

SCHEDULE OF ITEMS RECOMMENDED FROM COMMITTEES AND OTHER MEMBER BODIES

Committee: Council

Date: 4 January 2018

Author: Tracy Couper, Democratic Services Manager

[S210]

Member Body	Report No.
<p>1. RESOURCES AND FINANCE COMMITTEE – 30 NOVEMBER 2017</p> <p>a. <u>Local Council Tax Reduction Scheme (LCTRS) Review</u></p> <p>Further to Minute 49 of the meeting held on 21 September 2017, the Committee considered a report detailing the outcome of the consultation on proposals for the LCTRS to take effect from 1 April 2018.</p> <p>The Chairman reminded Members that the proposal was to retain the current 8.5% benefit scheme, but to harmonise with the DWP welfare reforms. He stated that it was encouraging that the consultation responses supported all of the changes being proposed.</p> <p>Councillor Dupré asked if the consultation responses were on the Council's website. Ian Smith, Finance Manager and S151 Officer, stated that this was not the case at present, but either could be circulated to Members of the Committee or published on the website, if required by Members. The Chairman and Councillor Dupré expressed the view that the responses should be published on the website, as this was common practice for both Local and Central Government and likely to be an accepted thing that would happen by the organisations/people responding.</p> <p>It was resolved to RECOMMEND TO COUNCIL:</p> <p>1. That the Council retain the 8.5% benefit scheme, i.e. the maximum benefit to working age claimants is 91.5%.</p>	<p>S178 (attached at Appendix A)</p>

2. To harmonise the scheme with DWP Welfare Reforms and make entitlement to LCTRS, for the most part, conditional upon Universal Credit entitlement.

Further to the above Minute, as requested, the consultation responses now have been placed on the Council's website at:

<https://www.eastcambs.gov.uk/finance/council-tax-reduction-scheme>

b. Treasury Operations Mid Year Review

The Committee received a report containing an update on the Council's current 2017/18 Treasury position. The Chairman highlighted that this item would be a recommendation to full Council.

The Finance Manager and S151 Officer reported that the Council was very likely to require to borrow externally before the end of the year, as a result of the additional funding required by East Cambs Trading Company and the need to buy Waste Service fleet in advance of 1st April 2018. It was therefore considered appropriate to increase the authorised limit for external debt from the £5,000,000 in the original Treasury Management Strategy to £10,000,000 to ensure that flexibility was maintained in order to implement the Corporate Plan. As with the current plan, this external borrowing figure provided a maximum limit of borrowing and it remained the case that no external borrowing would be undertaken unless it provided the Council with the best possible value for money.

Councillor Dupré queried if the effective doubling of the authorised limit for external debt was entirely due to the requirement to purchase the Waste vehicles and the additional requirement from ECTC. Mr Smith reported that just over £1M was attributable to the requirement to purchase the Waste Service fleet, a further £1M related to ECTC and that the remainder was a contingency facility that only would be used, if necessary and appropriate. Councillor Bradley commented that the Council needed the flexibility to be prepared for any eventualities or opportunities that may arise.

S180 (attached at Appendix B)

<p style="text-align: center;">It was resolved to RECOMMEND TO COUNCIL:</p> <ol style="list-style-type: none"> 1. That the mid-year review of the Council's Treasury Management for 2017/18 to 30 September 2017, as set out at Appendix 1 of the submitted report, be noted. 2. That an increase in the authorised limit for external debt to £10,000,000 be approved. <p>2. SHAREHOLDER COMMITTEE – 11 DECEMBER 2017</p> <p><u>Establishment of a Local Authority Trading Company</u></p> <p>The Committee considered a report that set out to establish a new East Cambridgeshire Local Authority Trading Company.</p> <p>The Chairman proposed that the recommendations under paragraph 2.1 of the report should read "Members are requested to recommend to full Council to approve..." and the recommendation under paragraph 2.2 be removed.</p> <p>The Commercial Director advised the Committee that the establishment of a new local authority trading company (LATC) be sought, that would deal with the waste contract. The Council had already agreed to transfer the waste and recycling service to the East Cambs Trading Company (ECTC) at its meeting last February. At that time there had been no need to undertake a tendering process, as ECTC was Teckal compliant, so ECTC was capable of accepting that contract. However, in the future ECTC would become non-compliant, so a variety of options had been considered. Doing nothing would leave ECTC open to challenge. Increasing income to retain Teckal compliance would require ECTC to achieve £34 million income, which would not be possible. Creating a holding company would not overcome the problems with maintaining Teckal compliance. So the only option left was to create a separate LATC and this option was supported by the ECTC Board.</p> <p>The governance, Agreement and Articles and structure of the LATC would be exactly the same as for ECTC, except that the Director, Operations would replace the Commercial</p>	<p>S200 (attached at Appendix C)</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------

Director. It was recommended that Paul Remington become the Chairman of the LATC.

It was therefore recommended that the Business Plan, Agreement and Articles, Board composition and Chairman be recommended to full Council for approval.

