



To: All Members of the Council

Town Hall, Luton LU1 2BQ  
Tel: 01582 546000

13<sup>th</sup> January 2020

Dear Councillor

You are hereby summoned to attend a meeting of LUTON BOROUGH COUNCIL to be held in COMMITTEE ROOMS 1 AND 2, TOWN HALL, LUTON on

Tuesday 21<sup>st</sup> January 2020 at 6.00 p.m.

for the purpose of transacting the business set out in the Agenda below.

Yours sincerely

A handwritten signature in black ink, appearing to read "Robin Porter".

Robin Porter  
Chief Executive

**AGENDA**  
**No. 1/20**

**1. MINUTES**

To approve as a correct record, the Minutes of the meetings of the Council held on 1<sup>st</sup> October 2019 as set out on pages 1 to 3.

**2. MAYOR'S ANNOUNCEMENTS**

**3. CORRECTION SHEET**

The Mayor to refer to any correction sheet circulated at the meeting

**4. QUESTIONS UNDER STANDING ORDER 7.1**

To consider any questions submitted in accordance with Standing Order 7.1.  
[Any unfinished business under this item will be dealt with at Agenda Item 10]

**5. REPORTS OF STANDARD COMMITTEE**

1. Draft Protocol for Member Officer Relations

To Follow  
(Numbered  
separately)

**6. REPORT OF THE BEDFORDSHIRE FIRE AND RESCUE AUTHORITY**

To consider the reports of the Bedfordshire Fire and Rescue Authority held on 7<sup>th</sup> October 2019 and 6<sup>th</sup> November 2019 as set out in pages 4 to 13.

**7. BEDFORDSHIRE FIRE AND RESCUE AUTHORITY: QUESTIONS**

A representative of the Bedfordshire Fire and Rescue Authority to answer any questions submitted under Standing Order 15.1.

**Page Nos.**

**8. RECOMMENDATION(S) OF THE EXECUTIVE:**

**Meeting held on 9<sup>th</sup> December 2019**

- |  |          |
|--|----------|
| 1. Setting the Council Tax Base  | 14 to 20 |
| 2. Treasury Management Mid Year Report Half Year Ended 30 <sup>th</sup> September 2019 | 21 to 34 |

**9. REPORT OF THE CHIEF EXECUTIVE (INTERIM SERVICE DIRECTOR, POLICY COMMUNITIES AND ENGAGEMENT)**

- |   |          |
|---|----------|
| 1. Appointment to Committees                  | 35 to 37 |
| 2. Licensing Committee – Change of Membership | 38 to 39 |

**10. QUESTIONS UNDER STANDING ORDER 7.1**

To deal with any unfinished business left over from Agenda Item 4 above.

**11. NOTICE OF MOTION**

1. To consider the following motion of which notice has been given in accordance with Standing Order 13.1 signed by Councillor Simmons:

That Council:

Recognises that, whilst not designed to be legally binding, the International Holocaust Remembrance Alliance (IHRA) working definition of antisemitism is an invaluable tool for public bodies to understand how antisemitism manifests itself in the 21<sup>st</sup> century and demonstrates a commitment to engaging with the experiences of Jewish communities and supporting them against the contemporary challenges they face.

Deplores the increase in antisemitic incidents in the first six months of 2019, which showed the highest total on record over a six month period and an increase of 10% on the same period in 2018, with over 100 incidents per month for the third year running.

Commits to combating antisemitism in all forms, from wherever it arises and with that in mind, formally adopts the International Holocaust Remembrance Alliance (IHRA) working definition of antisemitism, as follows:

***“Antisemitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities.”***

Luton Council does not accept any kind of discrimination/perception against any individual on the grounds of any religion, nationality, gender, disability, sexual orientation, age or colour.

2. To consider the following motion of which notice has been given in accordance with Standing Order 13.1 signed by Councillor Franks:

Council:

Acknowledges the efforts Luton Council has made, and is planning to make, to reduce greenhouse gas emissions and promote renewable energy;

Recognises that councils can play a central role in creating sustainable communities, particularly through the provision of locally generated renewable electricity.

Recognises:

That very large financial setup and running costs involved in selling locally generated renewable electricity to local customers result in it being impossible for local renewable electricity generators to do so;

That making these financial costs proportionate to the scale of a renewable electricity supplier's operation would create significant opportunities for local

organisations, including Councils, to be providers of locally generated renewable electricity directly to local people, businesses and organisations; That revenues received by councils that became local renewable electricity providers could be used to help fund local greenhouse gas emissions reduction measures and to help improve local services and facilities;

Understands that campaigning group Power for the People is to arrange for the reintroduction in the new parliament of the Local Electricity Bill which was supported by a cross-party group of 115 MPs in the previous parliament and which, if made law, would make the set up and running costs of selling renewable electricity to local customers proportionate by establishing a Right to Local Supply;

Request the Chief Executive to ask the two Luton MPs and the two local members of the House of Lords to support the reintroduction of the bill and to contact the organisers of the campaign for the Bill, Power for People, (at 8 Delancey Passage, Camden, London NW1 7NN or [infor@powerforpeople.org.uk](mailto:infor@powerforpeople.org.uk) )

3. To consider the following motion of which notice has been given in accordance with Standing Order 13.1 signed by Councillor Franks:

Council:

Acknowledges that residents of Vauxhall Park and Wigmore suffer from inconsiderate parking by people employed at or near the airport and by passengers unwilling to pay car park charges.

Notes that the Council's highways officers have carried out extensive consultation with Vauxhall and Wigmore residents on possible measures to reduce the damage to their quality of life due to this airport parking problem.

Accepts that this problem is entirely due to airport operations and would not exist if London Luton Airport was not there.

Considers that, since the parking problem is entirely caused by London Luton Airport, its customers and related employees, the airport should bear the whole and complete cost of any necessary measures introduced by the Council to reduce the damage to the quality of life of Vauxhall Park and Wigmore residents.

Requests the Chief Executive and other relevant Council officers to commence discussions with London Luton Airport Limited & London Luton Airport Operations Limited to secure their agreement to pay in full, the costs of introducing and operating any parking regulation schemes,

including costs, which would otherwise be borne by the residents, designed to deal with the problem.

Calls for updates on the progress of the discussions at each meeting of the full Council.

**12. LOCAL GOVERNMENT ACT 1972, PART VA**

To consider whether to pass a resolution under Section 100A (4) of the Local Government Act 1972, to exclude the public from the meeting during consideration of the items listed below as it is likely that, if members of the public were present during those items, there would be disclosure to them of exempt information falling within Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

**Para. No: Page Nos.**

**13. MINUTES**

To approve as a correct record, the private Minutes of the meeting of the Council held on 1<sup>st</sup> October 2019 as set out on pages 40 to 41.

**3**

**MINUTES OF THE COUNCIL**

**AT THE MEETING OF THE COUNCIL OF THE  
BOROUGH OF LUTON HELD AT THE TOWN HALL, LUTON**

**ON**

**TUESDAY 1<sup>ST</sup> OCTOBER 2019 AT 6.00 P.M.**

**PRESENT:**

**THE MAYOR -**

**THE DEPUTY MAYOR -**

**COUNCILLORS -**

Councillor T. Malik

Councillor Lovell

Abid, Adrees, Agbley, Ahmed,

Akbar, Bridgen, Burnett,

Castleman, D. Chapman, P.

Chapman, Choudhry,

Donelon, Hopkins, A. Hussain,

J. Hussain, JI Hussain, M.

Hussain, S. Hussain,

J. Ghulam Rabbani, Khurshid,

Malcolm, K. Malik, Mead,

Masood, Nicholls, Petts,

Rivers, Roche, S. Saleem, T.

Saleem, Shaw, Taylor,

Timoney, Underwood,

Waheed, Wynn and Young.

**66 APOLOGIES FOR ABSENCE**

Apologies for absence from the meeting were received on behalf of Councillors Ali, Campbell, Franks, Keens, Khan, Moles, Pedersen, Skepelhorn and Simmons.

**67 MAYOR'S ANNOUNCEMENT**

The Mayor welcomed Councillor Masood, the newly elected Icknield Ward councillor.

The Mayor also advised Council of an afternoon tea event to be held on 1<sup>st</sup> November 2019 between 2pm and 5pm in Committee Rooms 1 and 2 at the Town Hall. Entry into the event was £3 per person.

