

Meeting of the Place Scrutiny Committee
Wednesday, 20th January, 2016 at 6.00pm
In Committee Room 2 at the Council House, Priory Road, Dudley

Agenda - Public Session
(Meeting open to the public and press)

1. Apologies for absence.
2. To report the appointment of any substitute members serving for this meeting of the Committee.
3. To receive any declarations of interest under the Members' Code of Conduct.
4. To approve the minutes of the meeting of the Place Scrutiny Committee held on 23rd November, 2015.
5. Medium Term Financial Strategy
6. Medium Term Financial Strategy – Housing Finance
7. Recycling Participation
8. To consider any questions from Members to the Chair where two clear days notice has been given to the Strategic Director Resources and Transformation (Council Procedure Rule 11.8).



Strategic Director Resources and Transformation
Dated: 12th January, 2016

Distribution:**Members of the Place Scrutiny Committee:**

Councillor A Finch (Chair)

Councillor M Aston (Vice Chair)

Councillors J Hill, Z Islam, K Jordan, I Kettle, D Perks, H Rogers, K Shakespeare, G Simms and E Taylor.

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- Elected Members can submit apologies by contacting the officer named below. The appointment of any Substitute Member(s) should be notified to Democratic Services at least one hour before the meeting starts.
- The Democratic Services contact officer for this meeting is Richard Sanders, Telephone 01384 815236 or E-mail Richard.sanders@dudley.gov.uk

Minutes of the Place Scrutiny Committee

Monday, 23rd November, 2015 at 6.00 pm
In Committee Room 2, The Council House, Dudley

Present:

Councillor A. Finch (Chair)
Councillor M. Aston (Vice-Chair)
Councillors P. Harley, J. Hill, Z. Islam, K. Jordan, I. Kettle, D. Perks and E. Taylor

Officers:

M. N. Williams (Chief Officer Corporate and Customer Services) - Lead Officer to the Committee; A. Lunt (Strategic Director Place), M. Williams (Chief Officer Environmental Management), H. Martin (Head of Planning and Development) and S Connelly (Head of Service Visitor Economy and Cultural Services) – all Place Directorate, I. Newman (Chief Officer Finance and Legal), R. Cooper (Head of Financial Services), C. Ludwig (Finance Manager) and R. Sanders (Assistant Principal Officer, Democratic Services) - all Resources and Transformation Directorate.

13 **Apologies for Absence**

Apologies for absence from the meeting were received on behalf of Councillors K. Shakespeare and G. Simms.

14 **Appointment of Substitute Members**

Councillor P. Harley was serving in place of Councillor K. Shakespeare for this meeting of the Committee.

15 **Declarations of Interest**

Councillors I. Kettle and H. Rogers declared a non-pecuniary interest in agenda item number 6 (Medium Term Financial Strategy) in view of their attendance at a meeting held on 10th November, 2015 to discuss the proposed increase in fees for bowls and croquet at Mary Stevens Park and Stevens Park, Wollescote.

Councillor H. Rogers declared a non - pecuniary interest in agenda item number 6 in view of her membership of the Ernest Stevens Trusts Management Committee.

Councillor H Rogers declared a non-pecuniary interest in agenda item number 6 in view of her chairmanship of the Friends of Mary Stevens Park

and Swinford Common. She declared further that, in that capacity, she had been asked to sit on the Project Implementation Team for meetings of the Heritage Lottery Project for Mary Stevens Park.

15 **Minutes**

Resolved.

That the minutes of the meeting of the Committee held on the 30th September, 2015 be approved as a correct record and signed.

16. **Public Forum**

No issues were raised under this Agenda item.

17. **Medium Term Financial Strategy**

The Committee considered a joint report of the Chief Executive, Chief Officer Finance and Legal Services and Strategic Director Place consulting on the Medium Term Financial Strategy as approved to date by the Cabinet, with particular reference to the proposals relating to the terms of reference of the Place Scrutiny Committee.

In introducing the report, the Chief Officer Finance and Legal Services discussed the assumptions made in preparing the Strategy, including that of a 70% reduction in Revenue Support Grant over the next three years and of a 2% increase in Council Tax over the period of the Strategy. The Chief Officer reported on how the forecast position for the years 2016/17 to 2018/19 had been arrived at based on the Chancellor's Summer Budget assumption of a 2% increase in Council Tax over the period of the Strategy and indicated that definitive figures on Revenue Support Grant were not expected from government until December, after the spending review announcement on 25th November.

He also confirmed the information in the report that it would not be possible to wait until December to commence consultation and work towards the implementation of proposals and thus consideration of the report based on current assumptions was requested. The Cabinet would be meeting in January to consider budgeting further in the light of savings already identified and possible additional savings, after which there would be a further report to the Cabinet on 10th February, 2016 and the Council on 29th February, 2016.

In referring to the appendix in the report on the Housing Revenue Account, the Chief Officer Finance and Legal Services gave notice that a detailed report on the implications of the savings to be made from that budget would be submitted to the next meeting of the Committee.

Consideration was then given to the savings proposed under the terms of reference of the Place Scrutiny Committee, in relation to which the comments below were made and questions asked and answered as follows:

Comment/Question

Response

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| 1 | Regarding the shortfall in finance from car parks, with income reducing year on year, there was a need to look at the discrepancy between revenue raised and that expected to be raised. There was an argument that it might be preferable for car parks to be free of charge for, say, 2 hours in order to encourage greater footfall in shops. This would mitigate the likelihood of businesses leaving Town Centres and might encourage more to open, thus impacting on Business Rate income retainable by the Council. | The shortfall in income largely owed to the significant reduction in car parking places in the Borough. This had impacted on footfall. A strategic review of car parking was to be undertaken and the intention was to set a new charging regime.

Parking in general was to be considered in the light of its links with regeneration. It was acknowledged that there was a need to deliver parking services fit for purpose for the next 20 years and engagement with the private sector would be considered in this. |
| 2 | The expertise of the Council to operate Leisure Centres in the light of the shortfall in income generated was questioned. | A review of the operation of Leisure Centres was to be undertaken to ensure they were self-sustaining and this would be ongoing over the 3 years of the Strategy. It was accepted that there was a lot of competition from the private sector and this would form part of the review. All options would be considered. |
| 3 | How would the savings of £222,000 in directorate efficiencies be effected. | Through staff redundancies. 5 full time equivalent staff redundancies had already been identified. |
| 4 | Revised procurement practices should be considered for the delivery of value for money services in the maintenance of green areas and associated areas. A suggestion was made that decisions in this regard could be made by Community Forums. | Various measures were under consideration, including closer working with activity/sports groups. Consideration was being given to asset transfer through management partnerships and working with other service providers. The greater use of volunteers and Friends Groups was being considered, and also working with traders. |

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| 5 | The point was made that there were certain small green areas of land that the Council did not own but maintained to keep areas tidy. A question was asked on whether efforts were being made to locate owners. | This was to be looked at. Endeavours were being made to establish ownership and contact owners and the Place Directorate was working with legal officers in this regard. There was a difficulty in establishing ownership in many cases, however. The Directorate was trying to be proactive but might have to cease maintaining some areas if there was no alternative. |
| 6 | The savings to be made from the review of the events programme and associated land and building costs in order to deliver self financing service by 2019 should not be combined. | View noted |
| 7 | How were the savings in the Bereavement Service to be achieved. What were the measures envisaged regarding the proposed review of charging policy for bereavement services. | Through an 8% increase in fees for the next 3 years and charging for organ services. Other increases under consideration included those for plaques and memorials and the Book of Remembrance. |
| 8 | Are Business Rates payable on car parks | Yes and there are other overheads, including electricity and cleaning costs. |
| 9 | Can ground maintenance agreements be entered into with user groups. | This was being explored and maintenance agreements had been entered into with some football clubs. The Place directorate was contacting all football and other sports clubs to discuss possible asset transfer agreements and was looking at ways of helping clubs to operate. Options were being kept open but it was hoped that some clubs would take responsibility for grounds maintenance. The directorate was aware that some parks were governed by Trusts and Deeds of Gift. |

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| 10 | With asset transfer the Council would be likely to lose control and ownership of the land. What would happen to the land in the event of a club folding. | Appropriate legal agreements would be entered into to ensure that land was returned to the Council in the eventuality described. Legal agreements would also safeguard against clubs assuming squatters' rights. |
| 11 | What plans are envisaged to safeguard museum artefacts if the Dudley Museum closes. | The proposal in the report was not to dispose of the artefacts but to make savings from the disposal of the Museum building. Alternative venues where the artefacts could be exhibited and to make them more accessible to the public were being considered, e.g. the Archives and the Black Country Living Museum and to tour schools with certain of them. Considerations were at an early stage at the moment. |
| 12 | Was the proposed closure of Dudley Museum already decided or would it be the subject of scrutiny. | The proposed closure was the subject of ongoing consultation. |
| 13 | In relation to income from Business Rates, has the impact of the disposal of car parks been considered in relation to business retention and generation. | It was important to form links with the local economy. There was a need to establish where footfall was coming from and to assess reasons where there had been a reduction in patronage. This would impact on whether matters such as public transport policies were working. |

Reference was made to the proposal regarding the maintenance of green areas, the point being made that the increase under consideration for green fees was disproportionate in relation to those under consideration for larger areas, including football pitches, and that affordability for the users of smaller areas, with particular reference to the greens at Mary Stevens Park, was in serious question. The Member who raised the issue contended that this would effectively prohibit users from participating which, in the case of Mary Stevens Park, would be contrary to the terms of the Deed of Gift. She considered that to target Sons of Rest patrons was unfair. The same Member drew attention to the status of Swinford Common as an Open Space in Perpetuity under the Deed of Gift and as it was a separate entity, it was not appropriate to consider it in conjunction with Mary Stevens Park.

