

CORPORATE SCRUTINY COMMITTEE

Date of Meeting: 9th February 2015

Present: Councillor J Oakes (Chair)
Councillors Ashworth (substituting for Hughes), Gill (substituting for Bleakley), Kempson, Knowles (substituting for Creaser), Procter and Sandiford

In Attendance: Phil Seddon, Head of Finance and Property Services
Martin Kay, General Manager, Rossendale Leisure Trust
Councillor Serridge, Portfolio Holder for Customers, Legal and Licensing
Councillor Marriott, Portfolio Holder for Finance and Resources
Councillor Haworth
Councillor Cheetham
Pat Couch, Scrutiny Support Officer

3 members of the public

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Bleakley, Creaser and Hughes, Councillor Helen Jackson, Cabinet Member and Alyson Barnes, Leader of the Council.

2. MINUTES OF THE LAST MEETINGS

Resolved:

That the minutes of the last meeting held on 17th November 2014 be agreed as a correct record and signed by the Chair.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. URGENT ITEMS OF BUSINESS

There were no urgent items of business.

5. PUBLIC QUESTION TIME

The Chair agreed to deviate from the Procedure for Public Speaking and allow the members of the public to ask questions as the reports were discussed.

6. CHAIR'S UPDATE

The Chair informed Members that Keith Pilkington, Co-opted Member, had resigned from the Committee due to additional new commitments. Members agreed to send a letter of thanks.

The Chair indicated that at the last meeting in November, members asked for clarification on the definition of a complaint. This information was circulated at the meeting and Members were asked to contact the Committee and Member Services Manager if they required any further information.

7. 2015/16 CORPORATE PRIORITIES, BUDGET, COUNCIL TAX AND THE MEDIUM TERM FINANCIAL STRATEGY

The Head of Finance and Property Services presented the Council's 2015/16 Corporate Priorities, Budget, Council Tax and Medium Term Financial Strategy.

In setting the 2015/16 budget, the Head of Finance indicated that members should continue to plan and give due regard to the continuing financial challenges over the medium term. It was also noted that the budget proposals for 2015/16 put reliance on the use of Council reserves in order to produce a balanced budget. This reliance is set to increase over the medium term as the forecast deficit increases.

For a number of years the Council has continued to reduce its net revenue expenditure in line with, initially its own efficiency agenda and more so of late, the impact of the Government's 2010 Comprehensive Spending Review, the 2013 Spending Review, the Chancellor's Autumn Statements and subsequent changes to Local Government Financing.

During 2014 a number of service efficiencies have and continue to be implemented. All departments within the Council have been reviewed and restructured. In total £611k of savings have been identified and removed from the budget.

The Head of Finance gave a brief overview of the content of the report to the Committee, highlighting some of the key assumptions in the underlying future budget estimates as follows:

- 0% Council Tax rise for 2015/16.
- A general pay award of 1% in each year, plus associated costs and increments. In addition the compulsory one week's unpaid leave will cease on 31st March 2015, with an annual cost impact of £87k.
- A continued year on year reduction in the Revenue Support Grant element of Funding Formula for 2016/17 to 2018/19, in line with the Local Government Association. This equates to a reduction of 20% each year and by the 2019/20 forecast further reduces current resources by £851k per annum.
- VAT shelter arrangements with Green Vale Homes end in 2015/16. The final is anticipated to be in line with the 2014/15 outturn but which is £140k pa below our core budget.

- The current waste recycling and disposal cost share arrangements will cease as from March 2018. The combined loss to the Council being £660k pa.
- A neutral financial impact following the end of the current Capita contract in October 2016. That said, should the Council choose to extend the contract for a further 3 years as per the Capita offer, there would be a c. £1m additional saving to Council over the forecast period.

