

AT AN EXTRAORDINARY MEETING OF THE BOROUGH COUNCIL held as a Virtual Meeting - Online access on Wednesday, 14th October, 2020

PRESENT: The Mayor (Councillor Sayonara Luxton), The Deputy Mayor (Councillor Gary Muir)

Councillors John Baldwin, Clive Baskerville, Christine Bateson, Gurpreet Bhangra, Simon Bond, John Bowden, Mandy Brar, Catherine Del Campo, David Cannon, Stuart Carroll, Gerry Clark, David Coppinger, Carole Da Costa, Wisdom Da Costa, Jon Davey, Karen Davies, Phil Haseler, Geoff Hill, David Hilton, Maureen Hunt, Andrew Johnson, Greg Jones, Lynne Jones, Neil Knowles, Ewan Larcombe, Ross McWilliams, Helen Price, Samantha Rayner, Joshua Reynolds, Julian Sharpe, Shamsul Shelim, Gurch Singh, Donna Stimson, John Story, Chris Targowski, Helen Taylor, Amy Tisi, Leo Walters and Simon Werner

Officers: Adele Taylor, Mary Severin, Duncan Sharkey, Karen Shepherd, Tracy Hendren and Andrew Vallance

Also Present: Barbara Richardson, MD of the RBWM Property Company

37. APOLOGIES FOR ABSENCE

None received

38. DECLARATIONS OF INTEREST

None received

39. PUBLIC QUESTIONS

a) Andrew Hill of Boyn Hill ward asked the following question of Councillor Hilton, Lead Member for Finance and Ascot:

Table 4.18.2 of the approved February 2020/21 budget included a line for the "Estimated Year End Reserves" for the next five years. What are the equivalent five figures for Estimated Year End Reserves under the (para 5.1) base savings assumptions of this evening's paper, and why is it not explicitly shown in the appendices?

Written response: *The MTFs published with the Budget in Feb 2020 supported the budget for the financial year 2020/21 and gave an indication of the assumed financial outlook for the following 4 years. When setting the budget the S151 officer has to report on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves, which leads to showing the figures for estimated year end reserves in the paper in February 2020.*

The paper before Council tonight is effectively the start of the formal budget setting process for the financial year 2021/22 and consideration of the medium term financial outlook for the following four years. It lays out the assumptions that we are making around levels of funding we are likely to receive from national government alongside assumptions we are making at this time around inflation factors, service levels and

potential on-going impacts that the current global pandemic is having on our financial sustainability.

The statement from the S151 is not required at this time, specifically because the council is not being asked to set a budget, but asked to agree the framework within which the council is working to manage its resources.

The main changes from the MTFS in February 2020 are the assumptions being revised for current circumstances. As detailed in the report there are significant changes as a result of the impact of COVID-19 on Council finances, in-year impacts have been regularly reported via cabinet budget monitoring reports this year and will continue to be for the rest of the year. There are also changes around some of the timing of revisions to how local government finances are calculated, again detailed in the report. Importantly, the revised MTFS indicates the Gap between Income and expenses that the budget will need to accommodate.

The 2020/21 budget is proving robust and the financial issues the Council now faces are as a result COVID 19 that has had a devastating effect on Councils up and down the Country.

By way of a supplementary question, Mr Hill commented that the budget report in February had included the next five years of yearend general reserves were broadly £6m, £2m, then 'blank', 'blank', 'blank'. The MTFS was described as 'revised' but Councillor Hilton had also said he did not need to present the revised year-end figures at this stage, referring to projections of shortfalls. He asked how Members could understand if the requested savings would result in balanced budgets unless they could see that in the context of projected year-end reserves. He therefore asked if Councillor Hilton had been provided with revised year-end figures for the next five years by officers, when coming up with the proposals?

Councillor Hilton responded that the report and table was predicated on, in the first year, the council meeting the minimum reserve level. The council was obligated in law to produce a balanced budget. Taking the £6.5m, if you wished to you could calculate what the reserves might be going forward if no further savings were made in those years. This was effectively what the strategy described. The document was not a MTFS sitting alongside a budget, it was a revision of the strategy to allow the council to understand what the gap was between income received and expenditure predicted. Mr Hill's question was trying to compare apples and pears.

b) Andrew Hill of Boyn Hill ward asked the following question of Councillor Hilton, Lead Member for Finance and Ascot:

Under the proposed principles, there are many uncosted and vague suggestions. For example, under paragraph 6.17 what specific assets are being considered for sale, and under paragraph 7.5 what "immediate service reductions or cessations" are you actively considering?

Written response: *The paper before Council tonight is effectively the start of the formal budget setting process for the financial year 2021/22 and consideration of the medium term financial outlook for the following four years. It lays out the assumptions that we are making around levels of funding we are likely to receive from national government alongside assumptions we are making at this time around inflation factors, service*

levels and potential on-going impacts that the current global pandemic is having on our financial sustainability.

