

MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Thursday 13 December 2012 at 2.00 pm

Present: Councillor JG Jarvis (Chairman)

Councillors: H Bramer, RB Hamilton, AW Johnson, PM Morgan, RJ Phillips, GJ Powell and PD Price

In attendance: Councillors AM Atkinson, NP Nenadich, P Rone, MAF Hubbard, TM James, RI Matthews, A Seldon, PJ Edwards, J Hardwick, FM Norman and AJW Powers

49. APOLOGIES FOR ABSENCE

There were no apologies for absence.

50. DECLARATIONS OF INTEREST

There were no declarations of interest made.

51. MINUTES

RESOLVED: That the Minutes of the meeting held on 12 November 2012 be approved as a correct record and signed by the Chairman.

52. BUDGET UPDATE 2013/14

The Cabinet Member Financial Management presented the report of the Chief Officer Finance and Commercial to Cabinet, which outlined the current budget position and the assumption for the next three years. The following points were made in discussion:

- Government funding figure should be announced on 19 December and it is expected there will be a considerable funding decrease.
- Autumn statement indicated there would be further reductions and it was estimated that there would be a reduction of £3.5m a year for the next two/three years.
- Due to previous government grants there had been a council tax freeze, which had been in place for two years. The latest grant was for 2012/13 only and was not in future years' government grant funding.
- As a result of Cabinet budget planning it is proposed that there should be a council tax increase of 1.9% to ensure public services are maintained.

The Chief Officer Finance and Commercial made the following points to Cabinet:

- Cabinet's attention was drawn to page 9 of the report referring to council tax referendums, and informed Cabinet that under new government legislation in the Localism Act of 2011, a council tax referendum could be triggered should the council exceed an increase in council tax level set by central government.

- The threshold for a council tax increase above which a referendum is required has been set at 2% for 2013/14. The referendum requirement replaces the government's former council tax capping regime. It was noted that a referendum could be held at any time.
- Page 10 of the report sets out the overall approach and financial principles for setting the 2013/14 budget. In referring to paragraph 10.7 (f) of the report Cabinet noted the additional £2m contribution to reserves for the 2013/14 budget.
- In referring to the Local Government settlement announcement expected on 19 December Cabinet was reminded that it was still only provisional until it was put before parliament in January 2013. However, latest planning assumption was that funding would reduce by in excess of £5m in 2013/14 which is on top of a reduction of £3.576m in 2012/13 and a further estimated reduction of £4.654m in 2014/15.
- The Root and Branch process was seeking a 20% saving across all areas of the authority, looking for savings of £10m in 2013/14 with more in future years.
- The public engagement seminars Your Community Your Say would help in the shaping of the budget.

The Chairman of the General Overview and Scrutiny Committee addressed Cabinet and stated that based on the report Scrutiny had received it had been assumed that Cabinet was committed to a 1.9% council tax rise, which scrutiny did not believe was advisable and which could have a considerable effect on families. In response the Leader of the Council stressed that the 1.9% was merely a guide for officers to work to and referred Cabinet to the revised recommendation before them. The Leader added that any increase could only be agreed by a meeting of the full Council.

In response to a question on possible problems with partner organisations impacting on the Council, the Leader stated that there was significant pressure on the Council and national health budgets. In response to comments on the engagement carried out with residents and councillors, the Leader agreed that further discussion was needed with all groups as we go through the process. Cabinet agreed the revised recommendations.

RESOLVED

THAT:

- a) The current position be noted;**
- b) It be confirmed that a council tax increase of 1.9% could be assumed for budget planning purposes, which would be ring fenced for Adult Social Care and Children's Services as part of bridging the budget gap; and**
- c) The scrutiny committees be requested to look at the People's Services directorate budget plans to ensure it is robust and deliverable.**

53. TO CONSIDER FUTURE OPTIONS FOR WASTE CONTRACT

The Cabinet Member Major Contracts presented the report of the Head of Special Projects and advised Cabinet that the report followed on from the report of 16 February this year when all legal parameters were set out. The following points were made in discussion:

- The Cabinet Member stated that the planning and technical parameters had been achieved, and that attention now needed to be given to the costs for the build as it was felt that the financial parameters, and particularly value for money, could be improved. The Cabinet Member added that this report outlined the need to investigate the different opportunities open to the authority for funding, which had not been previously available.
- Enabling works were being carried out on the site at Hartlebury and were being funded by Worcestershire County Council (WCC).
- WCC have considered a similar report to this one and had unanimously accepted its recommendations.
- Mercia Waste Management has started a tender process for the Plant at Hartlebury and are identifying preferred contractors. Herefordshire Council have engaged their own independent financial advisors (KPMG) to ensure the proposal represents value for money for Herefordshire.
- To ensure the financial parameters are met – officers along with independent advisors would like to investigate the value for money element and alternative methods of funding. The authority would also look to obtain the best Contractual and Technical advice possible with regards to any PFI proposal.
- In response to a question by the Chairman of General Overview and Scrutiny with regards to the breakdown of scores and ranking as outlined on page 43 of the report, Cabinet was advised that these would be provided when Cabinet comes to make its final decision. Cabinet unanimously agreed the recommendations before them.

RESOLVED

THAT: Subject to Worcestershire County Council giving approvals substantially in the same form as those contained in the recommendations of this report

- (a) Notes, pursuant to the Cabinet Report of 16 February 2012 relating to a variation to the existing waste contract to provide for an Energy from Waste plant at Hartlebury Trading Estate (the EfW Plant), the on-going discussions with Mercia Waste Management Limited (Mercia) in relation to their proposals and the current status of satisfaction of the Parameters identified in that report;**
- (b) Cabinet authorised the Director for Places and Communities in consultation with the Cabinet Member for Major Contracts, the Chief Officer Finance and Commercial and Worcestershire County Council and through the joint**

governance arrangements between the two authorities to pursue terms for alternative methods of finance for the EfW plant;

(c)

(i) authorised the Director for Places and Communities in consultation with the Cabinet Member for Major Contracts and Worcestershire County Council and through the joint governance arrangements between the two authorities, to consider how the commissioning and operation of the EfW Plant could be integrated into the existing arrangements with Mercia, and

(ii) if the Director for Places and Communities considered there was no satisfactory resolution in respect of point (i) above then (subject to f) below) he is authorised if he considers it necessary (in consultation with the Cabinet Member for Major Contracts and Worcestershire County Council and through the joint governance arrangements between the two authorities) to launch a tendering exercise to commence the direct procurement by the 2 Councils of the EfW Plant in accordance with paragraph 9.9 below;

(d) Notes that Worcestershire County Council is authorised to procure and commence enabling works up to a maximum capital cost of £1.8m at Hartlebury in order to maintain the programme for the EfW Plant;

(e) Require the Director of Places and Communities to report back during the summer of 2013 with proposals for financing and procuring the EfW plant (by variation of the existing PFI contract or fresh procurement) to enable Cabinet to take a final decision; and

(f) Notes that Worcestershire County Council is expected to approve similar recommendations and that c ii) is subject to satisfactory negotiation and agreement with Worcestershire County Council of necessary amendments to the current Joint Working Agreement in place between the Councils; and

(g) Requires the Director for Places and Communities to report back to the Cabinet in the report referred to in (e) on the decisions taken by Worcestershire County Council on waste contract management and any implications for Herefordshire Council.

The meeting ended at 3.20 pm

CHAIRMAN