The Mayor encouraged all members to sign up to the Love Luton 10k and half marathon on Sunday 27<sup>th</sup> October 2019 to support of the Luton Curry Kitchen a homeless charity in Luton.

The Mayor further announced a change to the order of business to take an urgent item immediately after agenda item 9.2 in accordance with Section 100B(4)(b) of the Local Government Act 1972 relating to a change in the Council's political balance, following the By-election on 26 September 2019, which was circulated at the meeting.

**68 REPORT OF THE BEDFORDSHIRE FIRE AND RESCUE AUTHORITY (REF: 6)**

Councillor Waheed, the Council spokesperson on the Bedfordshire Fire and Rescue Authority, presented the report on the proceedings of the meetings of the Authority held on 18<sup>th</sup> July 2019 and 4<sup>th</sup> September 2019.

**Resolved:** That the reports be received and noted.

**69 RECOMMENDATION FROM THE EXECUTIVE (16<sup>TH</sup> SEPTEMBER 2019) – LUTON YOUTH JUSTICE PLAN 2019-22 (REF: 8)**

Upon consideration of the report of the Interim Service Director, Policy Communities and Engagement in regard of the Luton Youth Justice Plan 2019-22, it was proposed by Councillor M. Hussain, seconded by Councillor Castleman and:

**Resolved:** That the contents of the Luton Youth Justice Plan 2019-22 attached as an Appendix to the report (Ref 8) be approved.

**70 REPORT OF THE CHIEF EXECUTIVE – PROPOSED EXTENSION OF 9 MONTH INTERIM ROLE AND DELEGATION TO CHIEF EXECUTIVE (REF: 9.1)**

Upon consideration of the report of the Chief Executive in regard of the proposed extension of 9 month interim role and delegation to Chief Executive, it was proposed by Councillor Timoney, seconded by Councillor Malcolm and:

**Resolved:** (i) That an extension until 31 May 2020 of an interim appointment to the role of Service Director, Policy Communities and Engagement be approved.

(ii) That the Chief Executive, following consultation with the three Group Leaders represented on the Council, to extend a 9 month Service Director Interim role by a further 6 months, in exceptional circumstances be authorised.

**71 REPORT OF THE CHIEF EXECUTIVE (INTERIM SERVICE DIRECTOR POLICY COMMUNITIES AND ENGAGEMENT) – SENIOR MANAGEMENT STRUCTURE CHART – UPDATE (REF: 9.2)**

Upon consideration of the report of the Interim Service Director, Policy Communities and Engagement in regard to the senior management structure chart update, it was proposed by Councillor Timoney, seconded by Councillor Malcolm and:

**Resolved:** (i) That the revised changes to the Senior Management Structure Chart attached at Appendix A to the report (Ref: 9.2) be approved.

(ii) That the Service Director, HR and Monitoring Officer be authorised to amend Part 19 of the Constitution.

**72 URGENT REPORT OF THE SERVICE DIRECTOR HR AND MONITORING OFFICER – REVIEW OF POLITICAL BALANCE OF THE COUNCIL (REF: 9.3)**

Upon consideration of the report of the Service Director, HR and Monitoring Officer in regard to the review of the political balance of the council, it was proposed by Councillor Timoney, seconded by Councillor Malcolm and:

**Resolved:** That the revised allocation of seats to political groups on Committees as set out at Appendix A to the report (Ref 9.3) be approved.

**73 EXCLUSION OF THE PUBLIC AND PRESS (REF:**

**Resolved:** That, under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting as it is likely that if members of the public were present during consideration of Item 14 below, there would be disclosure to them of exempt information falling within the paragraph 3 of Schedule 12A to the Local Government Act 1972.

(iii) The meeting ended at 7:07 pm)



**AGENDA ITEM:****6.1****BEDFORDSHIRE FIRE AND RESCUE AUTHORITY**

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**REPORT OF BEDFORDSHIRE FIRE AND RESCUE AUTHORITY FROM ITS  
MEETING ON 7 OCTOBER 2019  
TO LUTON COUNCIL MEETING ON 21<sup>ST</sup> NOVEMBER 2019**

Bedfordshire Fire and Rescue Authority (FRA) held a meeting on 7 October 2019 at Fire and Rescue Headquarters, Southfields Road, Kempston. The major issues discussed at the meeting are summarised below:

**COMMUNICATIONS****LGA Fire Commission**

1. The Chair reported on the LGA Fire Commission meeting that he had attended with the Chief Fire Officer. The new independent Chair of the Fire Standards Board, Ms Suzanne McCarthy, had given a presentation and had informed the Commission of the Board's intention to produce more national standards that would then be implemented and monitored by individual Fire and Rescue Services and Authorities.

**HMICFRS update**

2. A meeting with the Inspectorate had been attended by the Chair and Deputy Chief Fire Officer. The Inspectorate was currently designing "Phase 2" of the inspection regime and was seeking the views of Fire and Rescue Services on the first phase of inspections in order to develop future inspections in a more collaborative way.

**Awards Evening**

3. The Service Awards Evening had been held on 26 September 2019. The Chair commented on the number of inspirational stories and celebrated the achievements of the Service's firefighters and support staff.

**Members Development Day, 29 October 2019**

4. A draft agenda for the Members Development Day to be held on 29 October 2019 would be circulated to Members by the end of the week and Members were requested to notify the Assistant Chief Officer of any additional items that they wished to include on the agenda.

## **CFA Conference, 10 October 2019**

5. The Chair advised that Councillors Berry, Duckett, Headley and McVicar were attending the Conference as day delegates, with Councillor Waheed attending the pre-conference dinner the night before and staying over for the Conference.

## **Recruitment Vehicle**

6. The Chief Fire Officer reminded Members that there was an opportunity to view the new recruitment vehicle following the meeting.

## **Home Office Liaison**

7. The Chief Fire Officer introduced Mr Sam Ashby of the Home Office's Fire and Policing Directorate. The Home Office was seeking to liaise more closely with Fire and Rescue Services outside of major metropolitan areas. Mr Ashby would be performing this role in Bedfordshire and would act as a single point of contact for the Service/Authority with the Home Office.
8. Mr Ashby advised that he would also be performing this role with Bedfordshire Police.
9. A discussion around the "stay put" policy and the Grenfell Inquiry ensued. Mr Ashby advised that the results of the report would be released at the end of the month. It was unlikely that the Home Office would express a view on an operational matter.
10. The Chief Fire Officer reiterated that the "stay put" policy worked well in Bedfordshire as the Service had extensive knowledge of all the high rise buildings in the County and undertook regular training in those environments.

## **What3Words**

11. The Chair circulated leaflets explaining how to use What3Words.

## **LGA Fire Leadership Essentials Programme**

12. Councillor Malik reported on the LGA Fire Leadership Essentials Programme that she had attended with Councillor Berry. She had found this very informative, particularly in learning how other Authorities utilised different ways of working. There had also been an inspirational address from Dr Sabrina Cohen-Hatton, the Chief Fire Officer of West Sussex Fire and Rescue Service.

## **BUDGET MONITORING**

13. The Authority considered a report setting out the forecast year end budget monitoring position as at 31 August 2019.
14. In relation to the non-salary budgets, three overspends were forecast in the areas overseen by Head of Response (£15,000), Head of Governance and

Asset Management (£35,000) and Head of Information Communications Technology (£45,000), with an underspend in the Assistant Chief Officer's area of £34,000. A salary year-end underspend of £460,000 was forecast in relation to whole-time firefighters. The underspend was largely the result of a pension grant of £1.7 million being awarded to the Service and a larger pay award being budgeted for.

15. The discrepancy between the budget requirement set by Members and the figures detailed in the report was due to budget manager earmarked reserves that had been carried forward from the previous year.
16. A number of projects in the Capital Programme were due to be slipped into 2020/21 within the technical and fleet management area. The total amount of these schemes was £1.143 million.
17. Members were advised that there had been a saving of £54,000 in relation to the server hardware renewal following the completion of the project.
18. The following medium term savings and efficiencies were RAG rated as amber or red: saving following procurement of new firefighter PPE contract, savings from Blue Light Installations, procurement, Management Information System (MIS) and control income generation.
19. The forecast outturns for revenue and capital were acknowledged and the Authority agreed the capital slippage requests into 2020/21 as identified in Table 3 of the report.
20. Members also noted the comments in the report the reconciliation work being undertaken regarding the firefighter pension schemes, the potential cost of recruits in year and the saving regarding the Server hardware renewal capital project.