This paper is not the Council's budget which is why it does not include costed information at this stage on proposals around specific asset sales or specific service reductions that have not already been agreed in prior years. This is a revision of assumptions to allow the Council to then understand the financial parameters within which it needs to work to set a balanced budget for 2021/22.

The draft budget will be presented at the December cabinet meeting and that will include fully costed proposals for any changes to services that will then be subject to public consultation and engagement. The full draft budget will be considered in January by the Council's scrutiny panels as part of that engagement process prior to the final proposed budget, incorporating any changes following that consultation process to be considered at Cabinet and then full Council in February.

We also await information on our financial settlement from Central government, the date of which has not been confirmed, but we are anticipating this between November and December. The outcome of this will mean we will have to revise some of the assumptions that we have made in this paper if they prove to be different from those that we have made. There is information included within the report to highlight this.

All council services are being asked to consider and model options to meet the identified financial gap over the medium term and that work is on-going.

In relation to your question about specific assets for sale, an Asset Management Review & Action Plan was approved by Cabinet in June 2020. This identified a number of assets, that in principle could be either sold or redevelopment. Further work is being undertaken by the Asset Management and Property Company teams, to bring back to Cabinet Investment reports for approval. This will only be done once all due diligence has been completed, and an understanding of the financial returns can be debated and then any implications included in the MTFs or revise previous assumptions.

By way of a supplementary question, Mr Hill commented that he was quite surprised by principle 7 given there was a law under which the council could seek to raise Council Tax above the cap by democratic consent under a referendum. The council was nonetheless proposing to lobby government for an increase of the cap. He therefore asked what percentage RBWM would be lobbying for the cap to be or was it proposing that it should be scrapped altogether.

Councillor Hilton responded that the decision had not yet been made. Government would make its own mind up as to what it chose to do. The council had made representations both via officers to the Ministry and through the Leader to MPs and Ministers. The council had advised government of the council's financial position; other councils had done the same although they may have had vastly different financial statuses. It was down to government to decide what it would do if anything to assist councils in any way they may choose to. The council had not asked for anything and had no expectation of change.

c) Kirsty Brooks of Furze Platt ward asked the following question of Councillor Rayner, Deputy Leader of the Council, Resident and Leisure Services, HR, IT, Legal, Performance Management and Windsor:

Please stop incorrectly describing cultural services as 'discretionary' and 'nice to have extras'. Could you comment on your plans for the library and how you would provide its alternative services should you decide to close it. Free computer and internet access, books and learning possibilities are essential for the mental health of all and employment prospects for low income residents.

Written response: *The Royal Borough is aware that the provision of a Library Service is in fact a statutory duty, governed by the Public Libraries and Museums Act 1964. This states that local council in England have a statutory duty to provide a comprehensive and efficient library service for all people working, living or studying full-time in the area who wish to make use of it.*

We have been working hard to ensure that we can re-open our two main libraries, in Maidenhead and Windsor, in a way which protects both customers and staff during these difficult times. As well as the click and collect, select and deliver and home visiting services initially offered we have also now extended the service to re-open browsing and pc/internet access on a bookable basis. While we are ever mindful of changing government guidelines we have no plans to remove this access at this time and any permanent changes to the service would have to be subject to a public consultation and engagement exercise.

The Medium Term Financial Strategy will always make a differentiation between statutory and discretionary services as it highlights that fact that as a Council we have to be mindful of our legal duties to provide certain services and at a very minimum we have to show how we can afford to run those services at safe levels. We are very aware that the distinction between discretionary and statutory services should not place a judgment on their relative importance and in fact the inter-relationship between those services is also important.

By way of a supplementary question, Ms Brooks commented that Councillor Johnson was quoted in the Windsor Observer as saying: "The transformation strategy will spread quickly to the library service because I do think there's an opportunity to really start thinking the unthinkable." She asked what was the unthinkable he wanted to start thinking about, specifically in relation to the libraries?

Councillor Rayner responded that libraries were a statutory service and therefore any change would require consultation. The service had already started delivering in different ways as a result of COVID-19, such as through Facebook, and had been incredibly successful. The online digital offer had seen significant take-up. As the council was facing a change in its finances it was looking to see how services could be delivered differently.

40. MEDIUM TERM FINANCIAL STRATEGY 2021/22 - 2025/26

Members considered a revised Medium Term Financial Strategy (MTFS).

COUNCIL - 14.10.20

Councillor Hilton introduced the report. He explained that the report set out the council's MTFs for the next five years and contained the key economic assumptions that would form the basis of next year's budget. The paper was not the council's next budget but detailed the opportunities and constraints within which it would start the process of building the budget.

In normal times the 2020/21 MTFs would inform the 2021/22 budget setting process but such was the impact of COVID-19, which had increased council costs and reduced income from parking, leisure and commercial properties, that a revised MTFs had been drafted. However, this merely was a revision to that which Council had approved in February. It was an update which reflected the reality of the impact of COVID-19 and the near doubling of the gap between income and expenses that the budget would need to accommodate.

