

POLICY COMMITTEE MEETING MINUTES - 14 FEBRUARY 2022

Present: Councillor Brock (Chair);

Councillors Page (Vice-Chair), Barnett-Ward, Emberson, Ennis, Hoskin, McElroy, McEwan, Mitchell, Pearce, Robinson, Rowland, Skeats, Terry and White

Apologies: Councillor O'Connell

71. MINUTES

The Minutes of the meeting held on 17 January 2022 were agreed as a correct record and signed by the Chair.

72. PETITIONS AND QUESTIONS

Questions on the following matters were submitted by Councillors:

	<u>Questioner</u>	<u>Subject</u>	<u>Reply</u>
1.	Cllr White	Fuel Poverty increasing in Reading	Cllr Emberson

(The full text of the question and response was made available on the Reading Borough Council website).

73. 2022/23 BUDGET & MEDIUM-TERM FINANCIAL STRATEGY 2022/23 - 2024/25

(Items 73-75 were considered together for recommendation to the full Council meeting on 23 February 2022.)

Further to Minute 55 of the meeting held on 13 December 2021, the Director of Finance submitted a report setting out for recommendation to full Council the 2022/23 Budget and 2022/23-2024/25 Medium-Term Financial Strategy and updating the Committee on the results of the budget consultation exercise, changes arising from the publication of the Local Government Finance Settlement (LGFS) as well as other changes that had arisen. The following documents were attached to the report:

- Appendix 1 - The Medium-Term Financial Strategy (MTFS) 2022/23 - 2024/25
- Appendix 2 - Summary of the General Fund (GF) budget proposals 2022/23 - 2024/25
- Appendix 3 - General Fund Revenue Budget by Service 2022/23 - 2024/25
- Appendix 4 - Detailed General Fund Budget Changes 2022-23 to 2024-25
- Appendix 5 - The Housing Revenue Account (HRA) budget proposals 2022/23 - 2024/25
- Appendix 6 - The Dedicated Schools Budget proposals 2022/23 - 2024/25
- Appendix 7 - The General Fund and HRA Capital Programmes 2022/23 - 2024/25
- Appendix 8 - The Flexible Use of Capital Receipts Strategy 2022/23 - 2024/25

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- Appendix 9 - Fees and Charges proposals from April 2022
- Appendix 10 - Equality Impact Assessment of the budget proposals
- Appendix 11 - Summary of the Response to the Budget Consultation
- Appendix 12 - Summary of the Results of the Residents Survey 2021

The report explained that the underpinning rationale of the Medium-Term Financial Strategy was to deliver a balanced and affordable 2022/23 budget and ensure that the Council's finances were robust and sustainable over the medium term, and that in the longer term the Council's finances were not reliant on the unsustainable use of one-off reserves or funding. The Strategy was informed by the Council's Vision: "to ensure that Reading realises its potential - and that everyone who lives and works in Reading can share in the benefits of its success" and the Corporate Plan themes of Healthy Environment, Thriving Communities and Inclusive Economy.

The report set out the budget assumptions which included: Council Tax increases of 1.99% plus an Adult Social Care precept of 1.0% for all three years of the MTFS (2022/23 to 2024/25); delivery of £19.940m efficiencies and increased income across the period; a contingency provision over the three years (£3.6m 2022/23; £4.8m 2023/24; and £6.3m 2024/25) to mitigate possible slippage or non-achievement of higher risk savings and/or income targets over the period; a housing rent increase of 3.1% (Sept 21 CPI only) in 2022/23, returning to a rent increase in line with approved policy of CPI + 1% in subsequent years; General Fund capital investment of £171m and Housing Revenue Account (HRA) capital investment of £140m over the period 2022/23 to 2024/25; and £5.706m of transformation funding (over the period 2022/23 to 2024/25) to support delivery of efficiency savings assumed within the MTFS.

The report noted that preparation of the 2022/23 Budget and MTFS 2022/23 - 2024/25 had again been challenging due to the continuing uncertainty caused by the wide-ranging implications of the Covid-19 pandemic and, despite a multi-year Spending Review announcement, another one-year Local Government funding settlement from Central Government.

