consider the ways in which proposals and initiatives can help to advance equality of opportunity, eliminate discrimination and foster good relations.

Membership

1. Four Councillors from Central Bedfordshire Council and four Councillors from Biggleswade Town Council (Biggleswade Joint Committee).
2. Four Councillors from Central Bedfordshire Council and four Councillors from Houghton Regis Town Council (Houghton Regis Partnership Committee).
3. Five Councillors from Central Bedfordshire Council and five Councillors from Leighton-Linslade Town Council (Leighton-Linslade Partnership Committee).
4. Five Councillors from Central Bedfordshire Council and five Councillors from Dunstable Town Council (Dunstable Joint Committee).

Who must be elected representatives of the wards.

5. Two substitutes from each Council will be permitted to attend meetings as full Committee representatives. A Councillor who sits on both CBC and the Town Council can substitute. Central Bedfordshire Council Councillors shall not substitute a Town Councillor on the Committee and vice versa.
6. Substitutes for Central Bedfordshire Council Members on the Joint Committee must be a ward councillor in the town in the first instance or if not available a substitute must be an Executive Member. Substitutes for the Town Council Members of the Joint Committee will be a ward town councillor.

7. Members are appointed annually.

8. All Members of the Committee should have the interests of the town as a priority, not their own wards.

Meetings and Quorum

1. At least 3 Members from each Council must be in attendance for the meeting to be quorate.
2. Meetings will be held a minimum of once per year and up to 4 per year and take place at venues in the area.
3. The Committee may also organise extra ordinary meetings at the discretion of the Chairman and Vice Chairman.
4. In addition to the Committee meetings, the Committee can organise other forms of engagement to take place such as themed discussions / task and finish groups and community conferences, including joint meetings or events with other Joint Committees in Central Bedfordshire.
5. All meetings will be open to the public unless exempt items are discussed.
**Chairman and Vice Chairman**

1. The Chairman and Vice-Chairman shall be appointed from and by the Joint Committee’s core membership; each Council must be represented in either role.

2. The appointed Chairman and Vice-Chairman will hold their post for a period of one year, after which they may stand for re-election.

3. The Vice Chairman will preside in the absence of the Chairman. If neither is present, the Committee members in attendance will appoint a Chairman from amongst them for the duration of that meeting.

4. The Chairman and Vice Chairman will be responsible for the content of the Committee agendas and will allow committee members and other stakeholders to submit agenda topics which will be included unless the proposed agenda item is not relevant to the Purpose and/or Objectives of the Joint Committee.

**Secretariat**

1. Either Council can administer the Joint Committee, according to their own Standing Orders. The Committee will decide annually which Council is to administer the Committee.

2. Agendas, minutes and press releases will be issued under joint branding.

3. The secretariat will prepare, monitor and keep up to date an annual work plan to set the broad direction and priorities for the Committee.

**Decision making arrangements**

1. Only members of the Committee can vote. Co-opted Members have no voting rights.

2. The Committee will not have any decision-making powers regarding planning applications and will not seek to duplicate or hinder the work of Central Bedfordshire Council as the Local Planning Authority.

3. The Committee will reach decisions by a simple majority. The Chairman will have the casting vote in the case of a tie.

**Co-option**

1. To support engagement with local stakeholders the Committee can co-opt members from local representative groups, as appropriate up to a maximum of 15. Each co-opted Member will be able to engage fully in all discussions but will not have any voting rights. Co-opted members can also be removed from the Committee. Decision making around removals can either be taken by the whole committee or by joint agreement of the Chairman and Vice Chairman, depending on each Town Joint Committee’s preference.
2. The list of Co-opted Members should be reviewed annually by the Committee

Governance

1. The Minutes and action log for the Joint Committee will be presented both to the relevant Town Council and Central Bedfordshire Council. The detail of where this will be presented will be determined by the Councils and reported back to the Joint Committees.
11. Treasury Management Outturn Report 2018/19

The purpose of this report is to provide a review of Treasury Management activities for the year ended 31 March 2019 in compliance with relevant codes of practice adopted by Central Bedfordshire Council.
Treasury Management Outturn Report 2018/19

Report of Cllr Richard Wenham, Deputy Leader and Executive Member for Corporate Resources (richard.wenham@centralbedfordshire.gov.uk)

Advising Officer: Charles Warboys, Director of Resources and Section 151 Officer (charles.warboys@centralbedfordshire.gov.uk)

Contact Officer: Denis Galvin, Assistant Director of Finance (denis.galvin@centralbedfordshire.gov.uk)

Purpose of this report

To provide a review of Treasury Management activities for the year ended 31 March 2019 in compliance with relevant codes of practice adopted by Central Bedfordshire Council.

