

**MINUTES OF AN EXTRAORDINARY  
MEETING OF SURREY HEATH  
BOROUGH COUNCIL held at Surrey  
Heath House, Camberley on  
9 November 2016**

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+ Cllr John Winterton (Mayor)  
+ Cllr Valerie White (Deputy Mayor)

+ Cllr Dan Adams	- Cllr Oliver Lewis
+ Cllr David Allen	+ Cllr Jonathan Lytle
+ Cllr Rodney Bates	+ Cllr Katia Malcaus Cooper
- Cllr Richard Brooks	+ Cllr Bruce Mansell
+ Cllr Nick Chambers	+ Cllr David Mansfield
+ Cllr Bill Chapman	+ Cllr Alan McClafferty
+ Cllr Mrs Vivienne Chapman	+ Cllr Charlotte Morley
+ Cllr Ian Cullen	+ Cllr Max Nelson
+ Cllr Paul Deach	Cllr Adrian Page
- Cllr Colin Dougan	+ Cllr Robin Perry
+ Cllr Craig Fennell	+ Cllr Chris Pitt
Cllr Surinder Gandhum	+ Cllr Joanne Potter
+ Cllr Moira Gibson	+ Cllr Nic Price
+ Cllr Edward Hawkins	+ Cllr Wynne Price
+ Cllr Josephine Hawkins	+ Cllr Darryl Ratiram
+ Cllr Ruth Hutchinson	+ Cllr Ian Sams
+ Cllr Paul Innicki	+ Cllr Conrad Sturt
+ Cllr Rebecca Jennings-Evans	- Cllr Pat Tedder
+ Cllr David Lewis	+ Cllr Victoria Wheeler

+ Present  
- Apologies for absence presented

**41/C Apologies for Absence**

Apologies for absence were submitted on behalf of Councillors Richard Brooks, Colin Dougan, Oliver Lewis and Pat Tedder.

**42/C Minutes**

It was moved by the Mayor, seconded by the Deputy Mayor, and

**RESOLVED that the minutes of the meeting of the Council held  
on 5 October 2016 be approved as a correct record.**

**43/C Joint Waste Contract**

The Council was informed that the Executive, at its meeting on 9 November 2016, had made decisions as outlined below:

- (i) that Bidder A be awarded the Joint Waste Collection and Street Cleansing Contract commencing on 5<sup>th</sup> February 2018 up to and including 5 June 2027, with the option to extend by one or more successive consecutive periods until 2 June 2041;
- (ii) that Council enters into the Joint Contract with each of the partner authorities and Bidder A;
- (iii) that the Council enters into the successor Inter Authority Agreement (Second IAA) with the other partner authorities, Elmbridge Borough Council, Mole Valley Borough Council and Woking Borough Council and Surrey County Council (in its capacity as the waste disposal authority);
- (iv) that a lease of part of Doman Road Depot be granted, at a peppercorn rent, to Bidder A commencing on 5<sup>th</sup> February 2018 and co-terminus with Surrey Heath's participation in the Joint Contract and the Second IAA;

In addition the Executive had recommended as follows:

- (i) funding of £3.2m be included in the capital programme for 2017/18 and 2018/19 to provide capital funding for vehicle purchase funded by borrowing;
- (ii) the Executive Head of Corporate be authorised to update the Constitution with any required changes in light of agreeing the Second IAA; and
- (iii) the Community Portfolio Holder (and an appropriate named deputy) be appointed as the Council's representative on the Joint Waste Collection Services Committee.

Members were advised that in the process of developing the contract, it became clear that, if the Joint Waste Authority was to purchase the vehicles required to deliver the services, this would enable a further saving on the contract costs charged by the Contractor.

Accordingly, the participating authorities had agreed that the Contractor would procure and buy the vehicles, taking full responsibility for their specification and fitness for purpose, and then the Authority would buy the vehicles from the Contractor, funding the capital expenditure either from reserves or from Prudential Borrowing.

Vehicles would be owned by individual authorities but leased back to the contractor. The contractor had guaranteed the life of each vehicle and would be required to cover the remaining term of the lease should a vehicle require replacement before its book life was complete. Should the contract be terminated, any residual value would pass back to the individual authority together with any unamortised debt.

The Second Inter Authority Agreement, which the Executive had adopted at its meeting on 9 November 2016, set out how liabilities, rights, duties, undertakings and responsibilities arising from or out of the Joint Contract would be shared and managed between the authorities and also provided the terms governing the Partner Authorities' joint working arrangements throughout the term (including any extension) of the Joint Contract.