Nor was it appropriate to consider proposals for Stevens Park, Wollescote in conjunction with Mary Stevens Park and Swinford Common. The Member also considered that the Ernest Stevens Trusts Management Committee should be consulted.

The same Member was also of the view that the income generated from the cafe at Mary Stevens Park had not been taken into account in the fee proposals for Park users and Sons of Rest patrons.

With reference to ornamental gardens, the Member considered the proposal to cut the grass at some park areas might be acceptable, but thought it counterproductive for the mower at Mary Stevens Park not to have a box, given the newly-laid asphalt paths there.

In response, the Chief Officer Environmental Management indicated the intention to work with all parties involved, including Friends Groups, to endeavour to achieve a holistic solution. The financial situation in which the Council was placed demanded many difficult and challenging decisions. Legal advice would be gained where necessary. The Chief Officer agreed to arrange a meeting with the Friends of Mary Stevens Park.

Other comments made in the discussion included the following:

- That it was important to maintain ornamental areas in order to mitigate serious deterioration to parks. Litter in parks needed to be addressed.
- There was a need for alternative toilet provision in shops to be clearly signposted before public toilets were closed.
- If Ward House at Himley Hall became a hotel, care would need to be taken to ensure access to the grounds remained available to the public. It was also suggested that the former close historic relationship between Himley Hall and the Dudley Arms should be restored.
- That Academies should assume responsibility for the financing of school crossing patrols which served their pupils.

Resolved

That the report be noted, together with the questions asked and responses given and the other comments made.

18 **Review of Business Friendly Planning**

The Cabinet considered a report of the Strategic Director Place on the issues considered by the Members designated to undertake a review of Business Friendly Planning.

The Group had discussed the need to scrutinise areas of interaction and to focus on the wider customer base rather than just the business customer.

There was a general discussion around the fact that Members had varying degrees of knowledge, and therefore different understandings of Development Management processes, particularly on the legal side, and of what could and could not be done. Members had considered Local Plans and policies could be inaccessible and needed to be more open and easier to understand and engage in when being developed.

The meeting agreed that the following areas could be developed and trialled:

- Providing guidance on why your local plan matters and what it does.
- Providing guidance on what can be taken into account in considering planning applications and what cannot.
- Improving communications with customers and members in terms of plain English and using a range of engagement activities to encourage involvement in local plan development.
- Undertaking more innovative local plan consultations in communities and to local groups, businesses, and schools rather than email web based consultation.
- Look at examples of best practice for engagement.
- Providing guidance for business looking to set up, relocate or expand.

Further work would now be undertaken on all of these actions and to roll out the programme as plans were developed.

In the discussion, a question was asked on the relationship between the Council and the Combined Authority on planning policy, to which the Head of Planning Development responded.

Reference was also made to instances in planning enforcement where the Member who raised the issue did not consider the Council responded quickly enough, leading to the Development Control Committee being presented with a fait accompli. In response, in emphasising the importance of enforcement, the Head of Planning Development indicated that in many cases there was a need for lengthy investigation which sometimes involved scrutiny of legal issues. This took time and a significant number of cases were dealt with before they reached the Development Control Committee. She confirmed that every enforcement was investigated and accepted that officers could report to Members on the instances in their wards.

The meeting ended at 7.15 p.m.

CHAIR

PL/26

Meeting of the Place Scrutiny Committee – 20th January 2016

Joint Report of the Chief Executive, Chief Officer Finance and Legal Services and Strategic Director Place

Medium Term Financial Strategy

Purpose of Report

1. To consult the Scrutiny Committee on the updated Medium Term Financial Strategy (MTFS) to 2018/19, approved by Cabinet on 18th January as a basis for further consultation, with emphasis on those proposals relating to the committee's terms of reference.
2. For this committee the relevant items are those relating to the Place Directorate in paragraphs 32 and 34.

Background

3. At its meeting on 28th October, Cabinet considered the forecast General Fund revenue position for 2015/16 and MTFS to 2018/19 and agreed a preliminary strategy as the basis for consultation. It noted in particular that based on the resource forecasts, pressures and savings proposals set out, balances would be insufficient to fund the deficit even until the end of 2016/17. In view of that position, it was agreed that a further report would be brought to Cabinet in January and that, following the meeting of Cabinet, there would be further consideration by Scrutiny Committees.
4. At its meeting on 18th January, Cabinet will therefore be considering the impact of the Provisional Local Government Finance Settlement 2016/17 (received in December) and revised proposals for actions by the Council to work towards addressing the financial challenge. The impact of changes compared with the October report is analysed in Appendix A.

Forecast 2015/16 Position

5. At its meeting on 28th October Cabinet agreed the amendment of the 2015/16 General Fund budget in respect of a number of variances set out in detail. Since then, the following further variances have arisen.

6. The current approved budget for 2015/16 includes provision of £5.6m for redundancy costs required to achieve proposed savings, including those relating to pension strain. These costs are highly dependent on the age and length of service of the individuals being made redundant, and at this stage cannot be precisely calculated. However, taking into account the latest monitoring of the redundancy process including additional savings now being proposed, it would be prudent to increase the provision in the current year to £7.6m. (The MTFs includes provision for further redundancy costs of £5.1m during 2016/17 and £1.1m during 2017/18. We will continue to review these provisions, but there are no proposals to make any changes at this time.)
7. At 31st March 2015, the Council held unringfenced¹ earmarked reserves of £22.3m. These reserves have been reviewed to identify any no longer required for their original purpose. It is proposed to take the following amounts to General Balances.
- The Paragon (PFI) reserve was originally established to balance the timing of funding and resources relating to the project, and was subsequently topped-up with contributions from the General Fund at a time when it was considered that resources would be insufficient to cover costs. Our latest forecast is that the £2.8m so contributed can be returned without affecting future affordability.
 - The Working Balances reserve of £2m was originally established as a reserve of last resort in the event of unforeseen costs or income shortfalls that could not be managed within budget or from General Balances. It is now considered that these risks should be covered by retaining appropriate levels of General Balances rather than via a specific earmarked reserve.

Earmarked reserves will be further reviewed at year end and any further opportunities to make transfers into the General Fund will be reported to Cabinet in June.

8. It is proposed that Council be recommended to amend 2015/16 budgets to reflect the above variances.

General Fund Balances

9. The latest forecast General Fund Balances position, compared to the current Approved Budget for 2015/16 is therefore as follows.

	Current Budget £m	Latest Position £m
Balance at 31 st March 2015	25.0	25.0
Planned use approved by Council in March	-6.5	-6.5
Variations approved by Cabinet in October	+1.3	+1.3
	19.8	19.8
Redundancy costs (para 6)	-	-2.0
Review of earmarked reserves (para 7)	-	+4.8
Forecast balance at 31st March 2016	19.8	22.6

¹ This definition excludes reserves that are subject to specific laws and regulations governing their use - the Public Health Grant, the Housing Revenue Account, schools' balances and the central Dedicated Schools Grant reserve.

Medium Term Financial Strategy to 2018/19

10. In updating the Council's Medium Term Financial Strategy, Members will need to consider carefully:
 - (a) the levels of Government support allocated to the Council;
 - (b) spending pressures, opportunities to free up resources (including savings), and Council Plan priorities;
 - (c) the implications of spending levels in later years as part of the Council's medium term financial plan;
 - (d) the views of consultees;
 - (e) the external factors and risks inherent in the Strategy;
 - (f) the impact on Council Tax payers.
 - (g) the potential impacts on people with protected characteristics as defined in the Equality Act 2010. Members will need to have due regard to the public sector equality duty under the Equality Act 2010. (Further details are set out in the Equality Impact section below.)

Government Funding

11. The Provisional Local Government Finance Settlement 2016/17 was announced on 17th December. This settlement includes indicative figures up to 2019/20.
12. The methodology for allocating reductions in Revenue Support Grant (RSG) has been amended to reflect authorities' differential capacity to generate income from Council Tax. Other things being equal, this is favourable to Dudley. However, taking into account the overall change in RSG nationally, compared with our forecasts in October, RSG will be lower in 2017/18 but higher in 2018/19. These updated figures are reflected in the revised forecasts in this report. The current Care Act Grant and the ongoing Council Tax Freeze Grant in respect of the 2015/16 freeze have been merged into RSG from 2016/17. Anticipated costs that were previously funded from the Care Act Grant have been included in Spending Pressures below.
13. Provisional New Homes Bonus (NHB) allocations have been announced for 2016/17. Dudley's allocation is in line with the amount previously anticipated. The Government is proposing to amend the methodology for allocating NHB from 2017/18 onwards, including in particular that NHB funding will be for a maximum of 4 years rather than the current 6. Forecasts below have been amended in line with Government projections, although final figures will depend on the final methodology chosen and actual new home completions locally. Generally any reduction in NHB nationally (which is currently mostly top-sliced from the amount available for RSG) will favour Dudley given that the number of new homes locally has increased, and is forecast to continue to increase, more slowly than the national average.
14. From 2017/18, extra Better Care Fund (BCF) is being allocated to Councils with Adult Social Care responsibilities – rising to £1.5bn nationally by 2019/20. This is partly funded by the proposed reduction in NHB set out above. Details are not yet clear, but we are currently assuming that this grant will be paid directly to councils.