The Council’s Treasury Management Strategy has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Treasury Management in the Public Services: Code of Practice (2017 Edition), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.

The Code also requires that all Members are informed of Treasury Management activities at least twice a year. This annual report on Treasury Management activities after the close of the financial year, together with the mid-year report to Council in November, therefore ensures that Central Bedfordshire Council has adopted best practice in accordance with CIPFA’s recommendations.

RECOMMENDATIONS

The Council is asked to:

1. note the report on Treasury Management and the Prudential Indicators performance for the year ended 31 March 2019.
Overview and Scrutiny Comments/Recommendations

1. Local arrangements require the Corporate Resources Overview and Scrutiny Committee to receive, on a quarterly basis, treasury management performance reports and every year to scrutinise the revised strategy. This activity is scheduled for the Committee’s meeting on 30 January 2020.

Background

2. Treasury management is defined by the CIPFA Code of Practice for Treasury Management in the Public Services as:

“The management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

Summary of Borrowing and Investment Strategies

3. The Council’s strategy over the period can be summarised as:

i) The Council used internal resources in lieu of borrowing to the full extent as this has continued to be the most cost effective means of funding capital expenditure.

ii) The opportunities for debt rescheduling are regularly monitored but, as anticipated, no opportunities materialised.

iii) Given continuing economic uncertainty, the security and liquidity of investments were safeguarded by restricting counterparties to those of high creditworthiness and restricting time periods for investments.

4. Continued uncertainty promoted a cautious approach. Investments continued to be dominated by low counterparty risk considerations resulting in relatively low returns, although these were more than offset by low short term borrowing rates from other local authorities and other public sector bodies such as Police and Crime Commissioners. This meant that the Council was not adversely impacted in financial terms.

5. In this scenario the treasury strategy becomes a balance between postponing long term borrowing by utilising our cash balances to fund capital expenditure and avoiding the cost of holding higher levels of cash investments which generate only low returns. This strategy also reduces counterparty risk. The alternative strategy of taking out loans to ‘lock-in’ long term borrowing at historically low rates mitigates the risk of delaying and borrowing at higher rates in due course. However, the current interest rate outlook (lower for longer) makes the former better value than the latter.
6. At its meeting on 1 August 2018, the Bank of England’s Monetary Policy Committee (MPC) voted by 9-0 to increase the Bank Rate by 0.25%, to 0.75%. No changes to monetary policy have been made since.

7. The Council maintained its approach of borrowing from local authorities and other public sector bodies such as Police and Crime Commissioners on a short term rolling basis to achieve significant revenue cost savings over the more traditional route of borrowing long term from the PWLB.

8. Aside from maintaining minimal cash levels for operational purposes, the Council also mitigates its investment risk by spreading its cash balances across a diversified range of investment counterparties.

9. An economic summary of 2018/19 is at Appendix A.

**Credit Risk**

10. The Council continued to follow external treasury advice from Arlingclose Ltd when placing investments and sought to minimise risk in line with its Treasury Strategy. This involved continuing to diversify investments in 2018/19 by using a wider range of AAA-rated Money Market Funds for Council investments.

11. None of the institutions in which investments were made showed any difficulty in repaying investments and interest in full during the year.

**Treasury Activities**

12. Security of capital remains the Council’s most important investment objective. The Council’s investment income for the year was £0.4M (£0.3M in 2017/18) and the average cash balance was £22.9M (£21.6M in 2017/18). Details of investment activity in 2018/19 are set out in Appendix B.

13. In line with the approved treasury strategy, the Council used internal resources in lieu of borrowing to the full extent as this has continued to be the most cost effective means of funding capital expenditure. Maturing debt of £160.6M was replaced with new loans on a short-term fixed rate basis from local authorities and other public sector bodies such as Police and Crime Commissioners, together with a reduction in internal borrowing of £10.6M. This short term borrowing was secured at rates preferential to the traditional route of borrowing from the Public Works Loan Board.

14. As anticipated, no opportunities for debt rescheduling materialised during 2018/19.
15. Details of borrowing and investment activities are set out in Appendix B.

Prudential Indicators

16. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce Prudential Indicators to support decision making. The Prudential Code was revised in November 2017 and has been adopted by this Council.