When setting the budget for 2020/21, councillors were made aware of the imperative of sound fiscal controls and strong governance arrangements. Members were well-acquainted with important measures introduced with CIPFA's help. These included: increased transparency, improved quality of financial reporting, more rigorous scrutiny by establishing a separate Audit & Governance Committee, and an action plan to deliver CIPFA's recommendations in full.

Alongside this, the 2019/20 outturn report showed that the transformation programme was working, delivering excellent services and savings in-year of £1.7m. If it were not for COVID-19 the far-reaching reforms and dedicated officer team had delivered a remarkable £2.9m positive variance by month 4 of the current budget. What no-one could have foreseen was the devastation that the global pandemic would cause; the loss of life had been tragic and the economic damage devastating.

In preparing for the budget, the finance team had been working closely with MHCLG and the Leader of the Council had been in regular correspondence with MPs and Ministers to make them aware of the scale of the challenge the council faced.

Preparations for the 2021/22 Budget were underway and the paper set out the assumptions around levels of funding likely to be received from national government, inflation factors, interest rates, capping levels and potential on-going impacts of COVID-19 on the council's financial sustainability.

Some national changes around local government funding had been delayed including the Comprehensive Spending Review (CSR). Officers had made their best judgements on the impact of the delays. Later this year confirmation of the financial settlement from government was expected. This could lead to the revision of some of the assumptions that had been made in the paper.

Against this background of uncertainty, the MTFs was presented to allow the council to best understand the financial parameters within which it needed to work to set a robust balanced budget for 2021/22.

The strategy assumed that by the end of the financial year reserves will be above the minimum level. In month 4 reserves were predicted to be £2.7m. However, it was anticipated that recovery of income through the government's 'Sales, Fees and Charges' compensation scheme would allow the council to meet the minimum reserve level.

COUNCIL - 14.10.20

All council services were being asked to consider and model options, aligned to the council's priorities, to meet the identified financial gap over the medium term and that work was on-going. The draft budget would be presented at the December Cabinet meeting and would include fully costed proposals for any changes to services, this would then be subject to public engagement and consultation. The draft budget would be considered in January by the council's scrutiny panels prior to the final proposed budget, incorporating any changes following that consultation, to be considered at Cabinet and then full Council in February. The paper was just the start of engagement, consultation and hard work to ensure the best outcome that would put the council on a financially sustainable footing.

Councillor Baldwin commented that the document was of profound importance to residents, partners and employees of the borough, with implications that were in some cases immediate and some lasting for many years. Beneath the soft words contained lied a truly gruesome set of realities. He questioned how the report had arrived at full Council with such little fanfare. Part 8C, rule B1 of the constitution set out the way such matters should be progressed: *'The Council is responsible for agreeing the authority's policy framework and budget, which will be proposed by the Cabinet.'*

An element of the budget was the proposed MTFs yet it had not been brought to full Council following a referral from Cabinet. Bypassing Cabinet was more procedural chicanery by the administration. The Council meeting was not properly able to question officers or look at what alternatives were considered and discarded. As each councillor could only speak for 5 minutes, effective scrutiny was rendered impossible. Councillor Baldwin moved an amendment under Part 2C 14.6A i) of the constitution to 'Refer the matter to an appropriate body for reconsideration'. Councillor Werner seconded the amendment.

Councillor Hilton stated that he did not accept the amendment and commented that he felt there had been a total misunderstanding of the document. No decisions were being made, the report asked Members to note the report and approve the revised strategy. If no decisions were being made, he did not see what the problem was. The document set out clearly and transparently the parameters the council would use when setting the budget.

Councillor McWilliams commented that the irony of the amendment was that it was taking up time that could be spent debating the main item. Full Council was a great forum to debate the item. The report had been publically available in advance and the process was therefore transparent.

Councillor Knowles commented that it was right to raise the issue if it was not constitutionally correct to bring the report directly to Council. He questioned, if no decisions were required, why Members were there and being asked to vote.

Councillor Stimson highlighted that the process was transparent. The administration wanted to share with the whole of the council what the current situation was. Usually it was in trouble for not giving out information early enough, yet in this instance there was criticism for bringing information early.

Councillor L. Jones commented that it would be helpful for Members to understand what they would be voting for; the recommendation did ask for Appendix A to be

COUNCIL - 14.10.20

'approved'. There was a decision to approve therefore it would help if an explanation was given as to the reason Members were being asked to approve the revised strategy.

Councillor Johnson commented that he thought the report was quite straight forward and the explanation given by Councillor Hilton in his introduction was clear. Only a few weeks ago the Opposition had called for more Council meetings yet were now lambasting the administration for bringing the document to a specially convened meeting to debate a very important issue. The Opposition was suggesting that the report should go to a crusty backroom committee first and then come to a Council meeting at an unscheduled future point in time rather than this evening discussing the size of the gap, agreeing on the updated MTFs and agreeing that the gap was the savings target. He did not believe this had been done before; the reason it was being done now was the unique situation of needing to find savings. There was no hidden agenda, the report had been brought to Council to enable Members to debate the report and note the revised figures in the MTFs.