15. The Government has announced that the basic maximum Council Tax increase for 2016/17, above which a referendum would need to be held, will be 2%, with some extra flexibility for Police and Crime Commissioners and District Councils with relatively low existing Council Tax levels.
16. All Councils responsible for Adult Social Care will have the capacity to increase Council Tax by an additional 2% each year up to 2019/20 without the need for a referendum – the “Social Care Precept”. The Section 151 Officer will be required to certify that the resources generated have been allocated to Adult Social Care. Information in respect of the Precept will also need to be included on Council Tax Bills. The Secretary of State will monitor this via relevant statistical returns at budget and outturn stage, and may take the results into account when setting future referendum thresholds for individual authorities.
17. The Council receives Education Support Grant (ESG) to cover a number of services provided centrally in respect of schools – mainly those services which Academy schools must procure for themselves and for which they receive ESG directly. The Government has announced that the Council’s ESG will reduce by £0.3m in 2016/17 (separately from any changes as a result of further Academy transfers). Savings are being identified in the People Directorate to match the funding reduction, and details will be reported to Cabinet in February.
18. The Chancellor confirmed in the Autumn Statement that large employers will have to pay an Apprenticeship Levy at a rate of 0.5% of payroll from 2017/18 onwards to fund apprentice training. On the assumption that the HRA and Dedicated Schools Grant funded services will bear their proportion of such costs, the impact on the General Fund will be around £0.5m per year. This has been built into forecasts below.
19. From 2016/17, Councils will have the flexibility to utilise Capital Receipts (other than those from Right to Buy disposals) to fund transformation costs. We will consider opportunities to use this flexibility and report back to Cabinet in due course.
20. The Government intends to devolve 100% of Business Rates to councils by 2020. This does not affect the budget for 2016/17, and at this stage there is no indication that it will have any impact in the subsequent 3 years. The implications for the Council will be reported to Cabinet when detailed proposals are issued. The Government has confirmed that the reforms will be fiscally neutral at the national level.
21. As stated above, the settlement now includes *indicative* figures up to 2019/20. The Government has indicated that it is prepared to go further and enter into agreements with individual councils to give a guaranteed minimum level of funding up to 2019/20 subject to the development of efficiency plans. We await further details of the terms and conditions attached to any such agreement and will report back with recommendations to a future meeting of Cabinet. For the time being, the indicative figures in the settlement are considered to be a reasonable basis for forecasting.
22. The impact of the changes above compared with the October report position are shown at Appendix A. The net effect is worse than we previously forecast for 2016/17 and 2017/18, but becomes significantly more favourable from 2018/19.

Council Tax and Business Rates

23. The Council Tax forecasts in the October report to Cabinet anticipated that the cuts to tax credits from April 2016 could increase Dudley's Council Tax Reduction (CTR) scheme costs by up to £0.5m per year. As the cuts to tax credits are no longer proceeding, our forecasts have been updated accordingly, together with changes resulting from revisions to future tax base growth assumptions. Latest forecasts indicate a further increase in the one-off Collection Fund (Council Tax element) surplus at 31st March 2016, available for use in 2016/17.
24. The October forecasts assumed that Council Tax increases by just under 2% for each year of the MTFS. Latest forecasts assume that the Council will take advantage of the ability to increase Council Tax by a further 2% in respect of the Social Care Precept, such that increases will be just under 4% for each year of the MTFS.
25. The Government has indicated that the doubling of Small Business Rate Relief (SBRR) will continue for another year until 31st March 2017. The loss of income will be funded by a specific grant. Figures have also been updated to reflect the Office of Budget Responsibility's latest RPI forecasts, given that Business Rate increases are linked to RPI.
26. The impact of the changes above compared with the October report position are shown at Appendix A.
27. The underlying buoyancy of these income streams will continue to be reviewed and final forecasts will be reported to Cabinet in February.

Integrated Transport Authority Levy

28. We have assumed, based on indications from the Integrated Transport Authority (ITA) that the Levy will reduce by 7.4% over the next three years. This will be reviewed in line with further announcements from the ITA.

Base Budget Forecasts

29. To reflect the announcement of indicative funding levels for 4 years and aid robust financial planning, our forecasts have now been extended to include 2019/20.

30. The Base Budget reflects the impact on spending of anticipated changes, before directorate spending pressures or savings proposals are taken into account. Details are as follows.

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
2015/16 base	229.4	229.4	229.4	229.4
Pay (note 1)	1.5	3.0	4.7	6.9
ITA Levy (see paragraph 28)	-0.6	-0.9	-1.1	-1.1
Income uplift (note 2)	-1.2	-2.4	-3.3	-4.3
Change in MRP Policy (as reported to Cabinet in October)	-14.4	-15.0	-0.7	-0.3
Pensions (note 3)	1.2	3.4	3.8	4.0
National Insurance (note 4)	2.1	2.1	2.1	2.1
Apprenticeship Levy (see paragraph 18)		0.5	0.5	0.5
Other adjustments (note 5)	0.2	-0.3	-0.6	-1.1
Base Budget Forecast	218.2	219.8	234.8	236.1

Notes:

- (1) We are expecting underlying pay awards for local government to continue to be settled at very low levels in the next few years. The national employers' organisation which covers the majority of staff has made a 2 year pay offer (for 2016/17 and 2017/18) based on a 1% underlying increase and the anticipated impact of the National Living Wage (including the maintenance of appropriate differentials as a consequence of the latter). We have allowed for increases on a similar basis in subsequent years.
 - (2) This assumes an increase of 2% per year on fees and charges.
 - (3) Ongoing stepping up of employer contributions following revision of the Local Government pension scheme from April 2014.
 - (4) Ending of "contracting out" on introduction of Single Tier State Pension from April 2016.
 - (5) Impact of Capital Programme and treasury management changes, and other minor adjustments.
31. The impact of changes compared with the October report position is shown at Appendix A. The most significant change is that there is now no provision for general price increases on non-pay budgets. With the exception of specific directorate pressures identified in paragraph 32 below, all non-pay budgets will be cash limited and any inflationary pressures will need to be managed within directorate budgets and through efficient procurement. This represents a significant financial challenge. To ensure that the challenge is met, we are reviewing authorisation levels and use of purchase cards, developing guidance and promoting an "every penny counts" approach with and for all budget managers.

Spending Pressures

32. Spending pressures provided for are as follows. These are detailed in Appendix B.

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
People	14.7	16.4	18.7	23.6
Place	0.9	1.2	1.3	1.5
Resources and Transformation	0.4	0.4	0.4	0.5
Total	16.0	18.0	20.4	25.6

33. The impact of changes compared with the October report position are shown at Appendix A. The most significant change relates to the impact of the National Living Wage (NLW) on adult social care. In October, we made prudent provision for this pressure on the basis of the expected trajectory of NLW increases and assumptions about direct wage costs as a proportion of total costs. Following a survey of costs, comparisons with charges paid by neighbouring councils and negotiations with providers, we propose to contain cost increases within a provision of £3.4m by 2018/19 and £5m by 2019/20. This will be challenging and will require the retendering of home care in 2017/18. It may also impact on a number of smaller providers of residential and nursing care. The position will be monitored to ensure that sufficient capacity is maintained to meet care needs.

Savings

34. Cabinet on 28th October considered a package of Directorate savings proposals as the basis for scrutiny and consultation. These have now been updated in pursuance of Cabinet's instruction that directorates would further review budgets to identify additional savings that can be implemented from 2016/17. Details are set out in Appendix C.

	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
People	4.3	12.1	12.5	12.5
Place	1.3	2.3	4.0	4.0
Resources and Transformation	2.4	3.4	3.5	3.5
Total Directorate Savings	8.0	17.8	20.0	20.0

35. In addition to the Directorate savings, it is proposed to enter into negotiations with a view to reducing Car Mileage Allowance costs by £0.2m annually from 2017/18 onwards.

36. The impact of changes compared with the October report position are shown at Appendix A.

Public Health

37. The Council's original Public Health Grant allocation in the current year was £21.4m, which was subsequently reduced by £1.3m following the reduction in national allocations by £200m in-year. We are expecting the 2016/17 grant allocation to be announced in late January, and details will be reported to Cabinet in February.

38. Savings proposals in respect of grant funded activities are set out in Appendix C. Proposals for the overall deployment of the 2016/17 funding will be brought back to Cabinet for consideration in due course. Subject to the funding available, opportunities will be sought to use the Public Health Grant to support the wider health improvement priorities of the Council.

Medium Term Financial Strategy

39. The MTFS reflecting the revised spending proposals set out above, and forecasts of likely resource availability can be summarised as follows.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Base Budget Forecast	218.2	219.8	234.8	236.1
- see para 30				
Pressures	16.0	18.0	20.4	25.6
- see para 32				
Directorate Savings	-8.0	-17.8	-20.0	-20.0
- see para 34				
Car Mileage Savings	-	-0.2	-0.2	-0.2
- see para 35				
Redundancy costs	5.1	1.1	-	-
- see para 6				
Total Service Spend	231.3	220.9	235.0	241.5
Revenue Support Grant (RSG)	44.9	33.2	25.4	17.5
Retained Business Rates	45.0	46.9	47.9	48.5
Top-Up Grant	15.3	15.6	16.1	16.6
Business Rate Grant	2.7	1.0	0.9	1.0
New Homes Bonus, inc. Adjustment Grant	5.6	5.6	3.5	3.4
New Better Care Fund	-	1.2	7.2	12.4
Collection Fund Surplus – Council Tax	2.0	-	-	-
Collection Fund Deficit – Business Rates	-1.8	-0.7	-	-
Council Tax - Basic	101.1	104.0	106.9	110.0
Council Tax - Social Care Precept	2.0	4.1	6.5	9.1
Total Resources	216.8	210.9	214.4	218.5
Deficit funded from Balances	14.5	10.0	20.6	23.0
Balances brought forward	22.6	8.1	n/a	n/a
Balances carried forward	8.1	n/a	n/a	n/a

40. The table above assumes that Council Tax, including the Social Care Precept, increases by just under 4% for each year of the MTFS. This would not require a referendum in accordance with Chapter 4ZA of Part 1 of the Local Government Finance Act 1992.