Resolved -

That, taking due regard of the results of the budget consultation exercise and residents survey (as outlined in Appendices 11 and 12), the Committee recommend that Council approve the 2022/23 General Fund and Housing Revenue Account budgets, Capital Programme and Medium-Term Financial Strategy as set out in Appendices 1-10, noting the following:

- a) the Council's General Fund Budget Requirement of £149.990m for 2022/23 and an increase in the band D Council Tax for the Council of 1.99% plus an additional 1.00% Adult Social Care Precept, or £84.44 per annum, representing a band D Council Tax of £1,829.72 per annum, excluding precepts from Police and Fire, as set out in paragraph 4.3;**

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- b) the proposed efficiency and invest to save savings of £6.471m together with additional income of £1.682m in 2022/23 required to achieve a balanced budget for that year as set out in Appendices 2 and 3;
- c) the overall savings proposed within the MTFS of £19.940m (of which increases to income, fees and charges was £3.853m) and three-year growth changes to service budgets of £25.186m as set out in Appendices 3 and 4;
- d) the budgeted contribution to earmarked reserves totalling £0.695m, as set out in paragraph 3.25 of Appendix 1;
- e) the Housing Revenue Account budget for 2022/23 of £46.033m as set out in Appendix 5 and the average increase of 3.1% in social dwelling rents from April 2022;
- f) the allocation of Dedicated Schools Grant (DSG) as set out in Appendix 6;
- g) the General Fund and Housing Revenue Account Capital Programmes as set out in Appendices 7a and 7b;
- h) the Strategy for the use of flexible capital receipts to deliver future transformation and ongoing savings as set out in Appendix 8;
- i) the Fees and Charges set out in Appendix 9 of the report; and
- j) the Equalities Impact Assessment as set out in Appendix 10.

74. CAPITAL STRATEGY 2022/23

(Items 73-75 were considered together for recommendation to the full Council meeting on 23 February 2022.)

The Director of Finance submitted a report setting out for recommendation to full Council the draft Capital Strategy 2022/23, which was attached to the report at Appendix 1.

The report noted that the CIPFA 2017 Prudential and Treasury Management Code required the Council to prepare a Capital Strategy report which set out the Council's capital requirements arising from policy objectives, as well as the associated governance procedures and risk appetite of the Council. The Strategy provided an overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of services; along with an overview of how associated risk was managed and the implications for future financial sustainability. It showed how revenue, capital and balance sheet planning were integrated and set out, among other things, the Council's approach to asset management planning, development and monitoring of the Capital Programme. Appendix A to the Strategy set out a prioritisation matrix for new capital schemes.

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The report explained that this year the Capital Strategy had been subject to relatively minor updates to reflect the latest position consistent with the Medium-Term Financial Strategy, and that the proposed Action Plan, which was set out at Appendix C to the Strategy, had been refreshed. The Plan identified the areas of ongoing work required for the Council to remain compliant with the CIPFA code requirements and reported progress against outstanding actions with revised target completion dates.

Resolved -

- (1) That the adoption of the Capital Strategy attached at Appendix 1 be recommended to full Council;**
- (2) That the updated Action Plan set out at Appendix C of the Capital Strategy, together with the associated financial implications, be noted.**

75. TREASURY MANAGEMENT STRATEGY STATEMENT (2022/23); MINIMUM REVENUE PROVISION POLICY (2022/23); ANNUAL INVESTMENT STRATEGY (2022/23)

(Items 73-75 were considered together for recommendation to the full Council meeting on 23 February 2022.)

The Director of Finance submitted a report setting out a Treasury Management Strategy for endorsement and recommendation to full Council. The Strategy required approval before the start of the new financial year in accordance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 and the CIPFA Prudential and Treasury Management Code 2017. The Treasury Management Strategy Statement (TMSS) was attached to the report at Appendix A.

The report explained that the TMSS set out the parameters for the Council's planned treasury activity during 2022/23 under which the Council's Treasury Team would manage day to day activity, and that the successful identification, monitoring and control of financial risk were central to the Strategy. Included in the TMSS alongside the Treasury Management Strategy were Capital Prudential Indicators, a Minimum Revenue Provision (MRP) Policy Statement, a Borrowing Strategy and an Annual Investment Strategy.