17. Prudential Indicators for 2018/19 were approved at the Council meeting of 22 February 2018. The Council’s borrowing has not exceeded the various limits determined within the Treasury Management Strategy and any Prudential Indicators relevant to debt. The full details of the performance in respect of all the 2018/19 approved Prudential Indicators are set out in Appendix C.

Council Priorities

18. The effective management of the combined activities of debt and investments and the associated risks contribute to the Council’s financial resources and is a cornerstone to the delivery of the Council’s priorities.

Corporate Implications

Legal Implications

19. The Council’s treasury management activities are regulated by statute, professional codes and official guidance. The Local Government Act 2003 (the Act) provides the powers to borrow and invest as well as providing controls and limits. Under the Act, the former Department for Communities and Local Government issued Guidance on Local Government Investments (revised March 2010) to structure and regulate the Council’s investment activities. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, develop the controls and powers within the Act. The Regulations require the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. The Regulations also require the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services (the Code of Practice).

20. CIPFA revised the Code of Practice in December 2017 to reflect recent developments in the financial markets and the introduction of the Localism Act 2011 for English local authorities.
Financial Implications

21. The Council’s Treasury Management Strategy and Prudential Indicators underpin the Medium Term Financial Plan (MTFP). Performance against the Strategy and the Prudential Indicators is explained within the body of this report.

22. The outturn for General Fund debt interest paid in 2018/19 was £5.1M against a budgeted £5.6M. The reason for this £0.5M favourable variance was due to a higher amount of Capital Programme slippage and capital receipts exceeding those originally assumed in the interest payable budget, which both led to a lower level of overall borrowing than assumed in the 2018/19 budget. Lower than budgeted interest rates payable on short-term fixed rate borrowing also contributed to the favourable variance.

23. The outturn for HRA debt interest paid in 2018/19 of £4.1M was in line with budget.

24. The outturn for investment income received in 2018/19 of £0.4M was in line with budget.

Equalities Implications

25. There are no equalities implications to this report.

Conclusion and next Steps

26. Overall responsibility for treasury management remains with the Council.

27. This report provides Members with a summary of the treasury management activity during 2018/19.

28. The Council can confirm a prudent approach has been taken in relation to its borrowing activities, which were based on market interest rate forecasts, and its investment activities with priority being given to security and liquidity over yield.

29. The Council has duly applied its Treasury Management Strategy for 2018/19 and there were no breaches in its Prudential Indicators.

Appendices

Appendix A – Economic Summary and Regulatory Changes
Appendix B – Borrowing and Investment Activities
Appendix C – Prudential Indicators
Background Papers

The following background paper is available on the Council's website:

‘Treasury Management Strategy and Treasury Policy for 2018/19’

(Agenda item 11 of Executive meeting of 6 February 2018)
Appendix A – Economic Summary

1. Economic Summary

1.1. Growth and Inflation: The UK economy as measured by its Gross Domestic Product (GDP) expanded by 1.8% for the year to March 2019, up from 1.2% a year earlier.

1.2. UK inflation as measured by the Office for National Statistics’ new main measure of inflation, the Consumer Price Index including owner occupiers’ housing costs (CPIH), was 1.8% for the year to March 2019, unchanged from February 2019. Since reaching a recent high of 2.8% towards the end of 2017, the rate has fallen back to its lowest level since December 2016.

1.3. The labour market continued to improve through 2018 and in Q1 2019, the latest figures showing the employment rate at 76.1% (the highest rate since comparable records began in 1971) and the unemployment rate at 3.9%, a 48-year low, down from 4.2% a year earlier. Wage growth increased by 3.5% including bonuses, which meant that real earnings increased by 1.7% (i.e., after inflation), increasing consumers’ spending power.

1.4. UK Monetary Policy: In a unanimous 9-0 vote, the Bank of England’s Monetary Policy Committee (MPC) increased the Bank Rate by 0.25% in August 2018 to 0.75% in line with market expectations. No changes to monetary policy have been made since.

1.5. The programme of purchasing UK Government bonds of £435BN (Quantitative Easing) and £10BN of corporate bond purchases to maintain the supply of credit to the economy has remained unchanged in 2018/19.

1.6. It expects any rises in interest rates to happen at a gradual pace and to a limited extent. Interest rates are likely to remain substantially lower than a decade ago.

1.7. Financial markets: The FTSE All Share index fell sharply in Q4 2018, before recovering ground in Q1 2019 and ended the financial year up 2% from a year earlier (3,978 as at 31 March 2019 compared to 3,885 as at 31 March 2018).