41. This represents an improvement compared with the position reported in October. However, members should note:

- The improved forecasts involve significant new challenges to control expenditure (in particular the cash-limiting of non-pay budgets and the management of National Living Wage pressures in Adult Social Care).

- Based on the resource forecasts, pressures and savings proposals set out above, there will still be a significant deficit in each year of the MTFS.
- While reserves will be sufficient to cover this and set a legal budget for 2016/17, the position beyond that point is unsustainable.
- If further action is not taken to address the forecast deficit for 2017/18, this will be a matter of concern for the External Auditors in their audit of the current year's accounts (a separate report to this meeting covers this issue in more detail).
- Levels of reserves are very low compared with the national average².
- There is a continuing challenge for the Council to radically transform service delivery. Measures to achieve this transformation were the subject of a separate report to Cabinet on 3rd December.

Estimates, Assumptions & Risk Analysis

42. The proposals in this report are based on a number of estimates, assumptions and professional judgements, which are subject to continuous review. These may lead to further increases in expenditure and, therefore, the need to identify alternative funding sources, and include:
- (a) Revenue Support Grant for 2016/17 – 2019/20 is in line with Government indications.
 - (b) income from Business Rates (net of appeals etc.) will be in line with current forecasts;
 - (c) the cost of Council Tax Reduction awarded will not substantially exceed forecasts, and the tax base will continue to grow as anticipated;
 - (d) New Homes Bonus funding is in line with Government indications.
 - (e) Unequal Pay Back Pay costs are no more than estimated;
 - (f) pay inflation and interest rates do not vary materially from current forecasts;
 - (g) cash limited non-pay budgets will be managed so as to absorb any price inflation not specifically provided for, as set out in paragraph 31;
 - (h) income and expenditure relating to treasury management activity, including airport dividend income, are in line with forecasts;
 - (i) there will be no other unplanned expenditure (including any resulting from demographic pressures) or shortfalls in income, which cannot be met from reserves;
 - (j) there will be no changes to government policy on maximum underlying Council Tax increases without the need for a referendum;
 - (k) New Better Care Funding is unfettered and received directly by the Council as anticipated;

² As at 31st March 2015 (the last date for which comparisons are available) Dudley's unringfenced reserves represented 20% of net budget. For the average council, these reserves represented 40% of net budget. Unringfenced reserves are the sum of General Balances and earmarked reserves excluding Public Health, the Housing Revenue Account, schools and the central Dedicated Schools Grant reserve.

- (l) the Adult Social Care market is able to absorb National Living Wage pressures within the proposed provision;
- (m) any initial and subsequent monitoring requirements in respect of use of the Social Care Precept are satisfied.

Consultation

- 43. This year's public consultation has mainly utilised the successful online channels of the e-bulletin, internet and social media, with hard copy, printed versions available in borough libraries and Dudley Council Plus through a consultation which will continue to run until the end of January. The results will be reported to Cabinet in February.
- 44. Detailed consultation is also being undertaken with groups identified as being potentially affected by the specific savings proposals, with a particular emphasis on equalities issues. Further information is set out in the Equality Impact section below. Unions are being consulted in the context of the redundancy process.
- 45. A consultation document was distributed to representatives of Non-Domestic Ratepayers setting out the provisional budget proposals agreed in October. Further detailed information (as required in pursuance of the statutory duty to consult) will be distributed in February for comment before the Council Tax setting meeting.
- 46. In accordance with the Council's Constitution, the Scrutiny Committees were asked to consider the issues set out in the October report and any related specific issues relevant to their Council Plan and service responsibilities in the November cycle. In framing their responses, the Scrutiny Committees were asked to consider both the spending and funding implications (including the impact on Council Tax) of any observations they may wish to make.
- 47. Scrutiny Committees are now being asked to consider the issues and revised proposals set out in this report and any related specific issues relevant to their Council Plan and service responsibilities. For this committee the relevant items are those relating to the Place Directorate in paragraphs 32 and 34. The Strategic Director (Place) will be available at the meeting to address any queries. In framing their responses, the Scrutiny Committees are asked to consider both the spending and funding implications (including the impact on Council Tax) of any observations they may wish to make.

Finance

- 48. This report is financial in nature and relevant information is contained within the body of the report.

Law

- 49. The Council's budget setting process is governed by the Local Government Finance Acts 1988 and 1992, and 2012 and the Local Government Act 2003.

50. The Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of estimates made for the purpose of final budget calculations, and the adequacy of the proposed financial reserves and this will be included in the final budget report.
51. The Localism Act 2011 introduced a new chapter into the Local Government Finance Act 1992 making provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons.

Equality Impact

52. Section 149 of the Equality Act 2010 - the general public sector equality duty - requires public authorities, including the Council, to have due regard to the need to:
 - eliminate discrimination, harassment and victimisation and other conduct that is prohibited by the Act;
 - advance equality of opportunity between people who share a protected characteristic and those who don't;
 - foster good relations between people who share a protected characteristic and those who don't.
53. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
54. The legislation states that "the steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities." In practice, this means that reasonable adjustments should be made for disabled people so that they can access a service or fulfil employment duties, or perhaps a choice of an additional service for disabled people is offered as an alternative to a mainstream service.
55. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - tackle prejudice, and
 - promote understanding.

56. Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

The duty covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

57. An initial assessment of the budget proposals has been made. Where proposals are likely to have a significant equality impact, they will undergo an equality impact assessment informed by consultation with the protected groups who may be adversely affected, during the autumn. The results of this process and any steps which emerge that might help to mitigate any potential impact of the budget proposals on the protected groups will be reported to Members so that they can pay due regard to the Public Sector Equality Duty in making decisions on the budget. In making decisions on budget proposals, Members will need to weigh the Public Sector Equality Duty against the forecast financial position, risks and uncertainties set out in this report.
58. With regard to Children and Young People, a substantial element of the proposed budget for the People Directorate will be spent on maintaining and improving services for children and young people. The expenditure of other Directorates' budgets will also have a significant impact on this group.

Recommendations

59. That the Committee considers the Cabinet's proposals for the Medium Term Financial Strategy to 2018/19, taking into account the considerations set out in paragraph 47.



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List of Background Papers

Medium Term Financial Strategy report to Cabinet 28th October 2015
Provisional Local Government Financial Settlement 2016/17

Changes compared with October report

	2016/17 £m	2017/18 £m	2018/19 £m
Previous forecast deficit	21.4	22.8	50.6
Spending Review and Provisional Settlement:			
Revenue Support Grant (para 12)	-	0.6	-7.0
Council Tax Freeze Grant 2015/16 included in RSG from 2016/17 (para 12)	1.1	1.1	1.1
Spending pressure currently funded by Care Act Grant (included in RSG from 2016/17) (para 12)	0.7	0.7	0.7
New Better Care Fund (para 14)	-	-1.2	-7.2
New Homes Bonus (proposed to be revised to free up resources for Better Care Fund) (para 13)	-	0.4	2.9
Apprenticeship Levy (para 18)	-	0.5	0.5
	1.8	2.1	-9.0
Changes to Spending Proposals:			
Adjustment to pay inflation provision (para 30)	0.1	-	-
Manage general price inflation within cash limited budgets (para 31)	-2.8	-6.0	-9.1
Specific price inflation provided for (para 31)	0.2	0.5	0.7
Manage care contracts to reduce impact of National Living Wage (para 32)	-3.1	-4.5	-5.3
Other changes to spending proposals (see detail below)	-	-0.7	-0.7
	-5.6	-10.7	-14.4
Changes to Local Resources:			
Council Tax Base and Collection Fund surplus (para 23)	-1.1	-0.4	-0.3
Update Business Rate income in line with latest RPI forecasts (para 25)	-	0.4	0.2
Social Care Precept (para 16)	-2.0	-4.2	-6.5
	-3.1	-4.2	-6.6
Latest forecast deficit	14.5	10.0	20.6

Other changes to spending proposals	2016/17	2017/18	2018/19
	£'000	£'000	£'000
Defer savings from review of efficiency, effectiveness and investment in supporting people and voluntary sector commissioned services	568	-	-
Develop Transformation team structure within existing budget	-158	-158	-158
Further restructuring of Corporate Landlord Services	-25	-25	-25
Acceleration of savings from Financial Services	-75	-	-
Further Senior Management restructure	-359	-359	-359
Review of Car Mileage allowances	-	-200	-200
Total	-49	-742	-742

Spending Pressures

People	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Outcomes from Safeguarding Children Services Audit	900	1005	1113	1,221
Spend to Save Initiative: District Social Worker peripatetic pool to cover maternity and turnover thus avoiding the engagement of Agency Staff Social Workers.	225	225	225	225
Invest in Children's Services to support the development of the Dudley Safeguarding and Early Help model.	250	250	250	250
Non-delivery of the Better Care Fund performance element	1,620	1,620	1,620	1,620
Existing Service Pressures - Assessment and Independence	5,000	5,000	5,000	5,000
Existing Service Pressures - Complex and Inclusion and Mental Health	3,400	3,400	3,400	3,400
Pressures around increased Safeguarding and Deprivation of Liberty standards (DOLS) activity	160	160	160	160
Increased costs of care for Older people as a result of demographic pressures of people living longer. (dementia)	539	1,078	1,617	2,156
Learning disability transition cases	1,005	1,005	1,005	1,005
National Living Wage residential care providers	451	1,363	2,293	3,242
National Living Wage care at home providers	-	-	550	1,112
National Living Wage direct payments	155	206	218	230
National Living Wage – Sleep Ins	300	338	375	413
Inflationary Pressure - Education Outcomes, Existing Premature Retirement costs	39	78	118	158
Transfer of Care Act Grant to RSG – ongoing commitments, plus new costs in 2019/20	708	708	708	3,444
Total	14,752	16,436	18,652	23,636