### **COLLABORATION WORKING GROUP**

21. The Authority received an update on progress with key collaboration initiatives between the Service, Bedfordshire Police and East of England Ambulance Service as managed through the Blue Light Collaboration Strategic Board.
22. Following the change in the senior leadership team at Bedfordshire Police, there was a renewed energy to drive collaboration projects forward. The intention was to fund a strategic post to drive some of the projects forward and identify new opportunities for collaboration and efficiency savings. This would be part funded by the Service and would provide a great development opportunity for managers. This would replace the post previously proposed to support the Joint Headquarters project.
23. The development of a joint Headquarters was making progress and work to enable the Police to move into Toddington Community Fire Station and the Ambulance Service to move into Dunstable Community Fire Station was also progressing. This would bring the total number of fire stations jointly used with

the Police to 6 and those jointly used with the ambulance service to 5. The Service's partners would be paying for the refurbishment costs and the Service would also receive rental income.

24. The Deputy Chief Fire Officer was meeting with the East of England Ambulance Service to discuss how this Service could support them to improve their performance.
25. There were plans to provide video live streaming from the incident ground. This would enable Control Rooms to establish a link with callers by sending a text message and would also allow Officers to live stream from their phones via an app.
26. The Service continued to work with the Police so that the Service could provide response driver training for Police Officers. It was noted that there was high demand for this service.
27. An individual had been seconded, for a 6 month period, from Bedfordshire Police as the Interim Communications and Engagement Manager. Other opportunities continued to be explored with the police in this area, such as improving the resilience of out of hours on-call arrangements.
28. The Deputy Chief Fire Officer had been successful in obtaining a place on the Police's Strategic Command Course. This was a general organisational management course and would develop the Deputy Chief Fire Officer's strategic role as well as expanding opportunities for collaborative working.
29. Members acknowledged that this provided significant benefits for the Service, although there may be succession planning and development issues that would have to be considered.
30. Members acknowledged the content of the report and the continued efforts to pursue collaboration with the Service's blue light partners.

**COUNCILLOR WAHEED  
COUNCIL REPRESENTATIVE OF BEDFORDSHIRE FIRE AND RESCUE  
AUTHORITY**



## **BEDFORDSHIRE FIRE AND RESCUE AUTHORITY**

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### **REPORT OF BEDFORDSHIRE FIRE AND RESCUE AUTHORITY FROM ITS MEETING ON 6 NOVEMBER 2019 TO LUTON COUNCIL MEETING ON 21<sup>ST</sup> JANUARY 2020**

Bedfordshire Fire and Rescue Authority (FRA) held a meeting on 6 November 2019 at Dunstable Community Fire Station, Brewers Hill Road, Dunstable. The major issues discussed at the meeting are summarised below:

#### **COMMUNICATIONS**

##### **Messages from the Chair**

1. The Chair thanked Members who attended the recent Member Development Day held on 29 October 2019. He reminded Members that a Members Budget Workshop was being held on 27 November 2019. The Chair also thanked the Assistant Chief Officer and Treasurer for providing detailed answers to questions asked by Members at the previous meeting of the Authority on 7 October 2019.
2. Members were reminded that station visits were being held at Stopsley (12 November) and Shefford (19 November) Community Fire Stations.
3. The “passing out” ceremony for the new recruits would take place on 4 December 2019. All Members were invited to attend.

##### **Summary Letter from the Inspectorate**

4. The Chair advised that he had circulated a letter from the Inspectorate to all Members for information.

##### **LGA Oversight of Performance**

5. A workshop was being hosted by Hampshire Fire and Rescue Service on national performance data and benchmarking on 26 November 2019. The Chair and Councillor Berry would be attending the workshop with an Officer from the Service.

## **Combined Fire Authorities Conference**

6. The Combined Fire Authorities Conference presentations had been circulated to Members of the Authority electronically for information.

## **Excellence in Fire Service Awards**

7. The Chief Fire Officer reported that Bedfordshire Fire and Rescue Service had been shortlisted in two categories: resilience and learning from major incidents and emergency services collaboration. One of the Service's employees had also been shortlisted in the category most influential LGBT+ individual in Fire.

## **Asian Fire Service Association Conference**

8. Three Members of the Authority would be attending the Asian Fire Service Association Conference on 28-29 November 2019.

## **Grenfell Inquiry Phase 1**

9. The report on first phase of the Grenfell Inquiry had recently been published. This phase focused largely on the events on the night of the incident and the response of the London Fire Brigade.
10. The Chief Fire Officer provided an update on the situation in relation to high-rise buildings in Bedfordshire. The Service was very proactive in inspecting and monitoring the high-rise buildings in the County, both pre and post Grenfell. There were 116 high-rise buildings in Bedfordshire, none of which had ACM cladding. All of these had been inspected by a Fire Safety Officer. Three had potentially combustible cladding and these were currently under investigation, with the Service working closely with the relevant local authorities.
11. The Service had a strong working relationship with the social housing providers operating in the County and the overall standard of premises was high.
12. Post Grenfell, the Service had reviewed all its procedures and its operational response to incidents in high-rise buildings, increasing the resource made available to such incidents. Revised guidance on evacuation from high rise premises procedures had been issued in 2018. This reinforced the Service's "stay put" policy but emphasised that this must be kept under review by the Incident Commander. Leaflets had also been circulated to landlords and residents of high rise premises explaining the "stay put" policy.
13. operational personnel received high-rise training on an annual basis and this was reinforced by access to a module on LearnPro.
14. It was noted that the next phase would focus on the building materials and the view was expressed that this phase of the report would be more critical.

## **Incident at Twinwoods Business Park**

15. The Chief Fire Officer reported on the large fire at Twinwoods Business Park on 1 November 2019. This had been successfully contained with no significant issues arising for members of the public or firefighters.
16. A more detailed incident report would be submitted to a future meeting of the Authority.

## **AUDIT AND STANDARDS COMMITTEE 15 OCTOBER 2019**

17. Councillor Headley submitted the Minutes of the meeting of the Audit and Standards Committee held on 15 October 2019. Upon receipt of the external audit report, the Committee had expressed concern and disappointment at the ongoing delay of the audit process caused by resourcing issues experienced by the external auditors, Ernst and Young (EY). Assurances had been sought for the next year's audit process. The EY representative had been able to provide only limited reassurance and further information would be provided to the Committee in due course. The Committee would continue to monitor this situation.
18. The Authority's accounts had received an unqualified audit opinion and an unqualified value for money opinion.
19. The Committee had also received the internal audit progress report. The two internal audits submitted, on statutory compliance and operational business continuity, had been issued negative opinions of partial assurance.
20. The Minutes were received.

## **HMICFRS UPDATE REPORT**

21. The Authority received an update on the progress made against the HMICFRS Action Plan. Following the HMICFRS inspection in August 2018, the effectiveness of the Service had been judged as "good" whilst the efficiency and people had been judged as "requires improvement". 23 areas for improvement had been identified and the report set out the actions that had been taken to date against all areas for improvement.
22. Two of the actions, relating to responding to fires and responding to national risks, had been completed and closed. A further two, relating to making best use of resources and ensuring fairness and promoting diversity, had been progressed through the development of the 2019/20 Community Risk Management Plan. Four additional actions had been completed but were subject to further assurance. The remaining fifteen areas were ongoing.
23. The Service continued to address these areas for improvement whilst preparing for the next round of inspections. A close working relationship had been maintained with the HMICFRS service liaison lead.

24. In response to a question as to how the Service could demonstrate that it was effectively targeting vulnerable groups, the Strategic Operational Commander confirmed that the Service had used MOSAIC data to target its Home Fire Safety Checks and Safe and Well Visits for a number of years but had to demonstrate the effectiveness of this. The data was being cascaded down through the Service so that fire crews could target and identify the most vulnerable individuals in their areas.
25. Progress made against the action plan was acknowledged.