Councillor Walters commented that the report appeared to be helpful guidance as to what the council was trying to do in difficult circumstances. It would be absurd not to have a vote. Councillor Sharpe echoed the comments of Councillor Walters; he was astonished at the turn of the debate.

The Director of Resources and S151 Officer explained to Members that the principles in the MTFs were agreed in February 2020 as part of the budget setting process. This would be agreed again as part of the budget in February 2021. The report before Members asked for a reconfirmation of the principles being accepted by full Council. No changes had been proposed to the principles therefore the report had not gone through Cabinet. The report was an update of the assumptions based on the principles Members agreed in February 2020. This would allow officers to bring forward a draft budget for public consultation based on the confirmed assumptions. Anything to do with the budget and policy framework had to come to full Council; it could not be a Cabinet decision. Members were being asked to note the changes in assumptions made as a result of COVID-19 and changes in local government financing.

Councillor Price questioned the timetable set out as she had thought it had been agreed by Corporate Overview and Scrutiny Panel that the Panels would look at the budget at their November/December meetings.

The Managing Director confirmed that the draft budget would become public in late November/early December. A pre-session for Overview and Scrutiny Panel Members would be held; the formal consultation process would then take place in January.

Councillor Werner commented that the words 'muddled' and 'confused' summed up the way the council was being run at the moment. It was clear the council needed to follow the rules it had set out for itself. Councillor Hilton had said there was no decision required yet Members were being asked to approve the revised MTFs. Overview and Scrutiny Panel meetings allowed for in-depth analysis; full Council was not the place to do this when each councillor only got 5 minutes to speak.

Councillor Baldwin stated that he had listened to all the contributions and he thanked the Director of Resources for her explanation. He commented that things would have

COUNCIL - 14.10.20

run more smoothly if the explanation had been communicated to Members in advance. Were his amendment to succeed, the crusty backroom committee referred to by Councillor Johnson would be the Cabinet. In light of the explanation provided by the Director of Resources, he agreed to withdraw his amendment. Councillor Werner, as seconder, also agreed to withdraw the amendment.

Members returned to debating the substantive motion.

Councillor Del Campo stated that according to the borough's own equality policy, EQIAs were a tool to ensure due regard was given to equal opportunities when making a decision and they should be carried out whenever a service, policy of function was planned, changed, or removed. The borough regularly published EQIAs and had a duty to residents to do them well. This meant using them as a tool well in advance to shape strategy. It was therefore important that the Overview and Scrutiny Panels and Cabinet had an opportunity to review them in advance, especially in relation to savings proposals which often impacted the most vulnerable in society. Councillor Del Campo therefore felt it was vital that the council engaged with stakeholder groups such as the Disability and Inclusion Forum.

Councillor Del Campo referred Members to paragraph 11.1 of the report that stated an EQIA would be produced for the February 2021 full Council. This would not allow enough time for consideration. She therefore proposed an amendment to include an additional recommendation:

'This Council agrees that a full EQIA be made available in time for Cabinet and the Overview and Scrutiny Panels to consider in their November/December meetings as outlined in the 2021/22 draft budget build timetable'.

Councillor Price seconded the amendment.

Councillor Hilton stated that he did not accept the amendment. He explained that the Opposition would have an opportunity in the November timeframe to comment on the proposals. If detailed EQIAs for each item were undertaken and then following input they were not taken forward, that work would then be wasted. The real key was in the body of the MTFs in that a full EQIA would be presented with the budget.

Councillor Baldwin commented that either a full EQIA was undertaken or it was not, there was not an option of a partial EQIA. Members had been dealing with late EQIAs for months. EQIAs were documents that went to the heart of being a public servant.

The Managing Director explained that a full EQIA differed from a screening assessment. A screening looked at potential impacts and determined if a full EQIA was required.

Councillor Price commented that she was concerned if an EQIA was not produced during the process and considered at the right time, it would not be possible to say the process was robust or the impact of decisions had been considered. This could result in the borough being exposed to costly, time-consuming and reputation-damaging legal challenge. Councillor Price referred to the publication 'Making fair financial decisions - Guidance for decision-makers' by the Equality and Human Right

COUNCIL - 14.10.20

Commission. It was known from the hints of the cuts that they would affect people in the characteristic groups.

Councillor Del Campo commented that she took away from the debate that if the council showed people proposals too soon they might want to make changes and this would be a bad thing. She felt this would actually be a good thing. The sooner people were involved who were likely to be affected the better.

Upon being put to the vote, the amendment fell.

