

**MINUTES OF A MEETING OF THE
BUDGET WORKING GROUP
HELD AT NELSON TOWN HALL
ON 30th AUGUST, 2016**

PRESENT –

Councillor M. Iqbal (Chairman - in the Chair)

Councillors

*W. Blackburn
D. Clegg
J. Cooney
A. R. Greaves
K. Hartley
J. M. P. Henderson
K. J. Turner
P. White*

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>Joanne Eccles</i>	<i>Committee Administrator</i>



1. MINUTES

AGREED

That the Minutes of the meeting of this Working Group held on 2nd June, 2016 be approved as a correct record and signed by the Chairman.

2. REPRISE OF THE MEDIUM TERM FINANCIAL PLAN 2017/20

The Financial Services Manager gave an update on the Medium Term Financial Plan (MTFP) for the period 2016-2020. Members' attention was drawn to the net shortfall for the next 3 years despite significant contributions from the Budget Support Reserves.

There was reference to the key assumptions that under pinned the MTFP such as the 1% pay increase per annum, fees and charges increasing by 2.5% and a Council Tax increase of £5 per annum. There was also reference to the risks of not achieving the Budget such as the possibility of further public sector funding reductions and the uncertainty about the New Homes Bonus and the impact of 100% Business Rates retention. It was noted that the Council had until 14th October to opt in to the 4 year settlement being offered to local authorities.

3. SELF SUFFICIENT LOCAL GOVERNMENT: 100% BUSINESS RATES RETENTION

The Financial Services Manager submitted a report on the consultation being undertaken by the Department for Communities and Local Government on proposed reforms to the business rates retention system.

The government was consulting on how the proposed reforms should work and the deadline for responses was 26th September 2016. The Council's response was being worked up and would be reported to the Executive in September. The government was also undertaking a Fair Funding Review of councils' relative needs and resources. The review was important as it would reset the assessment of the council's needs on the implementation of 100% business rates retention.

AGREED

That the intention to report to the Executive in September on this issue and the Council's response to the consultation be noted.

4. WASTE AND RECYCLING

The Corporate Director submitted a report asking Members to consider the service changes and level of savings to be achieved on Waste Collection, Recycling and Street Cleansing.

The projected cost of providing the service in 2017/18 was £4.1 million – making it the Council's most expensive service, and one in which significant reductions needed to be found. This had however, been exacerbated in that the County Council had given district councils notice that the Cost Sharing Agreement in respect of recycling collections would terminate on 31st March 2018. This would mean a loss of £760,000 income per annum.

County Council had paid for a review study of each district's collection arrangements and costs, together with modelling of three alternative collection arrangements and costs, to see what potential opportunities there were for savings. Option 4, which was a 3 weekly residual collection, 3 weekly recyclable collection, chargeable garden waste and no separate food collection, scored highest and produced a saving of around £167,000. However, this represented only 22% of the current cost sharing income.

County Council was undertaking a "soft market testing" exercise seeking the views of external organisations on options for the future development, delivery and structure of its waste management assets and processes. The amount of income the Council might receive following the end of the present Cost Sharing Agreement was dependant on the outcome of this exercise. It was unclear when decisions would be reached on this.

A further complication was that the current vehicle contract expired in October 2017. It could be extended to 31st March 2018. However, for a full retendering exercise the invitation to tender needed to be ready by 31st March 2017.

Reference was made to the possibilities of outsourcing a county wide service, sharing services with other districts, but these options were complex and unlikely to deliver the level of savings the Council needed to make.

The issues in the report would be looked at in more detail and a further report would be submitted once County Council's intentions became clearer.

In the meantime, it was noted that Management Team intended to put forward the following budget options for 2017/18 for Street Cleansing (and Vehicles) –

- Reduction in Mechanical Sweeping £81,820
- Reduction in Flyers £25,280

- Vehicle Changes £25,000

5. GROUNDS MAINTENANCE

The Corporate Director submitted a report on the service changes and level of savings to be achieved on Grounds Maintenance costs.