Place	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Shortfall of Pay & Display income due to reduction in parking spaces without commensurate reduction in income target	250	250	250	250
Increase in free spaces & reduction in season permit holders.	100	100	100	100
Not converting free car parks to Pay & Display per agreed policy	150	150	150	150
Dudley Market Place cleansing (growth)	50	50	50	50
Leisure Centres income shortfall	100	100	100	100
Waste disposal - higher costs at recycling site and landfill tax, from 2017 when current contract is due for renewal, plus inflationary pressures	204	502	683	895
Total	854	1,152	1,333	1,545

Resources and Transformation	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Legal Services additional support for Looked After Children	100	100	100	100
Assumed maximum reduction in DWP Benefits Admin Grant based on previous trends.	175	175	175	175
Impact of National Living Wage on outsourced Cleaning Contract for Admin Buildings	49	80	120	160
Subscription to Black Country Consortium	50	50	50	50
Total	374	405	445	485

Proposed Savings

People	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Generate additional surplus traded service income.	39	100	100	100
Service efficiencies in respect of the Educational Psychology service.	0	24	24	24
Restructure the integrated youth support service.	130	330	330	330
Realign the voluntary and community sector commissioning budget.	40	80	80	80
Options will be explored for Dudley Performing Arts (DPA) service to become 100% financially sustainable by 2016/17, through traded service income, grants, partner contributions and trust status.	170	170	170	170
Establish savings through an integrated service approach to the Whole Life Disability service to be achieved as part of the People Services Directorate revised structure from 2015.	5	75	75	75
Smarten the commissioning arrangements in the People Services Directorate.	133	223	223	223
Redesign the Education Services division to achieve efficiencies and improve outcomes.	110	156	156	156
Integrate service arrangements for the Teenage Pregnancy programme with Social Care and Public Health.	0	134	134	134
Develop a more integrated approach for children and young people in the area of safeguarding and early help to include Children Centres.	137	1,401	1,401	1,401
Redesign the early help offer for Dudley to prevent children escalating to becoming looked after.	0	2,000	2,000	2,000
Alignment of contract prices at New Bradley Hall with market conditions.	0	0	354	354
Maintain reablement service capacity and delivery via alternative business model.	500	500	500	500
Commission alternative model to current Employment plus arrangements.	239	239	239	239

People	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Reprovision of long term residential care and reablement at Russell Court	500	1,000	1,000	1,000
Review the scope, capacity and efficiency of the Dementia Gateway service.	443	886	886	886
Review efficiency, effectiveness and investment in supporting people and voluntary sector commissioned services.	932	3,000	3,000	3,000
Removal of grant funding for Centre for Equality and Diversity (CFED)	20	40	40	40
Redesign and integrate the service delivery model for Environmental Health and Trading Services.	0	137	137	137
Recommissioning of the Substance Misuse service in light of tendering process.	115	115	115	115
Creation of a Library Archives and Adult Learning mutual	811	1,526	1,526	1,526
Total	4,324	12,136	12,490	12,490

People - Savings from Public Health Grant	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Restructure of Public Health management and staffing posts	632	650	650	650
Review investment efficiencies in Public Health commissioning arrangements.	1,045	1,950	1,964	1,964
Total	1,677	2,600	2,614	2,614

Place	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £'000
Directorate efficiencies - Reviewing staffing requirements and income generation targets subsequent to service review	20	222	222	222
Deliver value for money services by ensuring that high priority green areas are effectively maintained while reducing / stopping maintenance of low priority areas and reducing maintenance of ornamental lawns. Encouraging greater participation by communities in maintenance of green areas as a means of achieving civic pride and community commitment. Seek sponsorship in order to carry out planting programmes. Withdrawing support for 'Green Flag' and 'in bloom' submissions with community / voluntary sector taking the lead in future.	166	265	265	265
Reviewing street cleansing operations in order to maximise the efficiency and effectiveness of the service by focussing activity in areas affected by litter	55	55	55	55
Closure of public conveniences based upon use and condition	0	25	25	25
Ensure that HRA contribution to General Fund services is appropriate by reviewing contribution towards development of cross tenure housing strategy policy and team and rationalise grant assistance to CAB while maintaining cross tenure housing advice service	39	64	64	64
Review of events programme and associated land and building assets in order to deliver self financing service by 2019	70	125	423	423
Review use of halls borough wide in order to achieve self financing status. Closure of Dudley Museum with collection transferred to alternative premises for permanent display. Review opening hours at Red House . Engage with Hotel provider regarding the potential for provision at Ward House in order to support events at Himley Hall	20	190	764	764
Review current operation of street lighting in order to maximise efficiency of repairs service and utilising dimming technology / turning off street lights in identified low risk areas in order to reduce energy costs	150	250	250	250

Place	2016/17 £000	2017/18 £000	2018/19 £000	2018/19 £000
Ensuring efficient highway maintenance service by streamlining pothole repair process and focussing carriageway re-surfacing on strategic highway network	135	155	445	445
Undertake review of current winter service provision in order to ensure key strategic routes are treated as required while ensuring best value is delivered in provision of the service. Number of gritting vehicles and provision of grit bins to be rationalised	20	75	125	125
Commence review of policies related to parking charges and exemptions culminating in a strategic review of parking services in order to ensure that parking provision and enforcement facilitates and encourages access to key retail / economic centres across the borough	35	45	295	295
Review criteria for provision of dog / litter bins and signage	20	20	20	20
Private Sector Housing - Home Improvement staffing efficiencies	280	280	280	280
Introduction of Road Safety Traded Service to charge for Road Safety and Cycling Proficiency schemes	0	30	30	30
Charging Academy Schools for School Crossing Patrols & review of deployment criteria.	0	20	40	40
Maximising efficiency in Bereavement Service. Review charging policy and implement a package of measures in order to maximise take up of the service while providing high quality bereavement services across the borough	256	466	712	712
Total	1,266	2,287	4,015	4,015

Resources and Transformation	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£,000
Financial Services – Savings will be delivered following a review of processes so the service focuses on strategic financial management and reduces non-core and transactional activity. Efficiencies will be delivered following the formation of Financial Services which now includes Revenues Exchequer Services and Procurement, Creditor Services and Contract Management.	130	190	190	190
Elections - reduction in running expenses	30	30	30	30
Democratic Services and Legal Admin - staff savings from process and service redesign.	101	101	101	101
Audit Services - staff savings through rationalisation of audit work in line with key risks.	0	32	32	32
ICT – reductions in staffing, software and hardware costs made possible by increased automation and self-service, stream-lining of processes, server virtualisation, use of open source software, reduced maintenance following investment in infrastructure and further consolidation including pursuit of shared service opportunities.	357	582	590	590
Reorganisation of the Health and Safety function.	123	123	123	123
Corporate & Customer Services - review of senior management structure and other staff roles/responsibilities within the Division	404	404	404	404
HR Services - Staffing savings together with some reduction in general service overheads following service review, to focus on strategic HR business partnering, and further reductions in non-core and transactional activities. Efficiencies will be delivered following implementation of a new HR/Payroll system alongside an increase in employee/manager self service.	69	274	379	379
HR Services - Increased scope for income from traded services across HR operation.	30	50	50	50
Corporate Landlord Services - New income will be generated from new design work arising from identifying and realising opportunities from the creation of a new estate strategy. £100,000 additional income will be generated from 17/18 by increasing traded service to schools.	75	175	175	175

Resources and Transformation	2016/17	2017/18	2018/19	2018/19
	£'000	£'000	£'000	£'000
Further to ongoing restructuring of Corporate Landlord Services it is possible to offer up an additional post from the Catering, Client and Caretaking team from Saltwells earlier than expected.	25	25	25	25
Savings will come from redefining and reducing the number of existing property roles in the new Corporate Landlord Service. Review caretakers roles including Priory Hall. Saltwells Education Development Centre to achieve 5% efficiency savings	363	375	375	375
Reduce opening times at Dudley Council Plus	40	40	40	40
Higher than anticipated recovery costs income, and proposed increase in Council Tax court summons costs by £5 per summons	75	75	75	75
Local Welfare Assistance - explore alternative delivery models, predominantly via Voluntary Sector	100	200	200	200
Communications and Public Affairs restructure of service	163	227	227	227
Review of events programme to deliver self financing service by 2019 – Communications and Public Affairs element	0	0	38	38
Reduce grant to Dudley Zoo	0	100	100	100
Restructure to remove the post of Strategic Director of Resources and Transformation and further rationalise and reduce the costs of management of central support services. Property Services will transfer to the Place Directorate and other central support services will report to the Chief Executive.	359	359	359	359
Total	2,444	3,362	3,513	3,513

Meeting of the Place Committee – 20th January 2016

Joint Report of the Strategic Director of Place and the Chief Officer, Finance and Legal Services

Medium Term Financial Strategy - Housing Finance

Purpose of Report

1. To consult the Scrutiny Committee on the principles adopted in the proposed Housing Revenue Account (HRA) budget for 2016/17 and future years, in the context of rent reductions and the impact of the government's welfare reforms.
2. To report on the outcome of consultation to charge council housing and garage rents over 52 rather than 50 weeks from April 2016, which will allow closer alignment with the monthly payments that more of our tenants are now making, and which will also be used for benefit payments under the government's programme of welfare reforms.

Background

HRA Budget

3. The 2015/16 HRA revenue budget, rolling 5 year Public Sector Housing capital programme and 30 year HRA financial business plan were presented to Cabinet in February 2015 on the basis of the allowable rent increases and inflationary trends that were expected at that time. In particular, rent increases were predicated on the Government formula using CPI in the September prior to the new financial year plus 1%, as agreed for all social landlords in 2014. The Government had stated that this new rent increase formula would apply for the next ten years, in order to allow social landlords certainty of budget planning for a considerable period.
4. In the Chancellor's July budget, however, he announced that social landlords' rents would be reduced by 1% annually for the next 4 years (2016/17 through to 2019/20) and would then revert to the rent increase formula of September CPI plus 1%.