MTFS - EQIA Amendment (Amendment)	
Councillor John Baldwin	For
Councillor Clive Baskerville	For
Councillor Christine Bateson	Against
Councillor Gurpreet Bhangra	Against
Councillor Simon Bond	For
Councillor John Bowden	Against
Councillor Mandy Brar	For
Councillor Catherine del Campo	For
Councillor David Cannon	Against
Councillor Stuart Carroll	Against
Councillor Gerry Clark	Against
Councillor David Coppinger	Against
Councillor Carole Da Costa	Abstain
Councillor Wisdom Da Costa	For
Councillor Jon Davey	For
Councillor Karen Davies	For
Councillor Phil Haseler	Against
Councillor Geoffrey Hill	For
Councillor David Hilton	Against
Councillor Maureen Hunt	Against
Councillor Andrew Johnson	Against
Councillor Greg Jones	Against
Councillor Lynne Jones	For
Councillor Neil Knowles	For
Councillor Ewan Larcombe	For
Councillor Sayonara Luxton	Against
Councillor Ross McWilliams	Against
Councillor Gary Muir	Against
Councillor Helen Price	For
Councillor Samantha Rayner	Against
Councillor Joshua Reynolds	For
Councillor Julian Sharpe	Against
Councillor Shamsul Shelim	Against
Councillor Gurch Singh	For
Councillor Donna Stimson	Against
Councillor John Story	Against
Councillor Chris Targowski	Against
Councillor Helen Taylor	For
Councillor Amy Tisi	For
Councillor Leo Walters	Against
Councillor Simon Werner	For
Rejected	

Members returned to debating the substantive motion.

COUNCIL - 14.10.20

Councillor Werner commented that the MTFS was meant to give the council a framework for setting the budget and ensured this was done in a way that was sustainable. This meant councillors needed to know that what was being agreed would enable the council to maintain a healthy balance sheet. At the very least Members needed to be sure that it did not set the council up to exhaust its dwindling reserves. The lack of a balance sheet made it impossible to make an informed decision. He could not support the proposal without vital information. At the budget debate earlier in the year he had suggested a number of areas be looked at which were still not included. For example, bringing more services in-house, an increasing trend in local government. Councillor Werner highlighted that CIL in Maidenhead was still at 0%, which was a disgrace given all the town centre development. If this was changed it could generate millions of pounds but was not included in the principles. The principles talked a lot about selling assets to pay down debt which he supported as a fiscal hawk. However council assets, in particular land, could also benefit the council by generating revenue. This vitally important principle was not referred to in the MTFS. The MTFS looked like a rewind of the old financial mistakes that had been made over the years with just a gloss of respectability by bringing it to Council. He had used the analogy of the budget being like the Titanic heading towards an iceberg. The analogy no longer worked; it was now more like the Titanic kept being built and kept crashing into yet more icebergs. He wanted the administration to stop and think, and sort out the problems caused by financial mismanagement.

Councillor L. Jones thanked the finance team for producing an honest report that set out the constraints and significant challenges the council faced. Members were asked to note the report and approve Appendix A. The report set out that despite many other councils having experienced a more serious erosion of their reserves (the COVID pandemic having had a greater effect) the borough's position was more acute than other councils due to the low level of reserves. The reserves were barely adequate to cover current risks and insufficient to cover the future funding shortfall in 20/21. She therefore agreed with Principle 1, an adequate level of reserves. The council needed to ensure it was never in the position again of having to make changes that potentially could have a damaging impact on service delivery.

Councillor L. Jones also agree with Principle 2, to raise council tax in line with Government limits. Given the need to reduce costs and increase income within the base budget to cover the gap of over £8m next year and £8m over the next 5 years, it was left with no option but to increase council tax by its maximum. Whilst she agreed with a 'low council tax' model it must not be at the expense of providing adequate services. That was where the council went wrong previously and why it was now in debt and looking at severe reductions in services.

Councillor L. Jones agreed with Principle 3, Optimise Income Generation but the council should aspire to increase income from assets and not from the sale of assets. Selling for short term gain should only be done in the most extreme of cases. There was no Capital strategy before Members so she was not in a position to understand or agree with the principle.

In relation to Principle 4, enhanced scrutiny of capital investment, Councillor L. Jones stated she would like confirmation that a review of business plans of current investments into regeneration was taking place to ensure they were robust post-COVID. There had been a number of changes therefore she would need to know, for

COUNCIL - 14.10.20

instance, the assumptions regarding investing in parking were robust. For example, would there be the season tickets to support commuter car parks and would car parks need to be sited in the town centre to encourage easier access to retail. In relation to housing, with people working from home would there be a move away from flats without outside space towards greener areas. Did the council need to revisit social housing to understand whether an invest to save programme would benefit the council financially and the residents by providing needed homes.

Councillor L. Jones agreed with Principle 5. She also agreed with Principle 6 but reiterated that the sale of assets could be seen to be a short term benefit. The council's borrowing in the past to pay for its Capital schemes could not continue and she welcomed a more prudent approach to how much debt was carried.

