

**MINUTES OF A MEETING OF THE
BUDGET WORKING GROUP
HELD AT NELSON TOWN HALL
ON 30th JULY, 2015**

PRESENT –

Councillors

*A. R. Greaves
M. Iqbal
G. Roach
D. M. Whipp*

(Apologies for absence were received from Councillor A. Mahmood and D. Whalley.)

Also in attendance

<i>Dean Langton</i>	<i>Strategic Director</i>
<i>Philip Mousdale</i>	<i>Corporate Director</i>
<i>Vince Green</i>	<i>Financial Services Manager</i>
<i>Jane Watson</i>	<i>Senior Committee Administrator</i>



1. APPOINTMENT OF CHAIRMAN

AGREED

That Councillor M. Iqbal be appointed Chairman of the Budget Working Group for the municipal year 2015/16.

2. TERMS OF REFERENCE

AGREED

The terms of reference approved by the Executive on 25th June, 2015 were noted:

- (a) Develop charging and savings proposals to reduce the Council's net expenditure by £1.5m for consideration in the development of the budget for 2016/17.
- (b) Identify the development of further charging and savings options to deal with the balance of the budget deficit to 2018/2019.

**3. FUTURE FUNDING OUTLOOK AND THE MEDIUM TERM FINANCIAL PLAN
AND FINANCIAL STRATEGY**

The Financial Services Manager gave a presentation on the medium term financial outlook and strategy. Reference was made to the Government's strategy to eliminate the budget deficit by 2019/2020. The Government had indicated it would protect four areas of spending: schools; health; international aid and defence spending. This would have an impact on 'unprotected' departments, such as local government, who had been asked to model resource saving scenarios of 25% and 40%.

Pendle's reduction in funding between 2010 and 2015 had already been 53%. There was uncertainty as to what 40% might look like for Pendle between 2015 and 2020 (or indeed, whether funding reductions might be greater than 40%).

It was acknowledged that this would have major implications for the Council going forward.

It was also noted that the Communities and Local Government's Strategy was to move towards a self-financing model for local government. This was based on growth (incentive) funding streams, more financial freedoms and flexibility such as prudential borrowing and localised Council Tax Support Schemes. As a consequence, it was felt likely that Revenue Support Grant would be reduced significantly, possibly to zero, and there would be continued restraint on Council Tax increases. These were all things that Members needed to bear in mind during the budget process.

A summary of the Medium Term Financial Plan was given. The savings required by the Council between 2016 and 2019 were estimated to be £4.2m.

The Council's Financial Strategy was based around three themes, namely **growing, charging and saving**.

In relation to **growing** this included business rates and New Homes Bonus. As regards business rates a serious concern was the number of outstanding appeals which created an air of uncertainty in determining income. At the end of June there were 198 outstanding appeals.

As regards New Homes Bonus there had been a significant growth in the reduction in empty homes in the Borough with only a marginal growth in new homes. It was clear that the Council would not receive enough New Homes Bonus to compensate for the estimated loss of the Revenue Support Grant.

Reference was made to other areas which were benefitting from this scheme due to the amount of new-build as a result of the nature of their housing markets, but this was not the case in Pendle. The number of empty homes had already reduced significantly so bringing more properties back into use was limited. There was also a time-lag from planning decisions for new housing and construction so that additional income may not materialise for some time.

As regards **charging**, details of the Executive summary from last year had been circulated. Members were advised that they would need to consider areas which they may find difficult, such as charging for bulky household waste, replacement waste bins etc. It was explained that, bearing in mind the savings needed to be made, there was a need for the Council to consider new income streams and officers would need to explore other options and opportunities with regard to this.

It was reported that a review of car parks was currently being undertaken and the issue of funding for future maintenance was raised. Members indicated that they felt that this was an area where charging could not be implemented because of the potential impact on the vitality of the town centres.

It was acknowledged that the Council had already made significant **savings** and that the next three years would be very challenging. It was explained that there was a need to have a more strategic approach to savings and that planning ahead was key. The work currently being undertaken with regard to the transfer of services and facilities to Town and Parish Councils was raised. Although some transfers had already taken place this was a large piece of work which would take some time to complete.

4. RESERVES STRATEGY

The Strategic Director gave a summary of the reserves strategy and explained the split between the committed and uncommitted reserves. He explained that £1.8m of reserves was included in this year's budget and that the use of £1.3m for each of the following three years would leave c£1m left over, but this was on the assumption that savings were achieved. It was suggested that it may be necessary to de-commit some of the funding already earmarked for some policy issues. It was emphasised that this would be required to be done in the context of making £4.2m savings.

It was noted that if fewer savings were made or less income was generated from fees and charges this would result in the need to use more reserves to set a balanced budget. This in turn would mean that reserves would be exhausted sooner.

5. SAVINGS – CONSIDERATION OF OPTIONS

A draft list produced by Management Team of potential savings for the period 2016 to 2019 was circulated at the meeting.

It was acknowledged that there had already been a number of changes which had resulted in a smaller workforce delivering the same service. Concerns were raised that the public did not truly understand the financial position the Council was in and it was felt that this needed to be relayed to them via various forms of communication to prepare them for the difficult decisions the Council would need to make over the coming three years.

To make further significant savings time was needed to develop options. It was stressed that waiting until the February budget meeting to start 'looking' at these options would be too late.

Amongst the savings options to be considered, the Strategic Director highlighted four areas of particular importance namely waste services, leisure services, grounds maintenance and the contract with Liberata.

The developing customer access strategy was a move towards delivering more services digitally and in a more cost-efficient way.

It was reported that the County Council and the Lancashire districts were jointly undertaking a review of waste collection methods and that would be considered when the Council reviewed its service.

AGREED

That the Strategic Director be authorised to start detailed work on potential savings/different ways of working in the areas identified and further reports be submitted to the Working Group.

6. DATE OF NEXT MEETING

AGREED

That the next meeting of the Budget Working Group be held at 5.30 p.m. on Thursday 3rd September at Nelson Town Hall.

Chairman _____