5. The impact of this reduction in rents over the next four years is a cumulative shortfall in income compared to the forecast when original 2015/16 budgets were set of £27.8m:

2016/17 £2.5m
2017/18 £5.4m (cumulative £7.9m)
2018/19 £8.4m (cumulative £16.3m)
2019/20 £11.5m (cumulative £27.8m)

In addition, service pressures including the roll-out of welfare reforms, notably Universal Credit and the reduced benefit cap, as well as Right to Buy replacement targets for new build homes, differential rates for tenants who have income greater than £30,000 (the Pay to Stay policy), the proposed sale of high value empty homes and the introduction of fixed term tenancies will all impact on HRA budgets to increase, for example, the cost of management and the provision required for bad debts.

Overall, based on latest forecasts, for costs as well as rental income, and taking into account efficiency savings already budgeted, it is expected that the overall HRA budget shortfall over this period (compared to original resource forecasts) will be:

2016/17 £2.9m
2017/18 £5.8m (cumulative £8.7m)
2018/19 £7.7m (cumulative £16.4m)
2019/20 £9.8m (cumulative £26.2m)

By 2020/21, although rents are able to start to increase again in this year, the cumulative shortfall compared to the previous medium term financial strategy is expected to be £36.6m.

Budget Consultation

6. In formal community engagement at the Tenants' Conference in October 2015, consultation focused on the impact of the above budget reductions. 48 people attended the event (including 5 councillors) and after delegates received presentations and contributed in workshops on the impact of the rent reduction on resources, delegates were asked to consider the impact on a number of services:
- Anti-social behaviour service
 - Estate management and caretaking service
 - Income collection
 - Repairs
 - Investing in existing homes
 - Adaptations
 - Empty homes
 - Community improvements
 - Waiting list and lettings
 - Sheltered and supported housing

Delegates were asked to consider if the above services were:

- where efficiency savings could likely deliver acceptable standards
- where substantial savings should be identified
- capable of being delivered in part or whole by the community.
- no longer required and could be withdrawn

Generally responses acknowledged the budget reduction as inevitable, and that whilst communities should assist with service provision where possible, overwhelmingly no services were 'no longer required', but the majority of substantial savings should be identified across all services, many of which could be delivered through efficiency savings.

Significantly:

- 68% thought savings should be delivered in housing management with a further 29% considering this could be achieved through working with the community;
- 48% thought that savings should be delivered to improve the efficiency in income collection through use of IT, with a further 45% supportive of increasing enforcement rather than offering support to tenants having difficulty in paying rent;
- Over 80% were in support of substantial savings in the repairs, capital improvements, voids and adaptations services (95% in voids).

HRA budget proposals

7. The proposed budget for 2016/17 is based on estimated resources available of around £89m. Of this:
 - a. Around 20% (£18m) is required to service historic housing debt of £470m of which £335m was taken on as a consequence of the HRA Self-Financing settlement that replaced the former HRA Subsidy system in 2012. This covers the payment of interest only. It is perfectly acceptable to set a budget to pay interest only, so long as sufficient investment in our housing stock is maintained to keep properties in good order and uphold their value. Our medium term financial strategy is to pay interest only, so that we have as much resource as possible to spend on maintaining, managing and improving our housing assets, rather than directing resources to repaying debt at this stage.
 - b. Around 19% (£17m) is required to fund the management of the housing service, including estate management, lettings, supported housing and rent collection. This includes a contribution to Discretionary Housing Payments of over £0.5m, council tax on empty homes of over £0.5m, buildings insurance of £0.8m and central Council overheads of £3.8m. As noted in paragraph 5 above, there are a number of service pressures relating to the management of the housing service, around, for example, welfare reform and proposed changes to Government housing policy. Specific examples include additional pressure on Discretionary Housing Payments (DHP) which are supported by the HRA in relation to claims by tenants: currently, most claims relate to a shortfall of benefits owing to underoccupancy, but the reduction in the benefit cap from 2016/17 and other proposed changes to housing policy are likely to increase demand further and as a result a review of our current policy on awarding DHP will

- be required in the near future. We are also experiencing significant increases in court fees in recent years with further increases expected.
- c. Around 26% (£23m) is required for repairs and maintenance to the housing stock to keep our homes in good order and carry out essential statutory repairs to safely maintain properties and safeguard residents. This includes undertaking statutory servicing and repairs to gas appliances, maintaining and servicing lifts and electrical equipment and installations (particularly in flatted developments), grounds maintenance on estates and re-decoration works. However, it excludes any capital improvements required to maintain our assets' value by replacing major components such as kitchens, roofs, windows and heating. Our routine repairs and maintenance work contributes to keeping properties in good condition so that they can be re-let more quickly on a change of tenant, minimising the rent loss while the property is empty.
 - d. The above accounts for 65% of available resources, leaving around 35% (£31m).
This is required to support major repairs, investment works and new build, and is categorised as capital expenditure. Based on the number, type and condition of our properties, external audit recommendations are that a minimum of £25m is required annually to ensure that our stock continues to be maintained at an acceptable level and value. We have to do this not only because it is the right thing to do for our tenants but also because if we do not, we may find ourselves unable to support our historic debt, as our ability to do so depends on the condition and value of our stock.
 - e. The remaining £6m can be spent on other priorities, including new build. There is a recognised need to update and refresh our stock with modern homes that meet today's aspirations. We are also subject as a housing authority to Government targets on Right to Buy Replacement, where, if we do not spend the required level of funding on new council homes to replace those sold under Right to Buy, we will have to return the receipts to Government. Other pressures include a 30 year capital investment need of £638m at April 2015 with a catch-up investment need of £85m.
8. In order to set a balanced budget, our main areas to review will include service standards and specifications in particular for repairs and maintenance and the timing and programming of capital improvement schemes.
 9. As the Committee will be aware from previous reports, one of the key issues for the service is the cost of works in empty properties, largely as a result of deferred capital works with previous tenants refusing work. This impacts on budgets in a number of ways: the longer a property is empty, the higher the rent loss; the HRA as the landlord must pay council tax on the property while it is empty; while the cost of works to being the property back to a lettable condition has been identified as higher than the sector average.
 10. There is a balance between repairs and planned spend to be considered but in principle the savings largely flowing from a reduction in spend on empty homes will be used to deliver planned programmes as we are striving more towards strategic planned works and less reactive spend.
 11. Work has been undertaken and is ongoing through the Place Scrutiny

Committee on reviewing the works undertaken when homes are empty with a view to returning empty properties to lettable condition as quickly as possible whilst only undertaking only necessary work. Specifications of works are being reviewed with an emphasis on programming works that are not required urgently, to be undertaken later as part of planned programmes. This will be more cost-effective than undertaking them on an ad hoc basis determined by when a property becomes empty. This refocused approach is already beginning to demonstrate significant cost savings during the last quarter of the current financial year. Any impact of the reduced expenditure on the lettable of empty homes is anticipated to be more quantifiable by March 2016, but as at 7th January the lettings position is that we have 651 vacant homes, of which 58 are preallocated and being prepared for letting, and a further 96 are under offer and undergoing pre tenancy checks. These include 45 homes that have been difficult to let. This leaves 497 homes vacant and not yet allocated, which may be further divided into four groups

- a. 145 are homes for which it would normally be easy to find tenants, and the majority are relatively new voids going through the advertising process. Only 20 of these have reached the point of being ready to let without already being allocated.
- b. 216 are homes for which there is little or no demand, typically being advertised several times with few or no bids. These are high and low rise flats, bedsits, some sheltered housing and a few houses, maisonettes and bungalows.
- c. 71 are homes for which there is little or no demand and that would not be able to be let anyway without major investment. These are mainly high rise flats with water ingress.
- d. 65 are homes for which it would normally be easy to find tenants, but which have not been released for advertising because the budget has not been available to commit to prepare them for letting. These will be released now, but will continue to impact on void figures in the immediate future as both the repairs process and the advertising/allocating/letting process have still to be completed. This group also includes a handful of houses that are not economical to repair.

It follows that the next few months will continue to be challenging as we clear those voids for which there is demand. We are moving back to advertising in the notice period when there is one, or otherwise on receipt of the void. Beyond that, the issues of low demand and high investment need (and in some cases both) will need to be tackled so that vacancies as a percentage of stock, and rent loss as a percentage of debit, can be brought back to viable levels.

12. A similar approach is therefore proposed with regard to capital improvement works in general. The principles of the new budget proposal will significantly reduce spend on empty homes but compensate by increasing planned spend in roofing, external doors and windows and internal works such as kitchens and bathrooms. With the specification of works being reviewed (e.g. installing combi-boilers as the preferred standard above systems boilers allowing more heating installations to be undertaken for the same budget) investment will be focused on priority need and planned programmes rather than works undertaken that react to tenants' requests.
13. Details of the proposed 5 year programme will be outlined in the report to the Council's Cabinet of 10th February 2016 ahead of formal approval by Full

Council in March in accordance with the Council's Constitution. The Committee are advised that the proposal will seek approval of a revised 5 year capital programme of around £190m, which is some £21m less over 5 years than the current £211m 5 year programme, and will be supported by a revenue programme of around £23m per year, which is around £2.5m to £3m per year less than forecast in the current medium term financial strategy.