Councillor L. Jones supported Principle 7 but if it were the only process the government gave councils to raise taxes above the cap then the possibility of going to the residents for a mandate to raise council tax above the cap and maintain/enhance services should be included.

Councillor L. Jones concluded that she was making the suggestions in the hope they would be taken into account as Members worked together to reverse some of the impact of the decision-making taken over the last 7 years and the effect of COVID. She was still not sure about approving the MTFs. If Members were being asked to approve it to aid budget discussions then that was ok, but if as CIPFA described it was a framework bringing together all known factors regarding capital then there were assumptions made around capital that may have changed and would have an impact on the budget.

Councillor Knowles echoed the comments of Councillor L. Jones. He was particularly concerned about the basis of some of the assumptions but he was acutely aware things were changing rapidly. Although Appendix A identified shortfalls, a more 'big picture' view was needed of current investments and the impacts of the BLP as it went through the process. He accepted the general thrust of the report and its candid view of the medium term risks. In addition to the Principle 7 suggestion by Councillor L. Jones he suggested if the council was going to lobby central government for an increase in the cap, it would be a good idea if it had an idea of the necessary percentage needed going forward. This would give balance to any outcome desired and avoid it looking like a begging bowl. He supported inclusion of a council tax referendum option; it may be unpleasant but it would be a failing not to look at every possibility. Residents should have the option to decide between an increase in council tax and the retention of services or no increase and acceptance of a reduction in services. The borough had a high approval rating for its services prior to the last election therefore residents should have a choice. A referendum would create a non-partisan mandate to empower the administration and create a team effort.

Councillor Hill commented that the public were aware the finances were in a poor shape prior to COVID to weather any storm. It was time for the administration to come clean about the impact of reducing council tax and the effects on services. For many years the Opposition cautioned against continuing to cut council tax, all to no avail. The report should include a referendum with the electorate to ask for a larger increase than was legally allowed. Residents deserved better than sneaking behind the scenes to do secret deals with the government.

COUNCIL - 14.10.20

Councillor Stimson commented that she was now more informed about the council's finances than she had been when first elected. It was interesting that Band D council tax was still not back at the same level as in 2010/11 therefore in many ways Councillor Hill was right that 10 years of cuts in council tax was the reason for the problem. The council now had a good financial team and was acting in an open and transparent manner. The report was before Members to say there was a need to slim down a council already cut to the bone. The administration was looking to work with other Members on this. This was an opportunity to work together to provide residents with a good council and services going forward.

Councillor W. Da Costa thanked the Director of Resources and her team for an honest, if short report. He wished to ask three questions:

- Given that the Medium Term Plan was an important part of the sound financial and operational management for any organisation, why was an Extraordinary meeting needed to review it and why was this not programmed, twice yearly, in pre-planned Council meetings.
- It was known that, due to COVID and other irregularities that the assumptions, income levels and cost bases included in the 2020/21 budget and the presented MTFs in Appendix A were now not correct but, the principles were more or less appropriate. Why were Members not approving the principles and just noting the already out of date figures in appendix A.
- What provision had been made in the strategy for building in borough-wide climate resilience, decarbonisation and habitat and biodiversity restoration. These items threatened the very existence of residents and the future.

Councillor W. Da Costa requested that an environment and climate principle be added to the MTFs in time for the 2021/22 Budget process including the key priorities, notably to building in climate resilience, decarbonisation of heat and transport, and restoration and protection of habitat and biodiversity in the borough.

The council was in a bleak place due to poor financial management according to CIPFA, with low reserves, low levels of income and an increasing cost and service requirement due to pension deficit, children and adult services, high levels of borrowing costs, COVID issues etc. Things were only going to get worse, with COVID costs, uncertain funding from government, an economic downturn and further income loss affecting residents. The council could not cut costs anymore. It had already cut £60m since 2010 and there was a further £8m of funding cuts to come this year and next, and a further £18m of cuts was needed over the next 5 years. The officer core was completely hollowed out so the council lacked the number of officers and range of competencies to face the future.

The answer, and the elephant in the room, was found on page 18. Not only would council tax need to be raised by the maximum allowed but it sought greater flexibility to increase council tax. There was a need to challenge the administration and be courageous, honest, principled and collaborative. Residents needed to be told how much council tax would need to increase and the consequences if it was not.

Councillor Rayner highlighted that the report clearly showed how much needed to be saved to balance the books, this was the reason a balance sheet was not needed. She thanked the Director of Resources and her team. She also thanked residents for their compassion during the COVID-19 pandemic and she highlighted the work of the Libraries and Residents service during this time. Two major milestones had been

COUNCIL - 14.10.20

reached: the opening of the Braywick leisure centre and the modern workplace scheme allowing all officers to work from home.

Councillor Bond thanked all those who had produced the report, which would have been difficult at a time of uncertainty. He commented that there were several mentions of the government in the report. At the start of the lockdown government support had been prompt, as was the council in passing on business grants etc. He remembered the dedication of council staff answering questions over the Easter bank holiday weekend. The government's reimbursement formula of 75% of 95% of lost income was announced in July yet there was not yet full clarity on the amount or timing and how this may reduce the £18m of cumulative savings needed. There was also the multi-year Comprehensive Spending Review and perhaps wisely the report did not put too much store on this happening in the remainder of the year.