1.8. PWLB rates: The movement in fixed interest rates at which local authorities can borrow from the Public Works Loan Board (PWLB) is set out in the table below.
1.9. The rates above reflect the PWLB’s ‘Certainty Rate’. The Government after 1 November 2012, reduced by 0.2% the interest rates on loans from the PWLB to local authorities who provide information to Government on their plans for long-term borrowing and associated capital spending. The Council has provided the required information and can therefore access this Certainty Rate.

1.10. PWLB interest rates have fluctuated during the year. Overall at the year end the rates were lower than those at the start of the 2018/19 financial year.

1.11. It should be noted that the longer term borrowing rates are the most relevant here given the nature of the Council’s long term borrowing requirement.

1.12. This gave support to the Council’s strategy of sourcing its borrowing from other local authorities on a short term rolling basis at an average rate of 0.7% (inclusive of brokerage fees) in 2018/19 to achieve significant revenue cost savings over the more traditional route of borrowing long term from the PWLB.

<table>
<thead>
<tr>
<th>Period</th>
<th>31 March 2018</th>
<th>31 March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>3 year</td>
<td>1.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>5 year</td>
<td>1.9%</td>
<td>1.6%</td>
</tr>
<tr>
<td>10 year</td>
<td>2.3%</td>
<td>1.9%</td>
</tr>
<tr>
<td>25 year</td>
<td>2.6%</td>
<td>2.4%</td>
</tr>
<tr>
<td>50 year</td>
<td>2.3%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>
Appendix B - Borrowing and Investment Activities

1. The Borrowing Requirement and Debt Management

1.1. The Council’s capital expenditure is financed by external funding, revenue contributions or capital receipts. The Council is allowed to borrow to fund any shortfall in capital financing, provided the level of borrowing is prudent and sustainable. The Council increases its Capital Financing Requirement (CFR) when incurring any capital expenditure which is not financed by grants, contributions, capital receipts or revenue contributions. In addition to paying interest on debt, local authorities are required to set cash aside annually to repay the principal General Fund debt balance by means of a Minimum Revenue Provision (MRP). The borrowing requirement is reduced by the amount of any in-year MRP.

2. Borrowing Activity in 2018/19

<table>
<thead>
<tr>
<th></th>
<th>Balance on 01/04/2018 £M</th>
<th>Debt Maturing £M</th>
<th>New Borrowing £M</th>
<th>Balance on 31/03/2019 £M</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFR</td>
<td>519.2</td>
<td></td>
<td></td>
<td>518.6</td>
</tr>
<tr>
<td>Short Term Borrowing</td>
<td>26.1</td>
<td>(160.5)</td>
<td>171.4</td>
<td>37.0</td>
</tr>
<tr>
<td>Long Term Borrowing</td>
<td>275.6</td>
<td>(0.1)</td>
<td></td>
<td>275.5</td>
</tr>
<tr>
<td><strong>TOTAL BORROWING</strong></td>
<td><strong>301.7</strong></td>
<td><strong>(160.6)</strong></td>
<td><strong>171.4</strong></td>
<td><strong>312.5</strong></td>
</tr>
<tr>
<td>Other Long Term Liabilities</td>
<td>16.5</td>
<td>(0.8)</td>
<td></td>
<td>15.7</td>
</tr>
<tr>
<td><strong>TOTAL EXTERNAL DEBT</strong></td>
<td><strong>318.2</strong></td>
<td><strong>(161.4)</strong></td>
<td><strong>171.4</strong></td>
<td><strong>328.2</strong></td>
</tr>
</tbody>
</table>

2.1. The Council’s underlying need to borrow, as measured by its CFR as at 31 March 2019, was £518.6M – down by £0.6M from the previous year. This was due to new capital expenditure in 2018/19 being largely funded by a combination of external funding, revenue contributions and capital receipts. This led to a CFR reduction of £0.6M as a result of in-year MRP.

2.2. The Council did not repay any debt prematurely in the 2018/19 financial year, as discount rates made the costs involved unattractive.

2.3. The Council’s strategy of borrowing from other local authorities on a short term rolling basis assumes that interest rates will continue to remain below longer term fixed interest rates, in line with advice from the Council’s treasury advisers, Arlingclose Ltd. However, the Council will continue to monitor long term rates with a view to fixing a portion of its borrowing if rates are favourable.
2.4. Internal Borrowing

2.5. Given the significant cuts to local government funding putting pressure on Council finances, the strategy followed was to minimise debt interest payments without compromising the longer term stability of the portfolio. The differential between the cost of new longer term debt and the return generated on the Council’s temporary investment returns was significant, at around 1.5%. The use of internal resources in lieu of borrowing was judged to be the most cost effective means of funding capital expenditure. This has lowered overall treasury risk by reducing temporary investments to minimal operational levels and has limited the extent of increase in external debt. Internal borrowing has been utilised to the full extent and there will be a need to borrow externally for capital purposes during 2019/20 and beyond.