14. Budgetary provision also needs to be considered to address failing stock where sustainability modelling identifies that there is low demand for current assets. As part of this approach, proposals may also need to consider the disposal of some properties that are low demand and high investment need. This will reduce unnecessary expenditure and also provide additional capital income that can be ploughed back into replenishing stock with homes that are required. Whilst this will provide a robust and transparent rationale for future long term decision-making, it also facilitates engagement with tenants and residents to address wider estate expenditure on communal assets to assist in sustaining communities.
15. The budget proposals will also continue to support wider community needs such as maintaining adaptations for people with disabilities and heating programmes to reduce fuel poverty. These programmes will contribute to reducing the burden on public health budgets by helping to provide independent living in affordable homes within safe communities.
16. Repairs and maintenance service standards will also be reviewed as part of delivering efficiency savings through the repairs service. This will be required to deliver the required year on year budget savings and will require support from stakeholders as low priority repairs may take longer to be undertaken, or may be withdrawn from service standards where the service is an enhanced one above the statutory minimum.
17. Work is also being undertaken to review management cost savings that are being delivered through the corporate restructure and ongoing efficiency improvements. It is expected that over £1.5m savings will be incorporated into the budget proposals, largely by collaborative procurement and more efficient delivery models such as increased use of framework contracts and procurement consortia.
18. Overall, the budget proposals for repairs and improvements will seek to make a significant contribution towards delivering the savings identified in paragraph 5, but will look to redress the balance of unplanned ad-hoc expenditure with a more strategic asset based investment programme.

Charging rents over 52 weeks

19. Currently, rents are charged over 50 weeks a year with two “free weeks” at the end of December. We are proposing that from April 2016, rents will be charged over 52 weeks. As rents are calculated as an annual charge, the amount of rent that is paid over the course of a year will only change by inflation: following the announcement in the Chancellor's July 2015 budget regarding social rents, for 2016-17 this will be -1%.

20. The average rent in 2015/16 is £82.50 over 50 weeks. With the 1% rent reduction, the new average rent from April 2016 will be £81.67. Charged over 52 weeks rather than 50 weeks, the average rent would be £78.53 weekly (based on current stock).
21. We are proposing this change firstly because an increasing number of tenants are paying their rent monthly by Direct Debit or Standing Order. Secondly, as Universal Credit replaces Housing Benefit, the housing element will be paid monthly. Moving to a 52 week rent year will better align charges with these tenants' income streams. It will also facilitate the introduction of weekly Direct Debit as a more efficient payment option for tenants who do not wish to move to monthly rent payments.
22. The change to 52 weeks will result in a smaller weekly payment for all tenants but, for those tenants who are still paying weekly, it will mean making a payment every week. If tenants wish to still enjoy a "rent free" period at Christmas, they can still pay a higher weekly amount to build up a credit to be used later.
23. The new charging weeks will not directly affect any tenants who are in receipt of full Housing Benefit at the moment. However, as tenants move to Universal Credit over the next few years, many will become responsible for making payments themselves and having rent charges over 52 weeks will help to make it easier for them to budget, and will better match the monthly payments of Universal Credit. It will also facilitate the introduction of weekly Direct Debit payments as an additional option for tenants who would like to take advantage of an efficient and automated payment system but who would like to continue to manage their budgets weekly.
24. Consultation has been undertaken with tenants via an online survey to 4,000 tenants. We had 331 responses, equating to a return rate of just over 8%. Of these, 115 replied that they already paid monthly so were not affected, 81 said that they would be happy to pay over 52 weeks with a slightly lower weekly rent, and 118 said that they would prefer to keep the "free" weeks.
25. Overall, 8,000 (36%) of our tenants receive full Housing Benefit and 5,600 (26%) pay monthly so 62% of tenants will not be affected by this change. Those on Housing Benefit, however, will be affected when they move to Universal Credit and receive equal monthly payments towards their housing costs.
26. Moving to charge rents over 52 rather than 50 weeks will support rent collection with the introduction of Universal Credit and the encouragement of efficient payment methods such as Direct Debit. The response to consultation indicates that of those tenants who replied over 59% were unaffected or content with the proposal. In addition, as 62% of all tenants would be unaffected by this change, and those receiving Housing Benefit would be positively affected when they move to Universal Credit, it is proposed that from April 2016, rents will be charged over 52 weeks.

Finance

27. Section 76 of the Local Government and Housing Act places a duty on the

Council to ensure that no action will be taken that may cause a deficit to arise on the HRA by the end of each financial year. A duty is also placed on the Council to review the financial prospects of the HRA from time to time. Reviews and regular monitoring carried out confirm that the HRA will comply with the requirements of the Act.

Law

28. HRA finances are governed by Section 74-78B and 85-88 in Part IV of the Local Government and Housing Act 1989. Sections 167-175 in Part VII of the Localism Act 2011 abolish the HRA Subsidy system (Sections 79-84 in Part IV of the Local Government and Housing Act 1989) and introduce self-financing.

Equality Impact

29. The proposals take into account the Council's Policy on Equality and Diversity.
30. This is a financial report concerned with forecasting of income and application of resources. Some areas of proposed expenditure are intended to promote independence and improve quality of life for protected groups.

Recommendations

31. That the Committee notes the principles adopted in the proposed Housing Revenue Account (HRA) budget for 2016/17 and future years, and notes the report on the outcome of consultation to charge council housing and garage rents over 52 rather than 50 weeks from April 2016.



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List of Background Papers – none

Place Scrutiny Committee - 20th January 2016

Report of the Chief Officer Environmental Services

Recycling Participation

Purpose of Report

1. To update Scrutiny Committee on the ongoing work to increase participation in the household recycling collection service.

Background

2. Data for England from the Government's WasteDataFlow database shows that recycling rates are flat-lining nationally, reaching 43.7% for 2014/15, a 0.2 percentage point increase on the 43.5% rate achieved in 2013/14. A number of reasons are being cited: people's reading habits have changed (moving to online publications); glass is used less than previously and where it is used tends to be lighter in weight; retailers are using less packaging generally; and the economy continues to fluctuate.
3. The amount of household waste that English local authorities recycle varies hugely, with the best recycling as much as 67% (South Oxfordshire in 2014/15) and the worst as little as 14% (Isles of Scilly).
4. Dudley's recycling rate was 42.2% in 2014/15, an increase of 6.6% compared to 2013/14. This makes Dudley's 2014/15 recycling improvement the best in the West Midlands. Table 1 below compares our rates with neighbouring authorities. It also confirms that recycling rates have reached a plateau and indeed are falling in some cases:

Table 1: West Midlands Councils Recycling Rate Comparison

Council	2013/14	2014/15	Direction of Travel
Dudley	35.6%	42.2%	↑
Birmingham	28.7%	26.6%	↓
Coventry	35.7%	34.1%	↓
Sandwell	44.6%	40.9%	↓
Solihull	39.5%	39.8%	↑
Walsall	41.1%	42%	↑
Wolverhampton	45.5%	44.1%	↓

5. The UK has a recycling target of reaching 50% by 2020. While Dudley's performance is heading in the right direction, there is still a long way to go to

achieve this. Our current three-year targets are 43% for 2015/16, 45% for 2016/17 and 46% for 2017/18.

6. Dudley were awarded £1.8M following a bid to the DCLG's Weekly Collections Support Scheme (the 'Pickles' Fund), to assist in the introduction of the enhanced recycling service. A key criteria of the bid was that the service would be financially sustainable once the grant funding had ended, i.e. April 2015. Collected tonnages of recyclables have not increased as much as we had hoped following service transformation (most likely due to the reasons outlined in paragraph 2) and the service is therefore not yet self financing.
7. It is important to note that the recycling rate is made up of dry recycling (paper, card, glass bottles etc) and green garden waste. In 2014/15 our dry recycling rate was 24.8% and green waste 17.4% (total 42.2%). Green waste does not provide an income, and instead we have to pay for its disposal, with haulage costs currently at approximately £30 per tonne (we collect around 21,000 tonnes of green waste per year). It is therefore the dry recycling, with the income attached to it, that is the focus of the work to increase resident participation.
8. Councils with much higher recycling rates than Dudley's tend to be motivated by the need to extract as much waste out of the waste stream as possible to reduce landfill. Many of these councils will therefore operate alternate weekly collections for residual waste and/or co-mingle all recyclables in one container. Dudley's landfill rate is one of the lowest in the country (3.4% in 2014/15) as over half of the waste collected in the Borough is incinerated at the waste to energy plant at the Lister Road Depot.
9. Co-mingled collections do offer the easiest and most straightforward way for residents to recycle, and therefore attract higher tonnages than separate collections. However, it produces a low quality material which provides a low income to the Council. Furthermore, the revised Waste Framework Directive published in 2011 introduced a need for there to be separate collections of recyclable glass, metal, paper and plastic from both residential and commercial properties unless it is not technically, environmentally or economically practical (TEEP) to have separate collections. Dudley's household recycling service accords with this legislation following the 2013 and 2014 service transformation programme. Collecting recyclables separately also ensures a better quality product and therefore a higher level of income to the Authority.

Committee Members Sub-Group

10. The Place Scrutiny Committee Recycling Participation Sub Group met on Wednesday 16th September 2015 at the Blowers Green Recycling Depot. The Sub Group received a presentation by the Waste Operations Manager, which provided a background to the recycling operation, followed by a tour of the operational area of the Depot.

11. The presentation and Depot tour were followed by a workshop session, which focussed on the following key areas:

How do we target the poor performing areas?

How can we work with schools to spread the recycling message?

What should the household promotional campaign look like?