The CIPFA 2017 Prudential and Treasury Management Code also required the Council to prepare a Capital Strategy report which set out the Council's capital requirements arising from policy objectives, as well as the associated governance procedures and risk appetite. The Capital Strategy included non-treasury investments and was reported separately from the TMSS (Minute 74 above refers). The TMSS reflected the Council's Draft Capital Programme 2022/23 - 2024/25.

Resolved -

That Policy Committee endorse and recommend to Full Council for approval:

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- a) The Treasury Management Strategy Statement for 2022/23 as set out in Appendix A;
- b) The Treasury Management Policy for 2022/23 as set out in Appendix A;
- c) The Minimum Revenue Provision (MRP) Policy for 2022/23 as set out in Appendix A;
- d) The Annual Investment Strategy for 2022/23 as set out in Appendix A; and
- e) The Prudential and Treasury Management indicators as set out in Appendix A.

76. ESSENTIAL PLAYGROUND REFURBISHMENT WORKS 2022/23

The Executive Director of Economic Growth and Neighbourhood Services submitted a report setting out a proposal to allocate approved capital budget of £891,000 in 2022/23 for essential playground works. Attached to the report at Appendix 1 was a list of proposals and their estimated costs.

The report noted that a review of all playgrounds in the Borough in 2017 had shown that an estimated £3.8m capital investment was required in the medium term to refurbish the play areas reaching the end of their maintainable lifespan. A growing population was adding to the demands made on leisure infrastructure, increasing pressure to refresh and augment facilities, particularly in larger parks. The Council was also committed to providing accessible play areas through its play area refurbishment programme. In December 2018, a capital bid had been submitted for £2.86 million investment in play facilities over five years, to be spent on sites most urgently requiring refreshment and on providing better facilities for people with mobility issues. To date, investment under this programme had resulted in schemes being completed or commenced at Blagrove Recreation Ground junior and toddler play, Palmer Park playground and Amersham Road gym station.

The report explained that the approved 2022/23 capital budget for essential playground works was £891,000, and outlined the proposed allocation to schemes at Coley Recreation Ground (£200,000), Victoria Recreation Ground (Gt Knollys St) (£231,000 capital allocation with an additional £44,000 s106 funding), Westfield Road (£200,000), Clayfield Copse skate park (£55,000) and John Rabsons Recreation Ground (£25,000).

The report also explained that £350,000 had previously been allocated for a new replacement playground in a new location at Prospect Park. Costs had been estimated in 2019 and since then raw materials costs had increased significantly, in some cases by more than 50%. In addition, submission for planning consent had highlighted issues with access that would require additional works, and replacement fencing was now required rather than re-use as originally intended. For these reasons, approval was sought for an additional £180,000 to complete this scheme.

Resolved -

That spend approval be given for the proposed allocation of £891,000 capital on playgrounds.

77. LIQUID FUEL PROCUREMENT

The Executive Director of Economic Growth and Neighbourhood Services submitted a report seeking approval to enter into and award a new contract for fuel supplies.

The report noted that the Council currently spent in the region of £450k per year on liquid fuel supplies to support the corporate fleet for the provision of services. The majority of fuel was procured centrally through a framework agreement managed by Crown Commercial Services (CCS) reducing risks and ensuring lowest price, and the report sought permission to enter into a new framework agreement with CCS in March 2022 to ensure best possible cost and supply was maintained.

The report explained that under the CCS framework the Council was not committed to purchasing a minimum amount of fuel, with a flexible contract that enabled the Council to reduce the amount of fuel procured as it moved to an electric fleet and electric heating. Fuel and oil consumption had been reduced by 31% since 2019 as a result of the programme to replace fuel powered vehicles with electric vehicles and ending the use of oil to fuel heating in buildings.

Resolved -

- (1) That the Executive Director of Economic Growth and Neighbourhood Services, in consultation with the Assistant Director of Property & Asset Management and the Assistant Director of Procurement, be authorised to enter into and award the recommended fuel supply contracts for diesel petrol and gas oil for the period 31 March 2022 to 31 March 2025, through the Crown Commercial Services framework RM6177 Liquid Fuels;
- (2) That the development of targets and policies to reduce the use of fossil fuels for powering vehicles in the Council's operations be endorsed.

(The meeting started at 6.30 pm and closed at 6.52 pm)