2.6. Lender’s Option Borrower’s Option Loans (LOBOs)

2.7. The Council continues to hold £13.5M of LOBO loans where the lender, FMS Wertmanagement, has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. The lender did not exercise its option during 2018/19.

3. Investment Activity

3.1. Both the CIPFA Code and MHCLG’s Investment Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

3.2. Investment Activity in 2018/19

<table>
<thead>
<tr>
<th>Investments</th>
<th>Balance on 01/04/2018 £M</th>
<th>Investments Made / Capital Appreciation £M</th>
<th>Investments Repaid £M</th>
<th>Balance on 31/03/2019 £M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term Investments (call accounts, deposits)</td>
<td>6.0</td>
<td>87.7</td>
<td>(85.4)</td>
<td>8.3</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>4.0</td>
<td>318.6</td>
<td>(317.6)</td>
<td>5.0</td>
</tr>
<tr>
<td>Other Pooled Funds</td>
<td>5.5</td>
<td>0.2</td>
<td>-</td>
<td>5.7</td>
</tr>
<tr>
<td>TOTAL INVESTMENTS</td>
<td>15.5</td>
<td>406.5</td>
<td>(403.0)</td>
<td>19.0</td>
</tr>
</tbody>
</table>

3.3. Security of capital remained the Council’s main investment objective. This was maintained by following the Council’s counterparty policy as set out in its Treasury Management Strategy Statement for 2018/19.

3.4. Investments during the year included:
- Investments in AAA-rated Money Market Funds;
- BBB-rated UK banks and Building Societies.
3.5. **Credit Risk:** Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council’s minimum counterparty rating of BBB+ or equivalent across rating agencies Fitch, Standard & Poor’s and Moody’s), share prices, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

3.6. **Liquidity:** In keeping with the MHCLG’s Investment Guidance, the Council has maintained a sufficient level of liquidity through the use of Money Market Funds/overnight deposits/call accounts.

3.7. **Yield:** The Council sought to optimise returns commensurate with its objectives of security and liquidity. The UK Base Rate was increased to 0.75% in August 2018, up from 0.50%, where it remained unchanged for the rest of the financial year to 31 March 2019.

3.8. Short term money market rates remained at very low levels which had a significant impact on investment income, as investments were placed overnight or for short periods.

3.9. The Council’s investment income for the year was £0.4M, with the Council’s long term investment in the Lime Fund providing some cushioning against the low interest rate environment.

3.10. The average cash balance representing the Council’s reserves, contributions / grants in advance, and working balances, was £22.9M in 2018/19 (£21.6M in 2017/18).

4. **Financial Implications**

4.1. The outturn for General Fund debt interest paid in 2018/19 was £5.1M against a budgeted £5.6M. The reason for this £0.5M favourable variance was due to a higher amount of Capital Programme slippage and capital receipts exceeding those originally assumed in the interest payable budget, which both led to a lower level of overall borrowing than assumed in the 2018/19 budget. Lower than budgeted interest rates payable on short-term fixed rate borrowing also contributed to the favourable variance.

4.2. The outturn for HRA debt interest paid in 2018/19 of £4.1M was in line with budget.

4.3. The outturn for investment income received in 2018/19 of £0.4M was in line with budget.
5. **Compliance**

5.1. To support financial strategic planning and decision making, the Council approves annually a series of Prudential Indicators which are regularly monitored. The Council did not exceed any of the various limits determined by the Treasury Management Strategy and specific Prudential Indicators. Full details of the Council’s performance against its Prudential Indicators for 2018/19 are set out in Appendix C.

5.2. In compliance with the requirements of the CIPFA Code of Practice, this report provides Members with a summary report of the treasury management activity during 2018/19. The Council can confirm it has taken a prudent approach in relation to investment activity with priority being given to security and liquidity over yield.

5.3. The Council can confirm that during 2018/19 it complied with its Treasury Management Policy Statement and Treasury Management Practices.