It was highlighted that given the 2015/16 deficit and the widening gap over the longer term, the Council need to develop further plans during 2015/16 to reduce its net cost base by at least £800k pa in order to avoid initial reliance on reserves and to deal with an increasing future resource deficit. The key messages for the medium term were as follows:

- The Council must begin to increase Council Tax after 2015/16 as per the Medium Term Financial Strategy (£400k)
- The Council must secure wind farms income as per the MTF5 (£690k)
- The Council must secure financial savings post September 2016 – Capita contract end date (£400k)
- The Council must seek a partner to avoid an annual NNDR levy (£400k)

In considering the report members discussed the following:

- Risk Analysis was generally a good document which identified key risk areas
- Clarification required on a commitment made in 2005/6 regarding burial fees
- Need to look at alternatives rather than reduce hackney carriage driver renewals and new licence fees
- Need for the Council to introduce a 'Knowledge Test'
- Possibility of employing more enforcement officer to offset the money made by licensing fees
- Increase in trade waste fees about inflation
- Clarification needed on who collects Clinical Waste and where it goes

In response to questions from members the Head of Finance and Property Services informed the Committee that:

- Journey commenced five years ago to get the reserves up – stuck at £1m for the last five years
- If we don't reduce fees within the taxi licensing department the Council could be challenged for making too much money
- Addition staff had already been employed with the Licensing Department to cope with the additional applications
- In relation to fees and charges, some are statutory and others increased with inflation
- To avoid an annual NNDR levy, the Council must seek a partner and

talks are being held with LCC about a partnership

When asked what the type of questions asked within a Knowledge Test, the Portfolio Holder for Customers, Legal and Licensing indicated that the test would include 10 random questions about the local area ie landmarks.

The Head of Finance and Property Services highlighted the increases in Council Tax from the other precepting authorities which were as follows:

- Lancashire County Council to increase by 1.9%
- Lancashire Fire and Rescue Service to increase by 1.9 or 0% with a view to finding other savings
- Police and Crime Commissioner are recommending to their Police and Crime Panel an increase of 1.99%

RESOLVED:

That Overview and Scrutiny note the report and make the following recommendations to Cabinet:

1. That Cabinet reconfirms and recommends to Council the following Corporate Priorities:
 - Regenerating Rossendale: This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
 - Responsive Value for Money Services: This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
 - Clean Green Rossendale: This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.
2. That the Cabinet recommends to Council the additional costs for 2014/15 as noted in para' 5.3 of the report.
3. That the Cabinet recommends to Council the use during 2014/15 of £180,000 from the Transitional Reserve to support the 2015/16 annual budget.
4. As a consequence of the above, the Cabinet recommends to Council a net revenue budget for 2015/16 of £8,901,000.
5. That the Cabinet recommend to Council to freeze Council Tax and that the Band D equivalent for 2015/16 remains at £253.40.

6. That Cabinet recommends to Council the changes to Fees and Charges as noted in Appendix 2, and that Cabinet and other Members should consider further the strategy behind the reduction in licencing fees.
7. That the Head of Finance and Property Services be instructed to prepare the technical resolutions necessary to give effect to these proposals.

8. CAPITAL RESOURCES AND CAPITAL PROGRAMME 2015/16

The Head of Finance and Property Services provided Members with the projection for the capital resources available for 2015/16 and asked members for their views on the capital expenditure programme 2015/16 which was to be presented to Full Council Budget Setting on 25th February 2015.

In recent years officers have maintained a view of the level of income achievable with a budget of £100k. Given that the bulk of actual capital receipts have come from a very small number of medium sized sales, officers are anticipating income will continue to fall in the medium term by £25k over the following two years.

The Council's ability to raise capital receipts from land sales is dependent upon the current property market and its appetite to dispose of non-operational assets. The Council is seeing £75k in capital receipts for next year and it was difficult to predict the income base.

Every five years the Council commissions a professional survey of all its primary and secondary buildings. The object of the survey is to assess the general condition of the property and make an estimate of the necessary refurbishment and upkeep costs over the next five years. The latest Stock Condition Survey completed during 2012/13 highlighted that the headline investment requirements for the Council were initially estimated at £2.9m over the medium term, well in excess of forecast resources.

For 2015/16 there is a building maintenance budget of £125k, which is significantly lower than the Stock Condition Survey required investment (£356.9k).

The desired programme recommended by officers for 2015/16 includes the continuation of several maintenance and upgrade programmes which commenced some years ago. Suggestions were to spend money on playgrounds, pathways, cemeteries as this would reduce public liability on such things as trips and falls.

Following questions by Members of the public and the Committee, the Head of Finance and Property Services indicated that the Council has downsized significantly on what it spends money on. The Council is always looking to explore ways of selling off surplus assets/land and look for development opportunities.