Councillor Lorna Dupré asked when it had been realised that ECTC would become non-compliant and when was this brought to the Board and Shareholder Committee's attention? In the report it noted that ECTC would not maintain its Teckal compliance but a separate company could benefit. Did this mean that ECTC's Teckal status would wither? If this occurred, what then would the purpose of ECTC be? Would it have to bid for contracts? Would ECTC pass its work to the LATC and what would the governance arrangements be?

The full Business Plan for the new waste and recycling contract would be presented to the Regulatory Services Committee and Council during January and February next year, but which date related to which meeting? What would be the initial set-up costs? The Council was expected to fund those costs with a pay back later, so did not this mean it was a loan? So what was the difference between this 'loan' and the suggested 'recharge' and how much funding was involved? There appeared to be no agreement for this sum.

In response to those questions, the Commercial Director explained that around the time the waste contract was awarded the potential problems with future Teckal compliance were realised. ECTC would be Teckal compliant on 1st April 2018, but forward projections indicated that it would become non-compliant. This matter was brought to the ECTC Board and Shareholder Committee's attention at that time. The future status of ECTC would be looked at if parish councils started to pass on their work to the company and this could then be passed onto the new LATC. ECTC would have the knowledge on how to deal with the work and would pass this to the LATC, which would then contract the work. The new LATC would be used for Teckal compliance. Currently no work would be passed on. The new waste contract would go for consideration to the Regulatory Services Committee in January, followed by full Council in February.

The registration charges for the new LATC would be met by

Council initially and the amount involved would be reported later, although it would not be a major cost. The repayment would be on the same principle as provided for ECTC. It would not be a loan as such and would be recouped by Council.

Councillor Lorna Dupré, in referring to the Business Plan, noted that initially the new LATC would deal with the waste contract but asked what other services might it be given? The information regarding the transfer of the waste services was not stated correctly in the report. The Council had agreed to transfer it to ECTC but this suggested overturning that decision so the waste contract could be offered to the new LATC. This had not been agreed to by Council.

Vehicles and equipment would be transferred to the LATC when it started. However, there was some uncertainty over the purchase of the vehicles as it was believed they had been purchased by the Council, though the report suggested otherwise.

It was suggested that the Shareholder Committee would meet to look at ECTC and LATC but how would this be managed and would there be any tension between the two companies?

It was noted that the independent Chairman for the LATC would be the same as ECTC, but why would he get an additional remuneration? The original intention was to award the waste contract to ECTC, but if this was withdrawn and given to the LATC the quantum of work would remain the same, so why was an additional remuneration required? An additional remuneration could be given for the LATC with a reduction for ECTC.

It was noted that there would be no loan facility to the LATC, so what extent of the £5 million given to ECTC had been envisioned to include the waste contract? If this was split off, why would ECTC still need £5 million? There appeared to be no mention of Teckal or pensions within the figures.

The Managing Director replied to those questions by stating that the Chairman's additional remuneration related to the additional responsibility involved, and this would be recommended to Council to decide. The £5 million provided for ECTC had nothing to do with the waste contract but was given when the company was set up.

This Shareholder Committee would receive reports from both companies and it was up to the Committee to decide if the companies were undermining the objectives of the Council. It was expected that there would not be any conflict between the two companies.

Councillor Lorna Dupré thought that one of the driving forces affecting the new LATC should be the changes in legislation, which was an emerging field due to case law, so was the score of 1 in the risk analysis realistic? The potential for an additional loan being required for the new LATC was likely to happen.

The Managing Director would review the likelihood of changes in legislation affecting the LATC. There were no proposals to provide an additional loan for the LATC.

Councillor David Brown noted that the head office for the new waste services would be at The Grange, but plans were needed to future-proof this, as flexibility would be needed as they were likely to move.

Councillor Alan Sharp thought the presentation of the figures could give the wrong impression, as the surplus shown looked like a loss. In response to Councillor Sharp's further queries, it was confirmed that the re-charge costs of the waste services were included in the waste figures and the waste company would receive advanced funding to enable it to operate.

When put to the vote:

It was resolved to RECOMMEND TO FULL COUNCIL:

- (i) That the overall business plan as detailed in Appendix 1 be approved;**
- (ii) That the Shareholder Agreement and Articles of Association as detailed in Appendix 2 and 3 be approved;**
- (iii) That the composition of the Board as set out in Appendix 1 (ref: Para 4.1.1) be approved;**
- (iv) That the appointment of Paul Remington as Chairman of the LATC be approved;**

<p>(v) That the Chief Executive and Legal Services Manager be authorised to complete the necessary legal documentation to implement the above;</p> <p>(vi) That the Deputy Monitoring Officer be authorised to amend the constitution, as necessary, to implement the above.</p> <p><i>Further to the above Minute, amendments have been made to Appendix C1 and C2 shown as 'track changes' in response to the comments made at the meeting.</i></p>	
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--