### **NATIONAL BENCHMARKING OVERVIEW**

26. The Authority received a presentation on a selection of prevention and protection measures and how the Service was using its risk and performance data to target its activity to support the most vulnerable members of the Bedfordshire community.
27. The Service used the national Exeter data set to identify vulnerable groups such as the disabled and over 65s. The Service also received referrals from GPs and other health professionals and was focussing on community engagement to further extend its understanding of the vulnerable communities in the County. Information was also obtained from visitors to the station Open Days.
28. It had been recognised that the Service's staff was its biggest asset and to affect change, staff required better access to data. The Service had been working with the University of Bedfordshire to develop a performance dashboard that was available to all staff. The number of Key Performance Indicators had increased dramatically, from 40 to 240 in Service Delivery.
29. In relation to the prevention measures, nationally 590,000 Home Fire Safety Checks had been undertaken. The Service had delivered 5195 in 2018/19, 10% by partner organisations trained to do so by the Service. 2599 were visits to elderly residents and 2026 were to MOSAIC high risk groups. These visits were important as Bedfordshire had a high rate of accidental dwelling fires.
30. Further work on the identification of high risk groups was being undertaken and a report would be submitted to a future meeting of the Authority in this respect.
31. In relation to protection measures, over 49,327 Fire Safety Audits had been completed in 2018/19 nationally. This was a reduction of 42% from 2010/11, largely as a result of deregulation and self-compliance. Bedfordshire was the third highest performing Service in this area.
32. Bedfordshire was slightly above the national average in rates of Non-Domestic Fires and work was being undertaken to identify the reasons for this.
33. It was noted that the Authority would receive the draft Community Risk Management Plan at its next meeting.



## **PUBLIC SECTOR EQUALITY DUTY REPORT**

34. The Authority received the Public Sector Equality Duty Report 2018/19. This was the seventh annual report and included detailed information on the Service's workforce and the services provided. The Executive Summary included information on staff demographics and the measures taken by the Service to ensure compliance with the Equality Act 2010 and support staff, including health and fitness provision, access to the Employee Assistance Programme, and a work life balance policy. The Service was required to publish its Public Sector Equality Duty Report by 31 January of each year.
35. The Service's approach to disability was highlighted in the report. The positive action campaign to attract a more diverse workforce was also detailed in the report.
36. Training and guidance was provided to staff on an ongoing basis and equality data was used to inform all of the Service's major policy documents including the Strategic Assessment, People Strategy, Community Risk Management Plan and the Community Safety Plan. A golden thread of equality and diversity ran through the Service's policy documents.
37. The Service had set Equality Objectives for 2016 to 2020 and these had been progressing well.
38. Members discussed why employees may select "prefer not to say" when self-recording data on religious belief and sexual orientation.
39. The Service's Diversity Adviser reported that the Service continued to work to provide an environment in which individuals were happy to disclose their information, although it was recognised that not all employees would wish to do so regardless.
40. The lack of female and BAME representation at senior management level was noted, and the Authority was advised that the Service was seeking to close the gap by introducing talent programmes to identify and support talented individuals from underrepresented groups.
41. Members noted that the Service was very proactive in the area of equality and diversity when compared to other Fire and Rescue Services.
42. The view was expressed that individuals in the smaller groups may be able to be identified by their protected characteristics, particularly in the event of a change, and that this should be considered before the report was made publically available.
43. The Authority approved the Public Sector Equality Duty Report.

## **PROCUREMENT POLICY AND CONTRACT PROCEDURES**

44. Members received a report setting out the proposed changes to the Procurement Policy and Contract Procedures. These were currently in draft and out for consultation. The Policy had been rewritten by the new Procurement Manager and incorporated a number of changes including sections on achieving social value, category management, introduced in line with the NFCC categories of spend and the National Procurement Strategy 2018 for Fire and Rescue Services and the duty to collaborate, greater emphasis on health and safety and equality and diversity considerations. The conflicts of interest section had been strengthened.
45. A Member queried the relevance of the section on purdah. It was suggested that the Treasurer and Secretary and Monitoring Officer discuss whether it was appropriate and necessary to include this section outside of the meeting.
46. In response to a question related to banding, the Assistant Chief Officer reported that, following recent discussions with the Procurement Manager, the following change was proposed:
  - Band 1 up to £2000 – evidence of best value
  - Over £2000 and up to £4999 – a minimum of two written quotes to be obtained
47. These changes would bring the banding in line with the transparency data levels of £5000 and reduce demand on the procurement team.
48. It was noted that the Government had indicated that there would be no changes to procurement legislation in the short term and therefore there was no impact on the current Policy as a result of Brexit.
49. The new Procurement Policy was approved, subject to the changes to the banding levels outlined at the meeting and further discussions being undertaken between the Assistant Chief Officer and Treasurer and Secretary and Monitoring Officer to determine whether the section on purdah should be removed.

**COUNCILLOR WAHEED  
COUNCIL REPRESENTATIVE OF BEDFORDSHIRE FIRE AND RESCUE  
AUTHORITY**

**COUNCIL****DATE: 21<sup>ST</sup> JANUARY 2020****SUBJECT: SETTING THE COUNCIL TAX BASE****REPORT BY: INTERIM SERVICE DIRECTOR, POLICY  
COMMUNITIES AND ENGAGEMENT****CONTACT OFFICER: MATTHEW HUSSEY 01582 546032****IMPLICATIONS:****LEGAL ✓ COMMUNITY SAFETY****EQUALITIES ENVIRONMENT****FINANCIAL ✓ CONSULTATIONS****STAFFING OTHER****WARDS AFFECTED: ALL**

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**PURPOSE**

1. The purpose of this report is to refer to Full Council the recommendation arising from the Executive held on 9<sup>th</sup> December 2019 in relation to setting the Council Tax Base.

**RECOMMENDATION(S)**

2. Council is recommended to:
  - (i) Set the Council's net Council Tax Base for 2020/21 at 51,828.7 Band D equivalents as calculated in accordance with the current Regulations, "Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI: 2012:2914), which came into force in November 2012.
  - (ii) Set a council tax collection rate of 96.8% for 2020/2021.
  - (iii) Implement as stated in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, amending the Local Government Finance Act 1992, to introduce

**in 2020/2021 a 200% premium which will triple the council tax on homes left empty for 5 years or longer.**

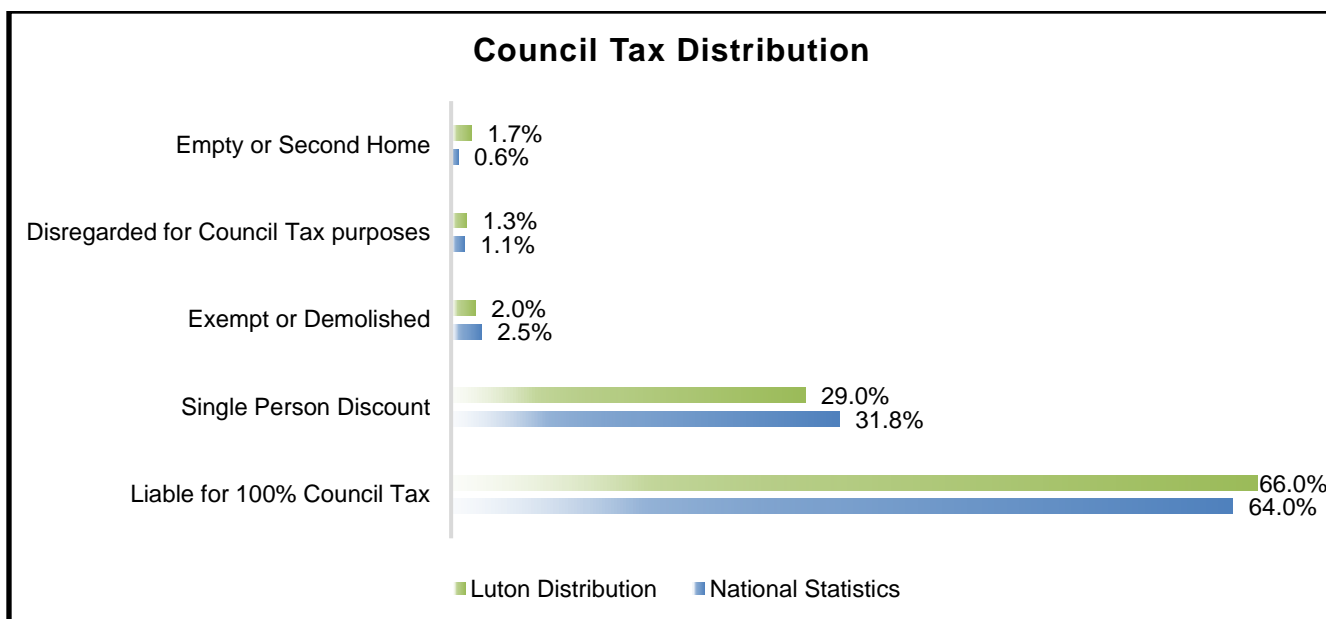
- (iv) Implement as stated in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, amending the Local Government Finance Act 1992, to introduce in 2021/2022 a 300% premium which will quadruple the council tax on homes left empty for 10 years or longer.**