6. **Other Items**

6.1. **Training:** The needs of the Council’s treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

6.2. During 2018/19 staff attended training courses, seminars and conferences provided by Arlingclose Ltd and CIPFA.
Appendix C - Prudential Indicators

1. The Prudential Code

1.1. The Local Government Act 2003 requires the Council to have regard to CIPFA’s *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

2. Capital Financing Requirement (CFR)

2.1. Estimates of the Council’s cumulative maximum external borrowing requirement for 2018/19 to 2021/22 are shown in the table below:

<table>
<thead>
<tr>
<th></th>
<th>31/03/19 Actual £M</th>
<th>31/03/20 Estimate £M</th>
<th>31/03/21 Estimate £M</th>
<th>31/03/22 Estimate £M</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund CFR</td>
<td>353.7</td>
<td>408.6</td>
<td>434.0</td>
<td>435.6</td>
</tr>
<tr>
<td>HRA CFR</td>
<td>164.9</td>
<td>169.9</td>
<td>179.9</td>
<td>189.9</td>
</tr>
<tr>
<td>Gross CFR</td>
<td>518.6</td>
<td>578.5</td>
<td>613.9</td>
<td>625.5</td>
</tr>
<tr>
<td>Less: PFI liabilities</td>
<td>(15.7)</td>
<td>(15.3)</td>
<td>(14.9)</td>
<td>(14.1)</td>
</tr>
<tr>
<td>Borrowing CFR</td>
<td>502.9</td>
<td>563.2</td>
<td>599.0</td>
<td>611.4</td>
</tr>
<tr>
<td>External borrowing</td>
<td>(312.5)</td>
<td>(442.6)</td>
<td>(481.6)</td>
<td>(493.7)</td>
</tr>
<tr>
<td>Internal borrowing:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Usable Reserves</td>
<td>(108.8)</td>
<td>(70.6)</td>
<td>(67.4)</td>
<td>(67.7)</td>
</tr>
<tr>
<td>- Working capital</td>
<td>(81.6)</td>
<td>(50.0)</td>
<td>(50.0)</td>
<td>(50.0)</td>
</tr>
<tr>
<td>Total</td>
<td>(502.9)</td>
<td>(563.2)</td>
<td>(599.0)</td>
<td>(611.4)</td>
</tr>
</tbody>
</table>

2.2. The Gross CFR is forecast to rise by £106.9M over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

3. Gross Debt and the Capital Financing Requirement

3.1. The Prudential Code states that the Director of Resources should make arrangements for monitoring with respect to gross debt and the Capital Financing Requirement (CFR) such that any deviation is reported, since any such deviation may be significant and should lead to further investigation and action as appropriate.
3.2. In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. This is a key indicator of prudence.

3.3. The Council has had no difficulty meeting this requirement nor are any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

<table>
<thead>
<tr>
<th></th>
<th>31/03/19 Actual £M</th>
<th>31/03/20 Estimate £M</th>
<th>31/03/21 Estimate £M</th>
<th>31/03/22 Estimate £M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requirement</td>
<td>518.6</td>
<td>578.5</td>
<td>613.9</td>
<td>625.5</td>
</tr>
<tr>
<td>Gross Debt</td>
<td>328.2</td>
<td>457.9</td>
<td>496.5</td>
<td>507.8</td>
</tr>
<tr>
<td>Difference</td>
<td>190.4</td>
<td>120.6</td>
<td>117.4</td>
<td>117.7</td>
</tr>
<tr>
<td>Borrowed in excess of CFR? (Yes/No)</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

4. **Authorised Limit and Operational Boundary for External Debt**

4.1. The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. This is a statutory limit which should not be breached. It is the maximum amount of debt that the Council can legally owe. The Authorised Limit provides headroom over and above the Operational Boundary for unusual cash movements.

4.2. The Operational Boundary is based on the Council’s estimate of most likely, i.e., prudent, but not worst case scenario for external debt. It links directly to the Council’s estimates of capital expenditure, the Capital Financing Requirement (CFR) and cash flow requirements, and is a key management tool for in-year monitoring. Other long term liabilities comprise finance leases, Private Finance Initiatives and other liabilities that are not borrowing but form part of the Council’s debt.