Another example of uncertainty was that in July Cabinet had received a report of a review of Optalis and AfC. It mentioned possible additional costs for both that were subject to negotiation with third parties. There was no reference to them in the report. Councillor Bond was unsure if they would be revenue or capital items but if they were subject to negotiation their absence may be because the amounts were therefore unknown. This was another reminder that there are 'known unknowns' and the council should 'expect the unexpected'.

Councillor Bond had been struck by how low current rates were. The short term interest rate assumption was 0.6%, down from 1.5% in February, and inflation had dipped to almost zero. For councils the general measure of the long term interest rate was the Public Works Loan Board but West Berkshire Council was doing hypothecated borrowing at 1.2% over five years and Plymouth had done an interest rate swap to convert short term borrowing to fixed borrowing at around 1%. The latter felt a bit too good to be true, but perhaps the 'yield curve' was flattening and longer term rates were moving closer to short term rates. There may be an opportunity to lock in current low rates. Interest rates were important given the council's level of debt. Whilst council borrowing had been increasing in recent years, the average was 91% of annual revenue, this council's was higher at 200% though not top of the league.

Councillor McWilliams highlighted that the actions taken following the CIPFA report to address the previous problems relating to financial governance and mismanagement had put the council in a strong place to deal with the current problems. To suggest problems were now a result of something that had been addressed earlier in the year was absurd.

The BBC recently reported potential budget gaps across local government would surpass £1.7bn; Hampshire (£80m); Camden (£54m) Leeds City (£53m); Croydon (£49m); Derbyshire (£45m) Dorset (£43m) Nottingham (£39m); Manchester City (£100m), Slough (£18.9m). This was a financial storm never seen before in local government finance. The pressures of COVID-19 came on top of over ten years of government bearing down on local government efficiencies. The government may provide a cocktail of additional grant funding payments, flexibility around council tax, reorganisation and local efficiencies to meet the challenge. There was no silver bullet and the report set that out well. Councillor Johnson was lobbying MPs and Ministers on the reckoning for local government finance that was on the way.

COUNCIL - 14.10.20

Councillor McWilliams felt that council tax flexibility was long overdue. Local democracy was strong enough at putting an end to any administration that started to increase tax for 15% or 20% year on year; this would be dealt with at the ballot box. RBWM would be hosting the first public budget consultation of its kind in the council's history, where there would be an opportunity to present to the public the assumptions behind the budget, the council's best efforts at squaring the choices and challenges ahead and giving the opportunity to residents to say if there was a particular element of the budget that was not liked, what would they replace it with or change it.

Councillor Price commented that anyone would support services but she had concerns about some of the assumptions, for example maximising income. Despite the significant savings made in the current year, the council was now aiming to save a further £10.5m next year. This meant £10.5m of less service. Councillor Price thought that by now all efficiency savings had been exhausted as that had been a mantra for many years. How would the £10.5m hole be filled? It could be by generating more income. That had been said for many years therefore she questioned why the council thought it would be any better at doing so now when the future economy looked poor. Would the RBWM Property Company continue with its social responsibility to provide affordable housing? The latest set of accounts showed a turnover of £850,000 which generated profits after tax of £200,000. This was a profit ratio of 24% therefore Councillor Price questioned whether this was going to be the council's saviour.

The report starkly informed Members that measures would likely include a significant proportion of service reductions or cessation. This was confirmed in the press by a quote by Councillor Johnson that cuts would fall on discretionary services. Library services were not a discretionary service. The public questioner asked about what would happen to the discretionary services but she did not get an answer. Council's had a duty to provide a statutory library service to all. She highlighted the variety of discretionary services provided including storytime, school visits, Bookstart bags, summer reading challenges, wi-fi access and IT support. It was these activities which made libraries the heart of the community. Only last month the Cabinet approved a Transformation Strategy to build a community-centric borough of opportunity and innovation. Councillor Price questioned how this could be delivered if all the community-focussed activities were axed. Councillor Price concluded by asking for clarification about the assumption about when the BLP would be delivered.

Councillor Carroll thanked the Director of Resources, the finance team and the Lead Member for a very clear and substantive report. The council was dealing with an unprecedented pandemic and it was important this was firmly put into context. As Councillor McWilliams highlighted, 9 in 10 councils across the council were facing financial peril. This was not a deception, it was a fact. It was not grubby to have a process which sought to get a fair deal for all local government. That was the point of having a central government and local government who worked together. Councillor Carroll commented that Councillor Hill had been a member of the party that had pushed for aggressive council tax reductions. The past was the past and it was now time to work together.