### **BACKGROUND**

3. The Council is required to determine the Council Tax Base for the next financial year by 31<sup>st</sup> January 2020.
4. The Council Tax Base enables the Council Tax to be calculated from the Council's budget. The aggregation of unitary Council Tax Bases in Bedfordshire also serves to distribute the Police and Fire Authorities precepts amongst the respective authorities.
5. Central Government published The Local Authority (Calculation of Tax Base) Regulations 2012 which came into force on the 30<sup>th</sup> November 2012. These regulations clarify how the Council Tax Base is calculated.
6. The Council Tax surplus generated in 2018/19 of £2.171 million was released across all of the major preceptors in 2019/20 as a one-off budget saving.
7. The changes in exemptions/discounts as of the 4<sup>th</sup> October 2019 on a year by year comparison are shown below for reference only:

<b>Removed Exemption/ Discount</b>	<b>05/10/15</b>	<b>03/10/16</b>	<b>04/10/17</b>	<b>02/10/18</b>	<b>04/10/19</b>
Second Homes	205	178	156	145	107
Empty more than 6 months	388	522	439	600	626
2 year empty premium	128	100	124	146	168

8. The all England Council Tax distribution as per the Statistical Release, Local Authority Council Tax Base England 2018, issued in September 2018 has been compared to the Luton distribution as at 4<sup>th</sup> October 2019.



9. The number of dwellings liable for 100% Council Tax is another factor in the calculation of the Tax Base and Luton is showing a healthy distribution pattern indicating its administration is good.

## **REPORT**

12. At its meeting held on 9<sup>th</sup> December 2019, the Executive considered a report from the Service Director, Revenues, Benefits and Customer Service with regard to setting the Council Tax Base and subsequently resolved:

*“That Full Council be recommended to approve:*

*(i) To set the Council's net Council Tax Base for 2020/21 at 51,828.7 Band D equivalents as calculated in accordance with the current Regulations, “Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI: 2012:2914), which came into force in November 2012.*

*(ii) To set a council tax collection rate of 96.8% for 2020/2021.*

*(iii) To implement as stated in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, amending the Local Government Finance Act 1992, to introduce in 2020/2021 a 200% premium which will triple the council tax on homes left empty for 5 years or longer.*

*(iv) To implement as stated in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, amending the*

*Local Government Finance Act 1992, to introduce in 2021/2022 a 300% premium which will quadruple the council tax on homes left empty for 10 years or longer.”*

13. The reason for the decision was Statutory.
14. The Net Tax Base for Luton in 2020/21 will increase by 1,164.2 Band D equivalent properties compared to 2019/20. There are positive and negative influences on this figure.
15. The steady growth in tax base is shown in the table below:

	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>
Tax Base	49,151.3	49,733.3	50,461.1	50,664.5	51,828.7
Change	2,516.0	582.0	727.8	203.4	1,164.2

16. The continued increase in housing while positive in council tax terms does apply service pressures across the whole council in areas for example as refuse collection, school provision and adult social care services. Another factor that has affected the council tax base positively is the continued reduction in expenditure on the Council Tax Reduction (CTR) scheme. With the roll out of Universal Credit Full Service (UCFS) the council can no longer process CTR claims with Housing Benefit claims in a single application process. UCFS claimants now have to complete a separate application to the council for CTR and despite having staff co-located at the job centre to remind UCFS claimants to make a separate CTR claim some people are still not doing this.
17. Other influences that effect the Net Tax Base in a positive way are:
  - a) A high collection rate of 97% has been assumed before the impact of Universal Credit.
  - b) The Council Tax Exceptional Hardship Scheme which assists hard pressed residents on a short term basis with paying Council tax liabilities. £86,316 was paid out to support residents with the payment of their council tax in 2018/2019.
  - c) Removal of Class A exemption– vacant dwellings where major repair works or structural alterations are required, underway or completed. These used to attract a 100% exemption for a maximum period of 12 months.
  - d) Removal of Class C exemption - vacant dwellings that are unoccupied or unfurnished. These used to attract a 100% exemption for a maximum period of 6 months.

- e) Removal of the 10% discount on second homes. This has continued to reduce the number of second homes in Luton.
  - f) Introduction of a 100% premium of Council Tax on any home that has been left empty for more than two years.
  - g) Increase in properties on the Valuation Office Authority list (new homes).
  - h) As agreed last year by Executive in December 2018 and as stated in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, amending the Local Government Finance Act 1992, introduced in 2020/2021 is: A 200% premium which will triple the council tax on homes left empty for 5 years or longer
18. Influences that effect the Net Tax Base in a negative way are: Universal Credit full service (UC), which arrived in Luton on 24<sup>th</sup> October 2018. Nationally, where UC Full Service has been implemented collection rates have fallen by an average of 1%. A number of mitigating activities are ongoing which are expected to dampen the impact on collection.
19. The Council is legally obliged to agree the Council Tax Base for 2020/2021 by 31<sup>st</sup> January 2020. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 require a billing authority to use a specific formula to calculate the Council Tax Base.

## **PROPOSAL**

20. The figure of 51,828.7 Band D equivalents reflects the best estimate of our 2020/21 position, based on the latest factual position shown in the table below:

<b>The total number of dwellings in Luton</b> The number of dwellings for the area across all valuation bands. This is the starting point for the Tax Base calculation;	81,950.0
<b>Reduction in Tax Base after discounts and premiums</b> The initial figure is adjusted for estimated changes that occur in the year e.g. additions, reductions (including those for disabled adaptations), deletions and exemptions.	73,987.2
<b>Further Reduction in Tax Base due to Council Tax Reduction (A)</b> Cost of Council Tax Reduction is equivalent to 10,897.1 Band D properties across all valuation bands and this is taken off the figure above.	63,090.1
<b>Band D Equivalent Tax Base (B)</b> This is the conversion of (A) above into the number of Band D properties that this would represent.	53,542.0
<b>2020/2021 Net Tax Base</b>	51,828.7

96.8% is estimated to be collected in year and therefore a 3.2% loss is provided for. This equates to -1,713.3 Band D equivalent properties which is taken from (B) in order to calculate the Net Tax Base.	
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## **KEY RISKS**

21. The risk is in estimating the Tax Base for 2020/21. If the level of Council Tax ultimately collected for 2020/21 is less than the Band D charge (set in February 2020) multiplied by the estimated tax base, a collection fund deficit will need to be declared in a future year, which will be a cost to the Council Tax payers at that time. Conversely, if the Council Tax ultimately collected is higher than estimated, there will be a benefit to the future tax-payer. The lower the tax base, the lower the council tax income. The Council Tax Base could be set at a higher or lower level. However, this could have the effect of either inflating unnecessarily the amount of Council Tax to be set or setting the tax at a level insufficient to meet the Council's budget requirements.
22. There is a risk that the Council Tax Reduction Scheme case load will increase or the differential between claimant's household income and expenditure will worsen, adding a further financial pressure which would then impact on the council tax net base for 2020/21. This risk can't be fully mitigated, as macroeconomics and government housing and welfare reform policy contribute to claimants' income situation. Mitigations include the review and proposed refinement of the Council Tax Reduction Scheme, the single discretionary funding gateway project, the integrated prevention service in Customer Services and Luton Access.
23. There is a risk that Universal Credit (UC) will have an adverse effect on collection rates of on average 1% where Full Service has been implemented. This arrived in Luton on the 24<sup>th</sup> October 2018. In mitigation we have started proactive prevention work, have additional collection resources and changed the CTR Scheme in 2018 to address UC issues and support those in most need better. Further revisions in CTR are being proposed for 2020/21 and are currently under consideration. An assumed impact of 0.4% has been applied to the collection rate for 2020/21.

## **LEGAL IMPLICATIONS**

24. The Council is legally obliged to determine the Council Tax Base for 2020-2021 by 31 January 2020. The Local Government Finance Act 1992 ("the 1992 Act"), as amended by the Local Government Finance Act 2003 and Local Government Finance Act 2012 together with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 SI.2914 ("the 2012 Regulations") set out procedures for calculating the Council Tax



- Base. The formula for calculation is set out in S31B of the 1992 Act (as inserted by the Localism Act 2011) and in the 2012 Regulations. Section 11B Local Government Finance Act 1992 (as amended by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018) allows the Council to charge a council tax premium for long standing empty properties on an incremental basis as set out in this report. Section 67(2) of the 1992 Act provides that the power to decide to introduce a premium can only be exercised by full Council.
25. Section 106 of the Local Government Act 1992 precludes a councillor from voting on this decision as a relevant matter, if he or she has an outstanding council tax debt of over two months. If a councillor is present at this meeting, he or she must disclose that Section 106 applies and may not vote. Failure to comply is a criminal offence.
26. The report was agreed by Raj Popat, Principal Solicitor on 23<sup>rd</sup> December 2019.