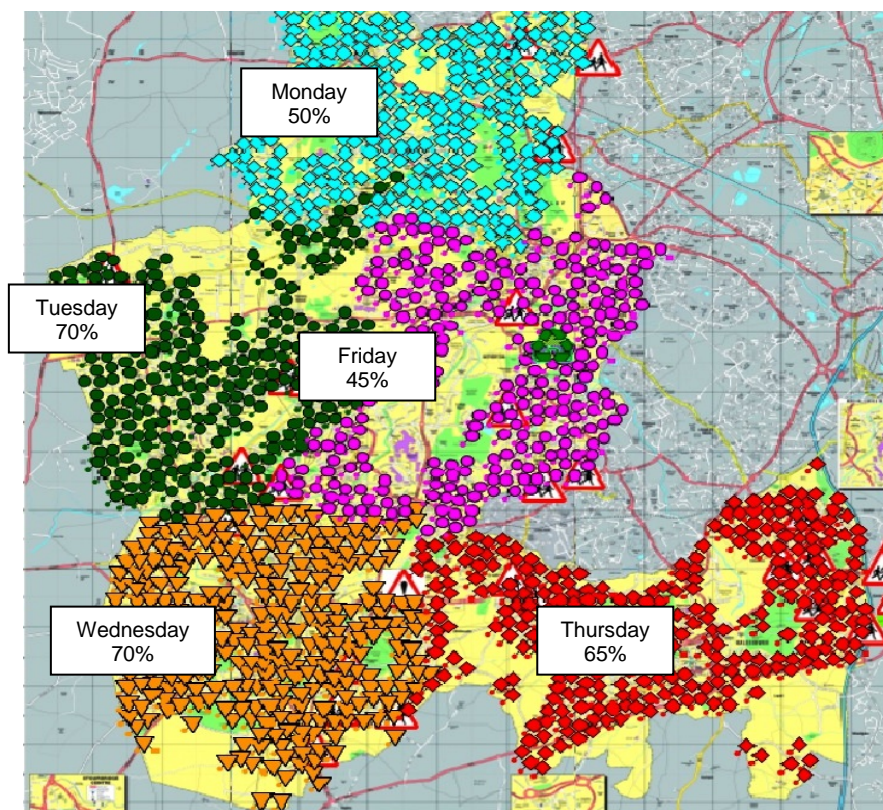
How can we use different media campaigns to target different groups? e.g. press adverts, social media etc.

How can we work with community groups and other organisations?

Targeting Poor Performing Areas

12. The presentation highlighted to Members the 'zoned collections' operated by the Recycling service, whereby different areas of the Borough receive collections on specific days.
13. While all areas of the Borough have pockets of poor participation, across the five days as a whole, tonnage is lowest on Fridays. It is therefore these areas that will be the focus of targeted promotional activities in the future (see Figure 1).

Figure 1: Average Participation in the Recycling Service 2015



Working with Schools to Spread the Recycling Message

14. Councillors agreed that primary schools are key to any education campaign around recycling.

It is recognised that each of the areas identified as having low levels of

participation in the recycling service will have a primary school within it, and it was agreed that these should therefore be the initial schools targeted in the refreshed education campaign.

The 22 primary schools identified within the Friday collection round areas are:

1. Blowers Green
2. Brierley Hill
3. Brockmoor
4. Dudley Wood
5. Jesson's CE
6. Kate's Hill Community
7. Milking Bank
8. Mount Pleasant
9. Netherbrook
10. Netherton CE
11. Netherton Park
12. Northfield Road
13. Priors
14. Quarry Bank
15. Russells Hall
16. Sledmere
17. St Joseph's RC (Dudley)
18. St Mary's RC
19. CE Primary School of St Edmund and St John
20. Withymoor
21. Woodside Community
22. Wrens Nest

15. While these schools will be targeted initially, it is our intention to take the education and awareness programme to as many of the 79 primary schools in the Borough as possible.

Working with Community Groups

16. The value of working with community groups is essential in spreading the recycling message, and the Sub Group discussed ideas around engaging with young people in particular.
17. A Scout leader from the north of the Borough had already expressed an interest in working with the Council on a recycling initiative. The group agreed that working with such a large organisation, and one that has groups in all areas of the Borough, would be hugely beneficial to our goal of increasing recycling participation.

The Household Promotional Campaign

18. In addition to targeting the low performing areas, there is a need to run a campaign that will encompass all households in the Borough.
19. A comprehensive recycling guide was distributed as part of the service transformation in 2013 and 2014. The full-colour booklet provided information about how to recycle using the new service, as well as information about Household Waste Recycling Centres (HWRCs), Love Food Hate Waste, home composting and how to recycle items not collected at the kerbside. Although every household received a copy, and it is likely that some have kept it for reference, the length of the guide and quantity of information may have been a barrier to some residents reading the key recycling message. Furthermore WRAP (Waste and Resources Action Programme) recommend 6 monthly reminders are delivered to residents about what can and cannot be recycled. With the focus on completing service transformation and undertaking route optimisation work, no follow up literature has been provided to households since the original recycling guide.
20. The Committee Members Sub Group agreed that the most important aspect of a household promotional campaign is that the message on what can and cannot be recycled is 'no nonsense' and easy for residents to understand. It was acknowledged that collecting materials separately has clear benefits in terms of income levels and material quality, but that it makes things more difficult for our residents. We must therefore do everything we can to make the process easier – and providing clarity on what can and cannot be recycled is key to this.
21. Examples of marketing literature used by other councils were looked at by the Sub Group, and other options were considered including the use of social media for target groups, posters in libraries and at other public locations around the Borough and a revamped internet site.
22. The Sub Group agreed that all of these options should have a common 'theme' or 'brand'; something that stands for 'recycling in Dudley'. This would form the basis of all promotional material and for the Recycling Officer's educational work in schools.

Progress So Far

23. The Place Scrutiny Committee Recycling Participation Sub Group met again on 2nd November to discuss progress against actions agreed at the meeting on 16th September.
24. A 'Dudley recycling' branding style was agreed at the meeting. This will be used on all future recycling promotional materials, information leaflets and the website.
25. The annual recycling calendar provided an immediate opportunity to launch the branding and promote the recycling service, with little additional cost. The 2016 recycling calendar was therefore refreshed to incorporate both the new branding and the comments of Members at the meeting on 16th September. It included a simplified calendar and on the central section of the leaflet, pictorial images of

common household items with easy to read ticks and crosses, highlighting what can and cannot be recycled via the household collection, and reference to the new Council app. During Summer 2016, schools will be invited to take part in a competition to design the 2017 recycling calendar front page.

26. In addition to the calendar, the branding was used on a dedicated recycling page in the Christmas edition of the Council's Home Affairs magazine. This included a recycling specific word search. Home Affairs is distributed to 25,000 properties in the Borough, and a number of these are in our target areas for increasing recycling participation. The magazine is also available on the Council's website.
27. The use of social media has been enhanced through monthly recycling promotions via corporate Facebook and Twitter feeds. Subscribers are reminded of items that can and cannot be recycled. The message is being adapted to suit the time of year (Christmas, Easter etc) and/or in response to common questions the crews are being asked and/or current news events.
28. The Recycling Officer has had further discussions with the Scout Leader and community representative/organiser of East Coseley community group, regarding a suitable joint initiative. It is hoped to start working with the Scouts, and other community groups who engage with young people, early in the New Year.
29. The main recycling participation campaign will take place in Spring 2016. It will utilise the new branding throughout, with images and text courtesy of WRAP. Their communications material has been tested and proven to work nationally. The campaign will be set around recyclable materials found in each room of the house. More information can be found at <http://www.recyclenow.com/are-you-recycling-everything-you-can> including a video that will be promoted on the Council website as part of the campaign.

Future Monitoring/Expectations

30. Recycling tonnages are continually monitored and our recycling rate is reported quarterly to Corporate Board and Cabinet. We would hope to see an increase in recycling levels from quarter 2/3 2016/17, when the impact of the household campaign and increased educational activity in schools should start to show.
31. Recycling figures can vary year on year due to many variables, e.g. individual household behaviours and changes in the economy. All we can do as a local authority is to provide the best recycling service we can and to actively market and promote this to our residents.

Finance

32. In order to achieve budget following the end of Pickles subsidy we need to collect 25,000 tonnes of recyclable material per year based on the breakdown in Table 2. In 2014/15 we collected 20,000 tonnes of material and therefore participation and quality of product needs to increase and the revenue we receive per tonne needs to be maintained to deliver the budget.

33. Note: the figures in Table 2 assume current contract prices. A number of our recycling contracts are due to be re-tendered in 2016 and prices per tonne and income levels may therefore change:

Table 2: Tonnes of Recyclables Required to Deliver to Budget

Type of Material	Tonnes	Price Per Tonne	Income
Textiles	50	£420	£21,000
Mixed Plastic & Cans	3,000	£142	£426,000
Mixed Paper & Card	12,500	£59	£737,500
Paper (centres)	500	£30	£15,000
Mixed Glass	8,950	£30	£268,500

Law

34. The Waste Framework Directive 2008 sets the basic concepts and definitions related to waste management, such as definitions of waste and recycling and a legally-binding five step waste hierarchy. The Directive includes targets to reuse and recycle 50% of household waste by 2020.

35. The revised Waste Framework Directive was published in 2011, and implemented in England and Wales through the Waste (England and Wales) Regulations 2011. Part 5 of the regulations covers the 'improved use of waste as a resource':

13.—(1) An establishment or undertaking which collects waste paper, metal, plastic or glass must, from 1st January 2015, take all such measures to ensure separate collection of that waste...

36. The Council delivers its legal obligations through its fortnightly recycling collection service, which was expanded during 2013 and 2014 as a result of Government funding.

Equality Impact

37. The Council's Waste Care section operates in line with the Council's Equality Policies, and any major service changes would be subject to Equality Impact Assessment.

38. Assisted collections for waste and recycling are currently being delivered to over 6,500 residents in the Borough.

Recommendation

39. It is recommended that Scrutiny Committee note the contents of this report and support the campaign and educational activities highlighted within.

M. Williams

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List of Background Papers

n/a