

REPORT OF: FINANCIAL SERVICES MANAGER

TO: EXECUTIVE

DATES: 17th November 2016

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MATTERS REQUIRING FINANCIAL APPROVAL

PURPOSE OF REPORT

This report outlines a number of matters requiring consideration by the Executive under the Council's Financial and Contract Procedure Rules.

RECOMMENDATIONS

The Executive is requested to consider the matters outlined in this report and:

- (a) note the current position regarding the Lomeshaye Marsh Field Centre and endorse the option of seeking a transfer of this facility to a local community group or organisation;
- (b) approve the following supplementary revenue estimates in the current year and agree that these be funded from the Budget Support Reserve:
 - i. £35,000 to fund an overspend on the budget for planning appeals;
 - ii. £10,000 to fund the costs associated with an Early Market Engagement exercise linked to services currently provided by Pendle Leisure Trust.

ISSUE

1. This report covers the following matters with further information on each provided below:
 - Lomeshaye Marsh Field Centre – operational and management arrangements;
 - Planning Appeals – financial implications of the Windermere Avenue appeal
 - Pendle Leisure Trust – early market engagement

Lomeshaye Marsh Field Centre

2. The centre is located on land owned by the Council and until recently it was operated by the Heritage Trust North-West. The site consists of marshland with earth bunds to the boundaries and a single storey timber framed and clad building with earth and grass covered roof, used as an activity centre.

3. The building is located within the marsh and accessed by a timber boardwalk, from Kirby Road. A steel framed shelter / hide is situated at the end of Lindred Rd. It is understood that the following groups use the centre:
 - Burnley Camera Club / Nelson Camera Club / Pupil Referral Unit – Burnley
 - Marsden Heights School / Police Cadets / Lomeshaye Primary School
 - Pendle Community High School / Brownies

4. In April this year we were notified by Gazprom that they were going to terminate the electricity supply to the facility due to unpaid utility bills. The bills had been issued to the Trust. However, the Trust informed us they wanted nothing more to do with the centre and would not accept responsibility for the outstanding utility bills. These were subsequently settled by the Council to avoid services being disconnected.

5. Since then we have sought to obtain the following information from the Trust but to no avail:
 - An explanation of the basis upon which the Trust has supported this site;
 - details of the agreement for the provision of the visitor centre – does the Trust still retain ownership of the centre. Was any permission granted to construct a building on the site etc.
 - details of the annual running costs;
 - confirmation that the site and buildings have been the subject of any statutory inspections for safety (e.g. gas, fixed wire);

6. Given the time elapsed since requesting this information from the Trust and the council's ownership of the land, Liberata Property Services were asked to visit the centre to establish the current position. This highlighted concerns evidencing the lack of statutory compliance checks (e.g. wiring, legionella, fire risk). These checks have now been carried out and a number of items requiring remedial attention have been addressed.

7. To-date in this financial year the Council has incurred the following costs:

| | £ |
|--|------------|
| • Monthly electricity charges from October 2015 – September 2016 | 134 |
| • Electrical fixed wire – compliance checks and remedial works | 568 |
| • Legionella – risk assessment and monitoring | 400 |
| • Water Charges from July 2015 to September 2016 | <u>395</u> |
| | 1,497 |

8. Councillors will note from the above that utility charges have remained unpaid by the Trust for a period of time and have subsequently fallen to the council to meet in order to avoid the risk of service disconnection and resultant impact on users' access to the centre. Further costs will be incurred including a fire risk assessment and any remedial works arising from this together with on-going charges for electricity and water estimated at £130 per quarter. Whilst, thus far, the costs incurred by the Council are modest there is no approved budget provision for them. There is also the issue of on-going maintenance and operation of the site.

9. Options for the latter could include:
 - a. The Council formally acquires the building from the Trust and accepts the on-going responsibility for its management and maintenance working with the current volunteer(s) who presently use and support the facility;
 - b. The Council seeks to secure a transfer of the facility from the Trust to a local community group or organisation;
 - c. The facility is closed.

10. At this stage, option (b) is recommended and the Executive is asked to endorse this. If this is agreed the Neighbourhood Services Manager will be asked to progress this option and if this cannot be achieved it may be necessary to consider closing the facility.

Planning Appeals – request for additional budget allocation

11. In the current year, the Council has an approved budget for planning appeals of £20,000. At the time of writing this report, actual expenditure was running at £49,668 with further costs expected. On current information the planning appeals budget is projected to overspend by £35,000 and the Executive is asked to approve a supplementary revenue estimate to fund this. If agreed, this will have to be funded from the Budget Support Reserve.
12. The overspend stems from the cost associated with the appeal and subsequent planning inquiry in respect of planning applications for Windermere Avenue, Colne. The final cost of defending the Council's position on these applications is estimated at £65,616 of which £12,450 was incurred during 2015/16.
13. Councillors are advised that even if the additional resources are approved there is no budget remaining in the current year should further planning appeals emerge.

Pendle Leisure Trust – Early Market Engagement

14. Earlier this year the Council commissioned a commercial review of the Leisure Trust from V4 Services Ltd. The report from V4 together with the formal response from the Trust has been considered by the Budget Working Group. At the last meeting of the Working Group in October, agreement was obtained to conduct an 'early market engagement' exercise. In broad terms this is a way of engaging informally with leisure providers to establish the extent of any market interest in delivering the service to the Council and how best the objective of securing savings from the service could be achieved. This is not a formal procurement exercise. That would only follow the early market engagement process if it was felt to be beneficial and subject to the agreement of the Executive.
15. Any revised arrangements could entail a model delivered in collaboration with the Trust or alternatively in place of the Trust. The Budget Working Group intends to meet with the Trust prior to the early market engagement exercise being commissioned. However, currently, there is no budget provision to support such an exercise. As a result a supplementary revenue estimate for £10,000 is requested to fund this. If agreed, this would also be funded from the Budget Support Reserve.

IMPLICATIONS

Policy

There are no new policy implications arising from the contents of this report.

Financial

The financial implications are generally as provided in the report. The balance on the Budget Support Reserve as at 31st March 2016 was £3.6m. Council increased this to £5.3m in July for the purposes of supporting the Council's budget development over the medium-term period 2017-20. Whilst it can cover the supplementary estimates outlined above the use of this reserve for this purpose simply reduces the funding available for subsequent years at a time when the Council is already faced with a significant savings requirement.

Legal

No legal implications arise from this report.

Risk Management

There is the ongoing risk that further planning appeals may arise for which the Council has no budget set aside to meet any costs of defending appeals or to fund any costs awarded against the Council in the current year.

In respect of Lomeshaye Marsh Field Centre the risk is the Council ends up retaining this facility with the resultant management and maintenance obligations at a time when it is seeking to transfer such community assets to external parties.

Health and Safety

There are no health and safety implications arising from the contents of this report.

Climate Change

There are no climate change implications arising directly from the contents of this report.

Community Safety

There are no community safety issues arising from the contents of this report.

Equality and Diversity

There are no equality and diversity issues arising from the contents of this report.

APPENDICES

None

LIST OF BACKGROUND PAPERS

None