The Second IAA outlined the governance arrangements to oversee the Joint Contract and how decisions in relation to the Joint Contract and the services delivered by the contractor would be made by elected Members and officers. It also established new Terms of Reference for the Joint Waste Collection Services Committee (JWCSC) to oversee the implementation and evolution of the contract over its lifetime.

The revised governance arrangements included retaining some decisions for Executive or Council, as well as delegating some decisions formerly exercised by the Executive to the JWCSC. Any consequential amendments to the Scheme of Delegation of Functions to Officers would also need to be considered.

It was proposed that £3.2m be included in the capital programme in 2017/18 and 2018/19 in order to provide capital funding for the vehicle purchase, to be funded by borrowing. It was also proposed that the Executive Head of Corporate be authorised to make any required changes to the Constitution arising from the Executive's decision to agree a Joint Waste Contract and a second Inter Authority Agreement.

It was proposed by Councillor Moira Gibson and seconded by Councillor Vivienne Chapman and

#### **Resolved**

- (i) to note the decisions of the Executive made on 9 November 2016 relating to the award of the Joint Waste Collection and Street Cleansing Contract, the entering into of the Inter Authority Agreement and the lease of part of Doman Road;**
- (ii) that funding of £3.2m to be included in the capital programme for 2017/18 and 2018/19 to provide capital funding for vehicle purchase funded by borrowing;**
- (iii) that the Executive Head of Corporate be authorised to update the Constitution with any required changes in light of agreeing the Second Inter Authority Agreement; and**
- (iv) that the Community Portfolio Holder be appointed as the Council's representative on the Joint Waste Collection Services Committee and the Regulatory Portfolio Holder be appointed as the deputy representative.**

#### **44/C Revision to Prudential Indicators**

The Council considered a report proposing a change to the Council's Prudential Indicators to permit further borrowing to allow investment in property in furtherance of the Council's Key Priority 2. The increase in Prudential Indicators did not commit the Council to borrow as this would be a decision based on a business case showing the financial return. It would also be necessary to increase the Capital Programme for 2016/17.

Members were advised that when entering into borrowing the Council must be confident not only that the interest could be serviced but also that the debt could be repaid through the mechanism of a Minimum Revenue Payment. This risk was minimised by only investing in assets which complied with the Property Acquisition Strategy and by borrowing on a fixed basis for the longest possible period. The Council was working with its financial advisors on its borrowing strategy in order to increase returns whilst reducing risk.

**RESOLVED that**

- (i) the setting of the level of External Debts and the Prudential Indicators be approved as set out in Annex A; and**
- (ii) the Capital Programme for 2016/17 be increased by £36 million for property investment in accordance with the Property Acquisition Strategy.**

Mayor

**Proposals for Full Council – Prudential Indicators****a) Setting of External Debt Level**

Members are asked to resolve that the Prudential Indicators for External Debt be set as follows:

Operational Boundary	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Operation Boundary	157	157	157	157
Authorised Limit	167	167	167	167

*The “operational boundary” is the expected level of debt whereas the “authorised limit” is the absolute approved maximum that may be undertaken.*

**b) Setting of Prudential Indicators**

Members are asked to approve the following Prudential Indicators

**i) Ratio of Financing Costs to Net Revenue Stream:**

Ratio of Financing Costs to Net Revenue Stream	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
General Fund	-16	-39	-40	-41

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

**ii) Incremental Impact of Capital Investment Decisions:**

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
General Fund - increase in annual band D Council Tax	-24.06	-53.52	-88.21

*This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed earlier in this report.*

iii) Interest rate exposures

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposures	£167m	£167m	£167m
Upper limit on variable interest rate exposures	£167m	£167m	£167m

*This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed will be. Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date of later. All other instruments are classed as variable rate.*

iv) Maturity structure of borrowing:

	Upper	Lower
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within five years	100%	0%
Five years and within 10 years	100%	0%
10 years and above	100%	0%

*This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.*

v) Minimum Revenue Payment

	2016/17 Revised £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Minimum Revenue Payment	202	1,553	1,558	1,562

*This is the minimum payment to be made out of revenue each year to repay capital*

vi) Capital Financing Requirement

	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Capital Financing Requirement	19	150	150	150

*This is the level of financing the Council requires to fund its assets to be funded from revenue*