

27 February 2017

TO FBC FINANCE OFFICER

## GREEN WASTE SUBSCRIPTION SERVICE

At the Council meeting of 5th December 2016, I heard Cllr Mrs Oades ask "... are we attempting to cover the cost of the green bin collection service at £564,000, or recover the whole of the £730,000 which we'll lose from Lancashire County Council, or are we trying to generate a surplus that can be used to offset spending elsewhere? Will we be keeping and publishing accounts that show the cost of collecting green bins each year, and the income from subscriptions each year?"

The Chairman of the Operational Management Committee responded and told the Full Council "It is the objective of the subscription service to look to the costs of the green waste service itself."

At the conclusion of this debate, the Council resolved to introduce the green waste subscription scheme at a charge of £30 pa.

I attended the Fylde's Finance and Democracy Committee of 20th February, and, as you will recall, I asked in the 'Public Platform' (here paraphrased): whether

Q1. The green waste subscription income had the same status as other fees and charges set annually by the Council?

A1. It had.

Q2. The new service would have its own cost centre?

A2. There was no proposal at this stage to create a cost centre for the green waste subscription service. The income from subscriptions was expected to be shown as a single line in the overall waste and recycling cost centre.

Q3. What expenditure and income data was expected to be captured and made available (borough, ward, parish, postcode, collection round or what have you).

A3. This matter has not yet been considered.

The Green Waste service is about to change from being a public service (funded by taxation demanded from to all Fylde taxpayers), to an optional service funded by a subscription only from those who choose to subscribe to it.

I was surprised that this service is not to have its own cost centre and would ask for this matter to be reconsidered for the following reasons:

1. The operating costs and expenses for this service appear to be currently available from the Council's cost accounting system. The relevant officer has twice provided breakdowns (of labour; vehicles; containers; promotion and support service costs based on the 2016/17 budgets) to the Operational Services Committee meetings of March 2016 (Item 4, Appendix 1, "Operational Costs - Existing Service") and an

updated one in September 2016. (Item 4, Appendix 1, "Operational Costs - Existing Service").

2. Cllr Eaves' statement to Council (that the objective of the subscription service was to meet the costs of the green waste service) must require those costs to be known in order to set the charges to do so. How may a Committee recommend, and the Council set, charges that will achieve this objective if the cost is not known?
3. If that same data is not published, how may taxpayers who choose not to subscribe to the green waste service be assured, (and how may the Council itself prove), that the Council Tax they are required to pay is not being used to cross-subsidise an optional service which they have decided not to receive?
4. This service is actually going become one provided to residents in only part of the councils area (albeit not a discrete geographic one), and I would have thought that situation generated a strong case for the accounting to be more transparent than a single line of income and no separation of costs.
5. How may those households who choose to subscribe to the service be assured that what they pay is not cross-subsidising other parts of the Council's work? (I draw a parallell in what is proposed here with car park income, which - as I understand it - has all surplus income restricted to transport expenditure, and where each car park is its own cost centre).
6. There are separate cost centres in the 2017-18 draft estimates that have spending and income of far less magnitude (eg £25k spending and £0 income) than the scale of green waste income and spending at around £500k to £800k so I cannot see a case to argue that the sums involved in green waste do not justify it being an independent cost centre.

I ask that you reconsider this matter and review the present intention not to have it as a separate cost centre.

Yours sincerely

cc FBC Internal Audit