

All Members of the Executive

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Dear Councillor

**Executive Meeting 23<sup>rd</sup> February 2015**

Further to the agenda for the Executive meeting on the 23<sup>rd</sup> February 2015, please find enclosed the following document

- The minutes of the Scrutiny Committee held on 13<sup>th</sup> February 2015

Please bring this document to the Executive meeting, if you are attending.

If you have any queries please contact me by the direct line or email listed above.

Yours sincerely

On behalf of the Head of Democratic Governance



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## MINUTES OF SCRUTINY COMMITTEE MEETING - FRIDAY, 13 FEBRUARY 2015

### Present:

Councillor D Coleman (in the Chair)

Councillors

Mrs Callow JP  
I Coleman

Elmes  
Hunter

Hutton  
Mrs Jackson

M Mitchell  
Robertson BEM

### In Attendance:

Councillor P. Callow, Chairman of the Finance and Audit Committee

Mr S. Thompson, Director of Resources

Mr M. Towers, Director of Governance and Regulatory Services

Mr P. Redmond, Chief Accountant

Mrs S. Davis, Senior Democratic Governance Adviser (Scrutiny)

## 1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

## 2 GENERAL FUND REVENUE BUDGET 2015/2016

Councillor Callow, Chairman of the Finance and Audit Committee, provided the Committee with an update from the consultation meetings that had been held earlier in the day with the Trade Unions and Non-Domestic Rate Payers. He outlined the key points and concerns raised.

The Chairman invited questions from the Committee on the feedback from the two Finance and Audit Committee consultation meetings. Members queried the potential benefit in terms of New Homes Bonus to be gained from the completion of the Foxhall Road housing project. When the houses were complete and occupied the Council would receive additional bonus, assuming that it was to continue.

Members discussed the comments made by the unions and noted that, unlike in the previous year, they had not put forward a counter proposal. The Committee commented that the ongoing dialogue from July 2014 between the Council and the Unions regarding the budget had been beneficial.

Mr Thompson, Director of Resources, provided the Committee with a summary of the draft General Fund Revenue Budget and service estimates for 2015/2016.

The extent of the required budget savings over the previous four years was reported as £68m with a further requirement for savings of £58m over the next three years. Mr Thompson explained the challenges in meeting the budget savings since 2010 which

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equated to approximately four times the cost of all back office functions. He commented that the Council could not continue to rely on the same processes of delivering budget savings and that more radical transformation of services would be needed.

Mr Thompson outlined the key principles of the Medium Term Financial Strategy which included resourcing of services in line with Council priorities, achieving value for money and efficiency savings, keeping Council Tax levels as low as possible and ensuring that risks were identified and mitigated, for example in ensuring sufficient financial reserves. It was noted that the Council would continue to freeze Council Tax for 2015/2016 and would therefore receive a Council Tax Freeze Grant for doing so from Government.

Mr Thompson further advised that Blackpool was the sixth most deprived local authority in the country with disproportionate demands on services such as Children's Social Care. The Department for Work and Pensions had advised that they would be withdrawing a two-year grant to support the local welfare provision. However, following a public consultation to which a large number of objections were received, the grant had been reinstated, albeit at a much lower level.

The Committee was informed that following the localisation of business rates, the Council now retained 49% of everything collected as an incentive to promote economic development and growth. However, it was noted that when an appeal against business rates was successful the Council had to meet 49% of the total sum even if the appeal preceded the introduction of the new system. Members queried how many appeals were likely to be successful and were advised that it was difficult to predict, but that the Council had made provision for between 5 and 6 per cent based on recent successes. The Committee was advised that business rates were not set at local discretion and that appeals were heard by a Valuation Office tribunal.

Members were advised that the Council was looking for non staffing ways to reduce spending, but that staffing was the Council's most significant cost. Mr Thompson highlighted a number of key staffing assumptions that had been included in the budget including continuation of five days unpaid leave and funding of pay awards and annual increments. It was noted that reserves set aside for redundancies were depleting and it was unlikely that the Council could afford to replenish the reserves. Therefore other options would need to be considered beyond 2015/2016 including the option of applying for a Capitalisation Directive.

Mr Thompson highlighted that the Council had been ranked 11<sup>th</sup> worst by The Chartered Institute of Public Finance and Accountancy (CIPFA) with regards to budget cuts per head of population year-on-year. He advised that despite this the Council had produced a robust and balanced budget.

Members of the Committee were invited to ask questions.

The Committee queried the potential use of a Capitalisation Directive and was advised that it was the borrowing of money over a set period, typically 10 years, for the purpose of funding redundancies. However, this option was not prudent as the Council would be

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borrowing money without achieving any assets.

Members asked why the costs of the Pension scheme were set to increase and it was reported that auto-enrolment into the scheme had been delayed by the Council until 2017/2018. At that time the onus would be on the individual to opt out of the scheme should they so wish. It was possible that this would result in a larger number of individuals in the scheme, which would increase the amount of employer contributions that the Council would be required to make.

The Committee queried whether Mr Thompson was confident that the Council could continue to assist schools in special measures with such significant spending cuts having to be made. Mr Thompson acknowledged that there was a difficult balance to be found between making savings and improving attainment, particularly where schools became academies, which reduced the funding the Council received even further.

Members commented that the planned reduction in staffing in the Planning Service appeared severe. Mr Thompson advised that this could be due to the service receiving protection in previous years that the Council could no longer afford. It was also noted that in the recent economic climate, fewer applications for developments were being made resulting in a reduced workload.

The Committee agreed:

To recommend the Council continues to meet with Trade Unions early in the budget process in future years to continue to promote better cooperation.

To forward the comments made in the consultation meetings between the Finance and Audit Committee and the Trade Unions and Non-Domestic Rate Payers together with the draft minutes from this meeting to the Executive for consideration.

### **Chairman**

(The meeting ended 3.20 pm)

Any queries regarding these minutes, please contact:  
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