4.3. The Director of Resources confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the year.

<table>
<thead>
<tr>
<th></th>
<th>Authorised Limit (Approved) 2018/19 £M</th>
<th>Operational Boundary (Approved) 2018/19 £M</th>
<th>Actual External Debt as at 31 March 2019 £M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing</td>
<td>586.4</td>
<td>576.4</td>
<td>312.5</td>
</tr>
<tr>
<td>Other Long-term Liabilities</td>
<td>16.7</td>
<td>16.2</td>
<td>15.7</td>
</tr>
<tr>
<td>Total</td>
<td>603.1</td>
<td>592.6</td>
<td>328.2</td>
</tr>
</tbody>
</table>
5. **Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure**

- These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

<table>
<thead>
<tr>
<th></th>
<th>Approved Limits for 2018/19</th>
<th>Maximum during 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Limit for Fixed Rate Exposure</td>
<td>100%</td>
<td>83%</td>
</tr>
<tr>
<td>Compliance with Limits</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Upper Limit for Variable Rate Exposure</td>
<td>50%</td>
<td>27%</td>
</tr>
<tr>
<td>Compliance with Limits</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

6. **Maturity Structure of All Borrowing**

6.1. This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be,

<table>
<thead>
<tr>
<th>Maturity Structure of All Borrowing</th>
<th>Upper Limit %</th>
<th>Lower Limit %</th>
<th>Actual Fixed Rate Borrowing as at 31 March 2019 %</th>
<th>Compliance with Set Limits?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 12 months</td>
<td>50</td>
<td>0</td>
<td>12</td>
<td>Yes</td>
</tr>
<tr>
<td>12 months and within 24 months</td>
<td>50</td>
<td>0</td>
<td>0</td>
<td>Yes</td>
</tr>
<tr>
<td>24 months and within 5 years</td>
<td>60</td>
<td>0</td>
<td>24</td>
<td>Yes</td>
</tr>
<tr>
<td>5 years and within 10 years</td>
<td>100</td>
<td>0</td>
<td>20</td>
<td>Yes</td>
</tr>
<tr>
<td>10 years and within 15 years</td>
<td>100</td>
<td>0</td>
<td>20</td>
<td>Yes</td>
</tr>
<tr>
<td>15 years and within 20 years</td>
<td>100</td>
<td>0</td>
<td>0</td>
<td>Yes</td>
</tr>
<tr>
<td>20 years and above</td>
<td>100</td>
<td>0</td>
<td>24</td>
<td>Yes</td>
</tr>
</tbody>
</table>

7. **Capital Expenditure**

7.1. The Council needs to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.
7.2. The Council’s actual and planned capital expenditure and financing can be summarised as follows.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>82.3</td>
<td>117.5</td>
<td>104.0</td>
<td>77.6</td>
</tr>
<tr>
<td>HRA</td>
<td>20.2</td>
<td>39.4</td>
<td>33.3</td>
<td>27.5</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>102.5</strong></td>
<td><strong>156.9</strong></td>
<td><strong>137.3</strong></td>
<td><strong>105.1</strong></td>
</tr>
<tr>
<td>Capital receipts</td>
<td>(14.6)</td>
<td>(12.0)</td>
<td>(15.0)</td>
<td>(15.0)</td>
</tr>
<tr>
<td>Capital Receipts Reserve</td>
<td>(22.0)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and Contributions</td>
<td>(38.4)</td>
<td>(62.5)</td>
<td>(57.4)</td>
<td>(52.7)</td>
</tr>
<tr>
<td>Revenue contributions</td>
<td>(7.3)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowing</td>
<td>-</td>
<td>(43.0)</td>
<td>(31.6)</td>
<td>(9.9)</td>
</tr>
<tr>
<td><strong>General Fund sub-total</strong></td>
<td><strong>(82.3)</strong></td>
<td><strong>(117.5)</strong></td>
<td><strong>(104.0)</strong></td>
<td><strong>(77.6)</strong></td>
</tr>
<tr>
<td>Capital receipts</td>
<td>(10.0)</td>
<td>(4.6)</td>
<td>(12.8)</td>
<td>(7.5)</td>
</tr>
<tr>
<td>Reserves</td>
<td>(5.1)</td>
<td>(24.4)</td>
<td>(8.5)</td>
<td>(8.5)</td>
</tr>
<tr>
<td>Revenue contributions</td>
<td>(2.9)</td>
<td>(4.6)</td>
<td>(1.2)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Grants and Contributions</td>
<td>(2.2)</td>
<td>(0.8)</td>
<td>(0.8)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Borrowing</td>
<td>-</td>
<td>(5.0)</td>
<td>(10.0)</td>
<td>(10.0)</td>
</tr>
<tr>
<td><strong>HRA sub-total</strong></td>
<td><strong>(20.2)</strong></td>
<td><strong>(39.4)</strong></td>
<td><strong>(33.3)</strong></td>
<td><strong>(27.5)</strong></td>
</tr>
<tr>
<td><strong>Total Financing</strong></td>
<td><strong>(102.5)</strong></td>
<td><strong>(156.9)</strong></td>
<td><strong>(137.3)</strong></td>
<td><strong>(105.1)</strong></td>
</tr>
</tbody>
</table>

7.3. It has not been necessary for the Council to finance any of the 2018/19 capital expenditure from borrowing. This required the application of £22.0M from the Capital Receipts Reserve to fund new capital expenditure in 2018/19.