Councillor Hill used his right of reply to explain that he had argued for a higher council tax and had been thrown out of the Cabinet as a result. The current situation was a result of poor financial mismanagement and an obsession with low tax. The failure to get rid of the leadership when it was challenged by himself and other councillors was another issue. There was a failure to lay the facts before residents and admit the

COUNCIL - 14.10.20

mistakes of the past. He would be prepared to vote for a referendum but it was not on the table.

Councillor W. Da Costa used his right of reply to refer to comments by Councillor McWilliams that he had misled the electorate. He explained that his comment related to the CIPFA report which specifically said that the council faced an uncertain future because of a lack of financial governance, debt collection issues and poor decision making. He was not misleading residents as this was all in the CIPFA report.

Councillor Larcombe commented that the position for the borough was more acute than many other councils due to the historically low level of reserves which were barely adequate to cover current risks and insufficient to cover future projected shortfalls. A word had been missed out: accountability. He asked whoever was prepared to answer, how did the council end up with such low level reserves.

Councillor Davey commented that it had been interesting listening to the discussion. It was apparent that the situation had been created by ten years of financial mismanagement. Proposals were now being made to slim down the council when he had thought there were plans to employ more people. Better financial management would have seen reserves built up to better take on the stresses and strains of today, rather than putting all the eggs in one property basket.

Councillor Johnson commented that no one should underestimate the gravity of the financial situation. There had been lengthy discussion on the causes but the most immediate challenge related to COVID-19. He felt that some people may not be fully aware of what was going on both financially and socially in the wider world. He thanked the limited number of Opposition councillors who had acted like statesmen at the meeting. The value around sound money articulated by some in the Independent group was one he shared and welcomed.

Councillor Johnson commented that at the budget meeting in February it had only been the Conservative party that had had a credible and deliverable plan to restore sound finances and controls in the authority. Had it not been for COVID-19, it was more likely than not that an underspend would have been delivered by year-end. Even with COVID-19 it was credible that a balance budget would be achieved. This would be a tremendous achievement in the context of a lot of other authorities. The report reset the financial situation in light of the reality of COVID-19. In the budget, which would include some painful cuts, he would be calling for the freedom to recover; the freedom to set the trajectory for future sustainable economic growth. The government had yet to release the technical consultation as to whether a referendum would be needed or not. There were many questions. Tax rises were possible; all would have to pay for the cost of COVID. The administration had a credible vision to get out of the situation. The budget timetable through Cabinet, Overview and Scrutiny and full Council would set out a clear vision. He could see no alternative proposed by the Opposition.

Councillor Hilton highlighted that it was the responsibility of the S151 Officer to comment on the robustness reserves. As Lead Member in 2008/09 and 2009/10 he had been advised that reserves below £5m were sufficient. The world had now changed and he understood the importance of adequate reserves. CIPFA had been asked to come into the council and give their view. The administration had acted upon all the recommendations. As a result of these actions, the council had been able to

COUNCIL - 14.10.20

deliver at the end of last year savings of £1.7m associated with transformation. Without COVID-19 savings of £1.9m would have been delivered this year.

Councillor Hilton concluded by thanking the finance team and Corporate Leadership Team for working together to put the report together and delivering the sound financial management that had been demonstrated.

It was proposed by Councillor Hilton, seconded by Councillor Johnson, and:

RESOLVED: That full Council notes the report and approves:

i)The Medium Term Financial Strategy set out in Appendix A.

MTFS (Motion)	
Councillor John Baldwin	Against
Councillor Clive Baskerville	Against
Councillor Christine Bateson	For
Councillor Gurpreet Bhangra	For
Councillor Simon Bond	Against
Councillor John Bowden	For
Councillor Mandy Brar	Against
Councillor Catherine del Campo	Against
Councillor David Cannon	For
Councillor Stuart Carroll	For
Councillor Gerry Clark	For
Councillor David Coppinger	For
Councillor Carole Da Costa	No vote recorded
Councillor Wisdom Da Costa	No vote recorded
Councillor Jon Davey	Abstain
Councillor Karen Davies	Against
Councillor Phil Haseler	For
Councillor Geoffrey Hill	Against
Councillor David Hilton	For
Councillor Maureen Hunt	For
Councillor Andrew Johnson	For
Councillor Greg Jones	For
Councillor Lynne Jones	Abstain
Councillor Neil Knowles	Against
Councillor Ewan Larcombe	Against
Councillor Sayonara Luxton	For
Councillor Ross McWilliams	For
Councillor Gary Muir	For
Councillor Helen Price	Against
Councillor Samantha Rayner	For
Councillor Joshua Reynolds	Against
Councillor Julian Sharpe	For
Councillor Shamsul Shelim	For
Councillor Gurch Singh	Against
Councillor Donna Stimson	For
Councillor John Story	For
Councillor Chris Targowski	For
Councillor Helen Taylor	Abstain
Councillor Amy Tisi	Against

COUNCIL - 14.10.20

Councillor Leo Walters	For
Councillor Simon Werner	Against
Carried	