The Head of Finance and Property Services agreed to provide a member of the public with a list of the Council's building/land stock.

Resolved:

That Overview and Scrutiny note the report and make the following recommendations to Cabinet:

1. That the Corporate Scrutiny Committee note the potential resources for 2015/16 and the medium term.
2. That the Corporate Scrutiny Committee recommends to Full Council the affordable capital programme for 2015/16.
3. That the Corporate Scrutiny Committee note the additional capital programme requirements, especially the results of the 2012/13 Stock Condition Survey.

9. LEISURE INVEST TO SAVE PROJECT/VERTICAL PLAYGROUND – HASLINGDEN SPORTS CENTRE

***NB:** The Chair proposed that the item be taken in two parts (part one in public and part 2 as confidential due to the commercially sensitive information members were being asked to consider). This was agreed by all members of the Committee.*

The General Manager of the Rossendale Leisure Trust presented the report which asked for the approval to seek funds to support the delivery of a key leisure project in the Borough – Vertical Playground.

Rossendale Leisure Trust (RLT) has operated Haslingden Sports Centre since 2004 during which time has invested £1.2m in new studios, gym and changing facilities. The centre has also seen new squash courts, ladies gym and laser tag.

The Leisure Trust and its Board Members have been working with Council Officers for some time looking at investment potential. A project has been identified and a business plan produced. 'Vertical Playground' is a destination attraction that is new to the UK.

The attraction would be installed in part of the sports hall area leaving enough area for the basketball, indoor bowls, badminton and five-a-side football to continue.

The Leisure Trust applied to Sports England for funding and was refused, but they would continue to look for grant support to enhance the fabric of the building.

Following meetings with engineers, the site has been approved for a problem free installation of a vertical playground.

The Leisure Trust sees the attraction as adding to the existing tourism offer across Rossendale and East Lancashire and working with Marketing Lancashire and other local attractions such as East Lancs Railway, Ski Rossendale and Whitaker Park on joint marketing.

The estimated cost for the vertical playground project are £275,000 and a payback period agreed with the Council of 5 years, if the full purchase option is preferred.

The business case, researched and written by the Leisure Trust has 2 scenarios as follows:

- a) A joint venture with Hangfast (taking a 35% profit share on a £125k contribution) with Council capital investment requirement - £17 5k.
- b) 100% investment return to the Trust, Council capital investment requirement - £275k

The Head of Finance and Property Services indicated to Members that whilst the project was not without risks, there was not an option to do nothing and they needed to find ways of putting money into the Leisure Trust. The scheme aimed to bridge the financial gap of the Leisure Trust and sustain the building at Haslingden. Leisure Trust staff had agreed to forego a pay increase in the hope that the project was a success.

In considering the report members discussed the following:

- Concern had been raised by the bowlers and the need for their own space. The General Manager indicated that he had met with the bowlers and talked through their concerns and has since received positive feedback from them.
- How many children can they cater for at any one time? The General Manager indicated that 25 children but there was room for expansion.
- A need for an extensive Marketing campaign

NB: The Chair asked Members of the public to wait in the breakout area whilst the Committee discussed the commercially sensitive information.

A number of questions were raised, which both the General Manager of the Leisure Trust and the Head of Finance and Property Services answered. Whilst Members supported the venture, concern as raised about the overall funding and asked that the Business Case be properly analysed and challenged and that appropriately planned payback of the funding to the Council be agreed.

The Chair then clarified the position of the Committee in relation to the recommendations outlined below.

At this point the members of the public returned to the meeting to hear the decision of the Committee.

Resolved:

That Overview and Scrutiny note the report and make the following recommendations to Cabinet:

1. That the Corporate Scrutiny Committee notes the positive progress and opportunities brought about for Rossendale through strong partnership work.
2. That Corporate Scrutiny recommend to Cabinet to approved the financial support to the project detailed in the report, that being £275,000 of capital investment.

3. That Corporate Scrutiny recommends to Cabinet that all future negotiations and minor amendments to be delegated to the Head of Finance and Property Services.

The meeting commenced at 6.30pm and closed at 8.40pm

Signed
(Chair)

Dated