### **FINANCIAL IMPLICATIONS**

27. The increase in Band D equivalent properties is created by new builds, business conversions, continued focus on reducing discounts and exemptions and the Council Tax Reduction changes.
28. This variance will now be factored into the Medium Term Financial Plan.
29. The report was agreed by Scott Walker, Chief Accountant & Deputy S151 Officer in Finance on 19<sup>th</sup> December 2019.

### **LIST OF BACKGROUND PAPERS** **LOCAL GOVERNMENT ACT 1972, SECTION 100D**

Executive Decision EX/124/19

The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 - Formula used in calculating the Council Tax Base for this Report.

**COUNCIL****DATE: 21<sup>ST</sup> JANUARY 2020****SUBJECT: TREASURY MANAGEMENT MID-YEAR REPORT –  
HALF YEAR ENDED 30TH SEPTEMBER 2019****REPORT BY: INTERIM SERVICE DIRECTOR, POLICY  
COMMUNITIES AND ENGAGEMENT****CONTACT OFFICER: MATT HUSSEY 01582 546032**  
**IMPLICATIONS:****LEGAL ✓ COMMUNITY SAFETY****EQUALITIES ENVIRONMENT****FINANCIAL ✓ CONSULTATIONS****STAFFING OTHER****WARDS AFFECTED: ALL**

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**PURPOSE**

1. The purpose of this report is to refer to Full Council the recommendation arising from the Executive held on 9<sup>th</sup> December 2019 in relation to the Treasury Management Mid-Year Report, Half Year Ended 30<sup>th</sup> September 2019.

**RECOMMENDATION(S)**

2. **Council is recommended to approve the Mid-Year report on Treasury Management for the half year ended 30<sup>th</sup> September 2019, which summarises and reviews the Council's Treasury Management activities along with changes required to prudential indicators for Capital Expenditure, Capital Financing Requirement (CFR) and Gross Borrowing.**

**BACKGROUND**

3. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

4. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
5. Accordingly, treasury management is defined as:

“The management of the local authority'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.”
6. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management (revised 2017) recommends that Members be updated on Treasury Management activities regularly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.
7. The primary requirements of the Code are as follows:
  - a. creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's Treasury Management activities;
  - b. creation and maintenance of the Treasury Management Practices which set out the manner in which the Council seek to achieve those policies and objectives;
  - c. receipt by the Full Council of the Annual Treasury Management Strategy Statement including the Annual Investment Strategy (including the Minimum Revenue Provision Policy, a Mid-Year Report and an Annual Report covering activities in the previous year);
  - d. delegation by the Council of responsibilities for implementing and monitoring treasury management policies and for the execution and administration of treasury management decisions; and
  - e. delegation by the Full Council of the role of scrutiny of treasury management strategy and policies to Audit and Governance Committee.
8. The mid-year report has been prepared in accordance with the CIPFA Code of Practice on Treasury Management and covers the following:
  - f. an economic update for the first six months of 2019/20 and current forecast;

- g. a review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- h. the Council's capital expenditure (prudential indicators) at 30th September 2019;
- i. Council's investment portfolio at 30th September 2019;
- j. Council's current borrowing portfolio at 30th September 2019;
- k. Review of any debt rescheduling undertaken to 30th September 2019;
- l. a review of compliance with Treasury and Prudential Limits for 2019/20.

## **REPORT**

9. At its meeting held on 9<sup>th</sup> December 2019, the Executive considered a report from the Service Director, Finance & Audit with regard to the Treasury Management Mid-Year Report, Half Year Ended 30<sup>th</sup> September 2019 and subsequently resolved:

*“(i) That the Mid-Year Report on Treasury Management for the half year ended 30<sup>th</sup> September 2019 be recommended to Full Council and Audit & Governance Committee for approval, which summarises and reviews the Council's Treasury Management activities along with changes required to prudential indicators for Capital Expenditure, Capital Financing Requirement (CFR) and Gross Borrowing.*

*(ii) That there has been new short term borrowing between April and September 2019 as set out in Appendix A to the Report of the Service Director, Finance & Audit (Ref: 8) be noted.*

*(iii) That it be noted the Council did not breach any of its prudential limits.”*

10. The reason for the decision was to inform Executive of the Council's mid-year treasury management position.

## **Economic Update**

11. UK Consumer Price Inflation (CPIH) fell to 1.7% year/year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses.

Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

12. The Quarterly National Accounts for Q2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.
14. Politics, both home and abroad, continued to be a big driver of financial markets over the last quarter. Boris Johnson won the Conservative Party leadership contest and committed to leaving the EU on 31st October regardless of whether a deal was reached with the EU. However on the 28<sup>th</sup> October the EU formally granted an extension to the Brexit process to 31<sup>st</sup> January 2020 or earlier if a deal is signed by Parliament in time. The UK will have its first December election in almost a century as Boris Johnson banks on voters backing him to secure Brexit. The PM won support for a snap election on December 12<sup>th</sup> by 438 votes to 20 after months of Brexit deadlock.
15. In readiness for Brexit the Authority will ensure there are enough accounts open at UK domiciled banks and Money Market Funds to hold sufficient liquidity required in the near term. An account has also been opened with the Debt Management Account Deposit Facility (DMADF) which is available for use in an emergency.
16. Tensions continued between the US and China who at the time of writing are reportedly “close” to signing an interim trade deal according to President Trump raising hopes that the long-running dispute between the two largest economies is edging closer to being resolved. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%, a pre-emptive move to maintain economic growth amid escalating concerns over the trade war and a weaker economic environment leading to more pronounced global slowdown. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1st November.
17. The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached.

18. Financial markets: After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.
19. Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, with the former dropping from 0.83% to 0.55% and the latter falling from 1.35% to 0.88%. 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.65%, 0.75% and 1.00% respectively over the period.
20. Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.
21. Credit background: Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ringfenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ringfenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 34 and 76bps at the end of the period.
22. There were minimal credit rating changes during the period. Moody's upgraded The Co-operative Bank's long-term rating to B3 and Fitch upgraded Clydesdale Bank and Virgin Money to A-.
23. Since the time of writing Moody's has changed the outlook on the United Kingdom's sovereign rating to negative from stable. The long-term rating was affirmed at Aa2. Moody's states that the change in outlook to negative from stable is driven by two factors, firstly, UK institutions have weakened due to Brexit-era policymaking, as there has been an inability to arrive at a consensus for an approach to Brexit. This has halted continuation of policy in other important areas, for example addressing challenges relating to education, productivity or investment in infrastructure. Over the longer term, Moody's believe that institutional weakening may lead to a reduction in the UK's economic strength, through a direct effect on the investment climate and on the UK's ability to attract skilled and unskilled foreign labour. Moody's also

states that the weakening of the fiscal policy environment is evident in the data. After years of fiscal consolidation, the country remains highly indebted, with debt unlikely to fall in the medium term as promises are made by major political parties in the upcoming general election to increase public spending. The magnitude of the fiscal challenge may be amplified by weaker-than-expected growth. Since the EU referendum, UK business investment has contracted by more than 1% in real terms. As a result, the UK is more vulnerable to shocks, and the debt burden is sensitive to both growth and fiscal shocks.

### **Interest Rate Forecasts**

24. As a result of a tendering process the Council appointed Arlingclose Ltd as treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. They expect Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judge the risks to be weighted to the downside and that volatility will continue to offer longer-term borrowing opportunities.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

### **The balance of risks to the UK**

25. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

### **Goals and Objectives**

#### **Treasury Management Strategy Statement and Annual Investment Strategy update**

26. The Treasury Management Strategy Statement and the Annual Investment Strategy was approved by this council on 11 February 2019 and there are no proposed policy changes to that report. The details in this report update the position in the light of the updated economic position and budgetary changes already approved. It set out the Council's investment priorities as being:
- Security of capital
  - Liquidity; and
  - Yield.

27. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions if cash flow balances permit. The current treasury position is shown at Appendix A.
28. The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by Full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement was approved by Full Council on 20<sup>th</sup> February 2019.

### **Capital Position (Prudential Indicators)**

29. This part of the report is structured to update on:
  - a. the Council's capital expenditure plans;
  - b. how these plans are being financed;
  - c. the impact of changes in capital expenditure plans on the prudential indicators and the underlying need to borrow; and
  - d. compliance with the limits in place for borrowing activity.
30. Prudential Indicator for Capital Expenditure: this table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at Full Council.

<b>Capital Expenditure 2019/20</b>	<b>Original Estimate £million</b>	<b>Revised Estimate £million</b>
General Fund	180.594	183.556
HRA	29.072	34.407
<b>Total</b>	<b>209.666</b>	<b>217.963</b>

31. There has been re-profiling of the HRA Major Repairs scheme since the estimates were generated in February 2019 due to slippage from the previous year 2018-19. This is currently being reviewed and is expected to reduce in 2019-20 with additional expenditure in later years.

### **Changes to the financing of the Capital Programme**

32. The table below draws together the main strategy elements of the capital expenditure plans shown above and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR) although this will be reduced in part by revenue charges for the repayment of debt (Minimum Revenue Provision).



<b>Capital Expenditure 2019/20</b>	<b>Original Estimate £million</b>	<b>Revised Estimate £million</b>
<b>Total Capital Expenditure</b>	209.666	217.963
Financed by:		
Capital Grants & Contributions	16.531	17.196
Reserves, Revenue & Capital Receipts	40.602	44.171
<b>Total financing</b>	<b>57.133</b>	<b>61.367</b>
<b>Net financing need for the year</b>	<b>152.533</b>	<b>156.596</b>

### **Prudential Indicators for the CFR, and the Operational Boundary.**

33. This table shows the CFR, which is the underlying external need to incur borrowing for capital purpose. It also shows the expected debt position over the period which is termed the Operational Boundary. The main areas of capital expenditure financed from borrowing for 2019/20 are: London Luton Airport Ltd Debenture £124.3 million to fund the London Luton Direct Air to Rail Transport (DART), Bartlett Square and the Airport Planning Strategy, Housing Wholly Owned Company Foxhall Homes Ltd £7.1 million and Marsh Farm £1.9 million.

<b>Prudential Indicators – 2019/20</b>	<b>Original Estimate £million</b>	<b>Revised Estimate £million</b>
<b>Capital Financing Requirement</b>		
CFR – General Fund	574.997	543.824
CFR – HRA	134.078	134.090
<b>Total CFR</b>	<b>709.075</b>	<b>677.915</b>
<b>Net financing need for the year</b>	<b>152.533</b>	<b>156.596</b>
Less MRP	(9.127)	(9.212)
<b>Net movement in CFR</b>	<b>143.406</b>	<b>147.384</b>
<b>Operational Boundary</b>		
Borrowing	580.000	580.000
Other Long Term Liabilities	24.500	24.500
<b>Total Operational Boundary</b>	<b>604.500</b>	<b>604.500</b>

Note: There has been no change in Operational Boundary

### **Limits to Borrowing Activity**

34. The first key control over treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed total CFR in the preceding year plus estimates of any additional CFR for 2019/20 and the next two financial years. The Operational Boundary which is the limit beyond which external debt is not normally expected to exceed is currently below the CFR due to the use of internal

borrowing. A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

35. The Council current debt as at the 30<sup>th</sup> September 2019 is £453 million (as per Appendix A).

	<b>2019/20 Original Estimate £'000</b>	<b>2019/20 Revised Estimate £'000</b>
Operational Boundary	604.500	604.500
Authorised Limit for external debt	704.500	704.500

### **Investment Portfolio**

36. In accordance with the Treasury Management Code of Practice, it is the Council's priority to ensure security of capital and liquidity and to obtain a level of return consistent with the Council's risk appetite. As shown by the forecasts it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to levels seen in previous decades, investment returns are likely to remain low.
37. The current investment counterparty criteria approved in the Annual Investment Strategy meets the requirements of the treasury management function.
38. The Council held £39.640 million investments at 30<sup>th</sup> September 2019 representing a £31.620 million increase since the beginning of the financial year. New borrowing of £50 million was borrowed from the PWLB on 14<sup>th</sup> April 2019. This balance is expected to be depleted by the end of the financial year. The return for the first six months was 0.76%.
39. The Council's investment income at 30<sup>th</sup> September was £265,979 and is forecast to rise to £380,000 by 31<sup>st</sup> March 2020. Against this overall forecast return the Council is obliged to pay interest on funds held on behalf of third parties estimated at £217,000. However this excludes interest on other Council policy investments.

40. Investments were also made on behalf of both Schools and other organisations and the return on these investments is shown at **Appendix A**.
41. On no occasion during the first six months of 2019/20 have any approved limits within the Annual Investment Strategy been breached.
42. The Council invested £15 million into a secure higher yielding Short Term Sterling Cash Plus fund in July 2019. A full list of investments held at 30<sup>th</sup> September 2019 is shown at **Appendix B**.

### **Non-Treasury Investments**

43. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Non treasury investments include material investments in subsidiaries and commercial property.

	<b>Original Estimate 31/03/2020 £'000</b>	<b>Revised Estimate 31/03/2020 £'000</b>	<b>2019/20 Return* Estimate £'000</b>
LLAL Share Capital	44.837	44.837	19.000
LLAL Loans	264.600	244.600	16.021
Foxhall Homes Share Capital	2.000	800	0
Foxhall Homes Loans	18.000	7.100	213
LEP Shares	618	618	0
LEP Loans	1.203	1.198	148
Commercial Property	115.936	111.891	8.191

\*The returns quoted are the net income received before allocating any capital financing costs

44. The Council continues to invest in its subsidiaries and commercial property portfolio. This is a strongly performing area of the Council and is a significant income source used to subsidise the cost of delivering General Fund services. This should also be seen as a risk which needs to be carefully managed by the Council.

### **Borrowing**

45. The Council's capital financing requirement (CFR) 2019/20 is £677.915 million; this figure denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from PWLB or the Money Market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

46. There has been additional long term borrowing during the first half of the financial year of £50 million from the PWLB, and it is envisaged that new short term borrowing will be undertaken between now and the end of the financial year due to the overall financial position and the underlying need to borrow for capital purposes. The additional borrowing was to support the funding of the London Luton Airport Direct Air to Rail Transport Scheme (DART) and other significant capital projects.
47. In October 2019 the PWLB increased the margin applied to loan rates by 100 basis points (1%); the new margin above gilts is now 180 basis points for certainty rate loans. Early repayment rate margins are unchanged. This shift in policy has been implemented by HM Treasury due to an increase in the use of PWLB loans at some authorities in recent months as the cost of borrowing has fallen to record lows. They also refer to “restoring interest rates to levels available in 2018” and the “restoration of normal PWLB lending rates”. Authorities that had anticipated borrowing long-term, external funding imminently have been advised to review their requirements or consider alternative sources of funding.
48. The Council has negotiated an additional £125 million of loans from the European Investment Bank to finance the remaining costs of delivering the DART project. This successful application supports the strong vision and financial management of the Council and the major projects it is undertaking; not to mention the considerable financial savings achieved by the competitive interest rates of the loans. Currently this agreement has been put on hold due to complexities created by Brexit negotiations. In light of the aforementioned increase in PWLB rates and with advice from external advisors the Council is now exploring other sources of funding with alternative institutions.

### **Debt Rescheduling**

49. Due to the current economic climate and consequent structure of interest rates no debt rescheduling was undertaken during the first half of the financial year. This will however be continually monitored and if financial benefits can be realised through the refinancing of debt the council will action these opportunities.

### **Changes in risk appetite**

50. The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite e.g. for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members’ attention in treasury management update reports.

## **LEGAL IMPLICATIONS**

51. Save for those set out in the body of the report, there are no direct legal implications to this report.
52. The report was agreed by Kemi Onakoya, Principal Solicitor on 23<sup>rd</sup> December 2019.

## **FINANCIAL IMPLICATIONS**

53. The financial implications are included in the body of the report.  
It is noted that significant treasury activity is expected in the remaining six months of 2019/20 and 2020/21 to finance a number of significant capital projects and investments in the Council's wholly owned subsidiaries.
54. The report was agreed by Dev Gopal, Service Director, Finance & Audit on 19<sup>th</sup> December 2019.