For 2017/18 the cost of the service was £750,000. The service was provided by the Landscape Maintenance Team based in Environmental Services and comprised core permanent staff supplemented by temporary staff employed during the summer months.

Grounds included parks, recreation grounds, sports pitches, cemeteries, town gardens, miscellaneous land and highway verges under contract from the County Council.

The Grounds Maintenance service was in most cases continuing to undertake the maintenance of play areas and MUGAs following their transfer to town and parish councils. Discussions had started with town and parish council on the possible transfer of parks and recreation grounds. It was noted that the shape and size of the Grounds Maintenance service might change fundamentally as a result of the transfer programme.

The Group considered the three scenarios set out in the report showing the likely impact of service changes totalling £100,000, £200,000 and £300,000.

Further work would be undertaken on the potential changes so that more detailed information could be provided to Members prior to the Council reaching a decision.

6. REVIEW OF PENDLE LEISURE TRUST

The Financial Services Manager submitted a report presenting the findings from a recent review of Pendle Leisure Trust undertaken on behalf of the Council by V4 Services Ltd.

The report concluded that the Trust offered a good service to the Council and Pendle residents within the scope of the number of facilities it managed. However, the level of subsidy per visit and per head of population, were above the average.

The report also concluded that the Trust offered value for money in key areas with a relatively low cost base. V4 had recommended that further savings of around £200,000 could be made, which were summarised in the report.

However, it was noted that these savings would not be enough to deliver the scale of savings required by the Council over the next three years. In V4's opinion, the only way to reduce the Council's subsidy by the amount required was to rationalise the Trust estate. This would mean either closure, or outsourcing or partnership with an alternative provider.

AGREED

- (1) That the Financial Services Manager be asked to submit to this Group a draft proposal for conducting an Early Market Engagement exercise to test with the market the level of interest in the Council's current scale of leisure operations.

- (2) That the Trust be asked for its formal response to the review undertaken by V4 Services Ltd and for proposals as to how it could save £300,000 in 2017/18 in support of the Council's overall target savings requirement for next year.

7. LIBERATA

The Strategic Director reported that he had been discussing with Liberata the savings requirement over the three year period 2017/18 to 2019/20. A Japanese company, Outsourcing Inc. (OSI) had acquired Liberata in recent weeks and so any significant decisions had been put on hold. He said that discussions would be resumed in the next couple of weeks and any progress would be reported to the next meeting.

8. INCOME REVIEW

(a) Pest Control

The Housing, Health and Economic Development Services Manager submitted a report on the outcome of the Pest Control Review and proposing additional ways to increase income into the Service.

Arising out of consideration by the Working Group, officers were asked to do further work on options for the service.

It was noted that the following increases would form part of the Income Review for consideration by the Executive on 22nd September -

- (1) Increase existing charges by 10%
(2) Consider the introduction of a £20 fee for the treatment of rats, mice and cockroaches.

(b) Cemeteries

A spreadsheet showing cemetery charges for 2015/16, and a number of options for proposed increases was submitted. The recommendation was to increase charges overall by 12%. This year the net cost of service was expected to be £85,130. The proposed objective was to move to full cost recovery over the next three years.

It was noted that the recommended increases set out in the report would form part of the Income Review for consideration by the Executive on 22nd September.

(c) Services we don't currently charge for

The Financial Services Manager would report on this item at a future meeting.

9. SAVINGS PROPOSALS FOR 2017/18 – 2019/20

The Financial Services Manager submitted a preliminary list of possible savings options from Management Team for the next three years. The Strategic Director said that he hoped that decisions on the highlighted options (shaded in grey) would be agreed by Council in October, as a significant early start on shaping the budget, prior to the Special Budget Council meeting next year.

10.

COMMUNICATIONS

The Group considered the draft update of the Financial Challenges leaflet which set out in bullet points the financial challenges facing Pendle Council.

AGREED

That the Financial Services Manager be asked to send the Financial Challenges leaflet to Councillors for information and any feedback.

Chairman _____