8. **Ratio of Financing Costs to Net Revenue Stream**

8.1. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

<table>
<thead>
<tr>
<th>Ratio of Financing Costs to Net Revenue Stream</th>
<th>2018/19 Actual %</th>
<th>2019/20 Estimate %</th>
<th>2020/21 Estimate %</th>
<th>2021/22 Estimate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>5.2</td>
<td>6.3</td>
<td>6.8</td>
<td>7.6</td>
</tr>
<tr>
<td>HRA</td>
<td>13.1</td>
<td>14.1</td>
<td>14.0</td>
<td>14.1</td>
</tr>
</tbody>
</table>

8.2. It measures the proportion of the revenue budget that is required to meet the ongoing financing costs of past capital expenditure which was funded from borrowing. Future year estimates incorporate the additional financing costs of planned capital expenditure to be funded from borrowing. It is important that the total capital investment of the Council remains within sustainable limits. However, the level of capital investment that can be supported will be a matter for local decision.
8.3. The Prudential Indicators are designed to support and record local decision making in a manner that is publicly accountable. They are not designed to be comparable performance indicators. Nonetheless, it is interesting to note that Central Bedfordshire’s Ratio of Financing Costs to Net Revenue Stream (General Fund) is lower than most of its nearest local authority neighbours:

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luton</td>
<td>10.4%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Milton Keynes</td>
<td>9.7%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Cambridgeshire</td>
<td>7.2%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Northamptonshire</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td><strong>Central Bedfordshire</strong></td>
<td><strong>4.7%</strong></td>
<td><strong>5.2%</strong></td>
</tr>
<tr>
<td>Buckinghamshire</td>
<td>4.9%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Bedford</td>
<td>2.9%</td>
<td>4.5%</td>
</tr>
</tbody>
</table>

* Comparative figures have been sourced from each local authority’s treasury management reports published on the internet.

8.4. Central Bedfordshire’s ratio is expected to increase relative to its peers given the Council’s significant commitment to capital investment over the next few years.

8.5. The growing impact of borrowing to fund new capital expenditure is illustrated from 2018/19 onwards, with MRP and interest costs taking up an increasingly greater proportion of the Council’s net revenue budget over time:

8.6. The Council will need to carefully consider this increasing cost when determining its future plans for capital expenditure.
9. **Upper Limit for Total Principal Sums Invested for Periods Longer than 365 Days**

9.1. The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.0</td>
<td>0.0</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>
12. Motions

To consider motions by Members of the Council under Part 4A, Rule No. 17 of the Council's Procedure Rules in the order received:

a) Proposed by Councillor Zerny:

"The New Homes Bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. It is appropriate that the areas which face new housing allocations should also receive the appropriate infrastructure and services to compensate. This Council agrees to calculate how much New Homes Bonus is generated by each ward, and spend 50% of this amount on infrastructure and services - in the ward or town - based on priorities set out by parish/town councils and ward councillors, to ensure this money directly benefits residents."

b) Proposed by Councillor Mackey:

"It is proposed that this Council recognise that the lack of step free access to Flitwick station appears to be discriminatory and is a moral outrage. In order to remedy the situation Central Bedfordshire Council commits to match fund government investment and seek further grants and funding from other stakeholders in order to ensure this vital infrastructure project is progressed as a matter of urgency."
13. Written Questions

To answer written questions from Members of the Council under Part 4A, Rule No. 13.2 of the Council's Procedure Rules:

To the Leader of the Council:

In order for the Leader of Central Bedfordshire Council to effectively carry out his role how many hours a week should he be at the Council's Priory House Head Office?
14. Open Questions

To answer Open Questions asked by Members of the Council under Part 4A, Rule No. 13.7 of the Council's Procedure Rules.
15. Change of Membership on Committees

Notification is given under Part 4A (2.6.2) of the Council’s Constitution that since the last meeting, the following changes to the membership of Committees has been made:

- Councillors S Collins and J Baker have been appointed to the vacancies on the Appeals Panel and Councillor Ford has been appointed as the substitute.
- Lorraine King has been appointed to the vacancy on the Children's Services Overview and Scrutiny Committee as a co-opted member with voting rights on education matters for the period July 2019 to the AGM in May 2023.