## **APPENDICES**

55. The following appendices are attached to this report:

Appendix A - Council's Borrowing and Cash Balances

Appendix B - Investment Balances by Counterparty

## **LIST OF BACKGROUND PAPERS** **LOCAL GOVERNMENT ACT 1972, SECTION 100D**

Executive Decision EX/122/19

## APPENDIX A

The table below shows the Council's borrowing and cash balances at 30<sup>th</sup> September 2019 as well cash balances invested on behalf of schools and other organisations. Cash balances fluctuate daily.

	<b>Balance 31.03.19 £million</b>	<b>Movement £million</b>	<b>Balance 30.09.19 £million</b>	<b>Rate/ Return 30.09.19 %</b>
<b>BORROWING</b>				
<b>Long Term :</b>				
<b>Fixed Rate Funding</b>				
PWLB - Fixed rate	331.696	50.000	381.696	3.57
Money Market	25.000		25.000	3.90
<b>Variable Rate Funding</b>				
Money Market	23.600	0	23.600	4.35
<b>Short Term :</b>				
Other Local Authorities	8.000	(8.000)	0	
<b>Other Financial Liabilities:</b>				
PFI	21.820	0	21.820	
Leases	858	0	858	
<b>Total Debt</b>	<b>410.974</b>	<b>42.000</b>	<b>452.974</b>	
<b>CFR</b>	<b>(530.329)</b>		<b>(558.519)</b>	
<b>(Over)/Under Borrowing</b>	<b>119.355</b>		<b>105.545</b>	
<b>INVESTMENTS</b>				
<b>Luton Borough Council</b>	<b>8.020</b>	31.620	<b>39.640</b>	0.76
<b>Schools</b>	<b>14.858</b>	1.114	<b>15.972</b>	0.69
<b>Total Investments</b>	<b>22.878</b>	32.734	<b>55.612</b>	
<b>NET DEBT</b>	<b>388.096</b>		<b>397.362</b>	
<b>On behalf of other organisations</b>	<b>0.20</b>	0	<b>0.20</b>	0.69

The School Investments and other organisations investments fluctuate in line with their respective requirements

## APPENDIX B

The table below shows investment balances by counterparty at 30<sup>th</sup> September 2019

### Luton Borough Council

COUNTERPARTY	Ref	Amount £million	Interest %	Credit Score	Credit Rating
Federated Short Term Sterling Prime Fund Money Market Fund	MMF10	6.150	0.73	3.72	AA-
Aberdeen Liquidity Fund (previously Standard Life Money Market Fund)	MMF12	17.470	0.74	4.30	AA-
Morgan Stanley Sterling Liquidity Money Market Fund	MMF13	1.020	0.69	5.20	A+
Federated Short-Term Sterling Cash Plus Fund		15.000	3.43 Annualised Yield		AAAf
<b>Total</b>		<b>39.640</b>			

### Schools Investments

COUNTERPARTY	Ref	Amount £million	Interest %	Credit Score	Credit Rating
Goldman Sachs Money Market Fund	MMF14	15.972	0.68	4.28	AA-
<b>Total</b>		<b>14.512</b>			

### Other Organisations

COUNTERPARTY	Ref	Amount £million	Interest %	Credit Score	Credit Rating
Goldman Sachs Money Market Fund	MMF14	0.020	0.68	4.28	AA-
<b>Total</b>		<b>0.020</b>			

**COUNCIL**

**DATE:** 21<sup>st</sup> JANUARY 2020

**SUBJECT:** APPOINTMENTS TO COMMITTEES

**REPORT BY:** CHIEF EXECUTIVE (SERVICE DIRECTOR, POLICY COMMUNITIES & ENGAGEMENT)

**CONTACT OFFICER:** DEBBIE JANES 01582 546038

**IMPLICATIONS:**

**LEGAL** COMMUNITY SAFETY

**EQUALITIES** ENVIRONMENT

**FINANCIAL** CONSULTATIONS

**STAFFING** OTHER

**WARDS AFFECTED:** NONE

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**PURPOSE**

1. The purpose of this report is to request the Council to fill vacancies in the membership of Committees following the Icknield By-election on the Constitution Committee, Overview and Scrutiny Committee and Scrutiny Children's Services Review Group.

**RECOMMENDATION(S)**

2. The Council is recommended to:
  - (i) appoint Councillor Asif Masood to fill the vacant seats on the Constitution Committee, Overview and Scrutiny Committee and Scrutiny Children's Services Review Group and the following Pools and Panels:
    - Discretionary Housing Payments Appeal Panel
    - Foster Carer Appeals Panel
    - Luton Education Teachers Appeal Panel
    - Nursery Education Appeal Panel



- **Personnel Appeals Panel**
- **Social Services Stage 3 Complaints Panel**
- **Appointments Panel and Redeployment Panel**
- **Housing Appeal & Review Panel**

- (ii) **Approve the appointment of Councillor Khitja Malik to replace Councillor Hopkins on the Administration and Regulation Committee.**

### **BACKGROUND**

3. Currently, Labour Group vacancies exist on the, Administration and Regulation Committee, Constitution Committee, the Scrutiny Children's Review Group and the Overview and Scrutiny Committee following the death of Councillor Garrett and the appointment of Councillor Hopkins as the Luton South MP. Places are also vacant on the various Pools and Panels.

### **REPORT**

4. In accordance with the wishes of the Political Group, Councillor Asif Masood is nominated to fill the vacancies on the Constitution Committee, Scrutiny Children's Services Committee and the Overview and Scrutiny Committee.
5. It is also proposed that Councillor Khitja Malik replace Councillor Hopkins on the Administration & Regulation Committee, leaving one other vacant Labour position following the Icknield By-Election.
6. The membership of the Overview & Scrutiny Committee comprises of all non-Executive members of the Council. Councillor Masood is nominated to be included in the membership of that Committee.

### **PROPOSAL/OPTION**

7. That the Council:
- (a) appoint Councillor Asif Masood to fill the vacant seats on the Constitution Committee, Scrutiny Children's Services Review Group and the Overview & Scrutiny Committee.
- (b) add Councillor Masood's name to the following Pools and Panels:
- Discretionary Housing Payments Appeal Panel
  - Foster Carer Appeals Panel
  - Luton Education Teachers Appeal Panel

- Nursery Education Appeal Panel
- Personnel Appeals Panel
- Social Services Stage 3 Complaints Panel
- Appointments Panel and Redeployment Panel
- Housing Appeal & Review Panel

### **LEGAL IMPLICATIONS**

8. The appointment of members to Committees is a matter for Full Council. The vacant seats should be filled in accordance with the wishes of the relevant political Group. This report has been cleared by Michelle Mwangi Solicitor in Legal Services on 9<sup>th</sup> January 2020.

### **LIST OF BACKGROUND PAPERS**

#### **LOCAL GOVERNMENT ACT 1972, SECTION 100D**

There are no background papers relating to this report.

**COUNCIL**

**DATE:** 21<sup>ST</sup> JANUARY 2020

**SUBJECT:** LICENSING COMMITTEE - CHANGE OF  
MEMBERSHIP

**REPORT BY:** (CHIEF EXECUTIVE) INTERIM SERVICE DIRECTOR,  
POLICY, COMMUNITIES & ENGAGEMENT

**CONTACT OFFICER:** ANGELA FRASER 01582 546070

**IMPLICATIONS:**

**LEGAL**

**COMMUNITY SAFETY**

**EQUALITIES**

**ENVIRONMENT**

**FINANCIAL**

**CONSULTATIONS**

**STAFFING**

**OTHER**

**WARDS AFFECTED: ALL**

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**PURPOSE**

1. The purpose of this report is to advise the Council of a proposed change of membership on the Licensing Committee.

**RECOMMENDATION(S)**

2. Council is recommended to approve the appointment of Councillor Asif Masood on the Licensing Committee, with immediate effect.

**REPORT**

3. There is currently a vacancy in the membership of the Licensing Committee.

### **PROPOSAL/OPTION**

4. In accordance with the wishes of the Political Group, it is proposed that Councillor Asif Masood be appointed to fill the vacancy with immediate effect.
5. A meeting of the Licensing Committee will be held immediately following this Council meeting to approve the revised membership of the Licensing Panels to include Councillor Masood.

### **LIST OF BACKGROUND PAPERS** **LOCAL GOVERNMENT ACT 1972, SECTION 100D**

6. There are no background papers relating to this report.