MINUTES OF TOURISM, ECONOMY AND RESOURCES SCRUTINY COMMITTEE MEETING - FRIDAY, 9 FEBRUARY 2018

Present:

Councillor Hunter (in the Chair)

Councillors

Mrs Callow JP	Galley	Mitchell	Ryan
G Coleman	Matthews	Roberts	Singleton

In Attendance:
Mr Neil Adams, Unison
Mr Dave Dickinson, Unison
Mr Kevin Jarman, Unite
Mr James Rupa, Unison

Councillor Gillian Campbell, Deputy Leader of the Council (Tourism, Economic Growth and Jobs)
Councillor Kathryn Benson, Cabinet Member for Schools and Learning
Councillor Amy Cross, Cabinet Member for Adult Services and Health

Mr John Blackledge, Director of Community and Environmental Services
Mr Alan Cavill, Director of Place
Mr Mark Golden, Finance Manager
Mr Neil Jack, Chief Executive
Mr Steve Maher, Finance Manager
Mr Arif Rajpura, Director of Public Health
Mr Phil Redmond, Chief Accountant
Mr Steve Thompson, Director of Resources
Mr Mark Towers, Director of Governance and Partnerships
Mrs Bernadette Rigby, Democratic Governance Adviser
Mr Sandip Mahajan, Senior Democratic Governance Adviser

1 DECLARATIONS OF INTEREST

Councillor Hunter declared a prejudicial interest in section 1.91 of the budget 'Use of reserves, e.g. Highfield' as a Governor of Highfield Leadership Academy and indicated that he would leave the room if there was any discussion on this matter.

Councillor Singleton declared a prejudicial interest in section 1.11 of the budget 'Blackpool Coastal Housing dividend to General Fund' as a Non-Executive Director of Blackpool Coastal Housing Limited and indicated that she would leave the room if there was any discussion on this matter.

Councillors G. Coleman and Galley declared personal interests in section 1.51 of the budget 'Cultural Exemption generating VAT recovery' as Non-Executive Directors of Blackpool Entertainment Company Limited.

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2 GENERAL FUND REVENUE BUDGET 2018-2019 CONSULTATION WITH NON DOMESTIC RATEPAYERS AND TRADE UNIONS

Mr Steve Thompson, Director of Resources, presented the draft General Fund Revenue Budget 2018-2019 which had a proposed net budget requirement of £124,365,000 including target budget savings of £5,500,000.

Economic climate, long-term planning and Financial Settlement
He confirmed that the Council would achieve a balanced budget. Local authorities had faced government funding cuts since 2011 and in response the Council had developed a consistent six year Medium Term Financial Sustainability Strategy (2016-2022).

The Settlement Funding Assessment informed medium-term government funding (primarily revenue support grant and business rate returns). From the Assessment, the provisional Local Government Finance Settlement 2018-2019 for Blackpool was announced mid-December 2017 and the final Local Government Finance Settlement 2018-2019 was confirmed on 6 February 2018.

Other significant funding streams
The New Homes Bonus had been a six-year programme whereby government incentivised authorities to build new residential properties above set numbers. The programme now ran from 2018-2019 for four years. The cumulative funding on offer was £464,500 although the in-year amount available was only £15,000.

The Housing Benefit Subsidy Grant, from government for processing benefit payments, had reduced by 11% to £810,000 in 2018-2019. Universal Credit (one scheme replacing several benefits) would be rolled out from December 2018. This could impact on jobs and residents. There had been good support initiatives.

The Public Health grant would be reduced by 5.5% in real terms to £18,428,000 for 2018-2019. The Better Care Fund for health and social care integration to support people's independent living was proposed to increase to £27,300,000 for 2018-2019.

The Dedicated Schools Grant was proposed to increase to £108,800,000.

Core spending 'power'
Core spending 'power' amounts (funding available) had increased by £1,200,000 (0.94%) before inflation and service demand pressures. Council Tax (general element and Adult Social Care precept) was proposed to increase by 5.99%.

Budget-setting and 2017-2018 outturns / pressures
The Committee was advised that the budget-setting process included looking at forecast budget outturns for 2017-2018, in particular any significant spend variances and that the Children's Services Directorate was under demand pressures with a projected overspend of £2,908,000 for 2017-2018 due to high numbers of Looked After Children (539 for month nine, end December 2017). A large number of cases were complex and costly.

It was noted that Strategic Leisure Assets budget line was forecast to overspend by £1,174,000 across the full portfolio of assets. An in-year 'surplus' in 2021-2022 was expected with the full portfolio expected to break even by 2030 which was a good performance for leisure assets. Parking Services was expected to overspend by £716,000 for 2017-2018 but it was reported that pressures were being managed.

Mr Thompson advised that the Adult Services Directorate was reporting a forecast underspend of £598,000 for 2017-2018. However, this included technical adjustments.

In total, projected variances for 2017-2018 equated to an overspend of £1,833,000 which included any movement from contingencies / reserves.

<u>Budget-setting and key assumptions</u>
Members were advised that budget proposals had assumed a national staff pay rise of 1%. An offer of 2% had been made with the draft budget adjusted. The additional increase amounted to a further pressure of £600,000 which would be 'funded' (or offset) by a number of sources as outlined below.

Paying all contracted staff the increased National Living Wage of £7.83 per hour (national rate 2018) rather than £7.90 as originally proposed would save £300,000. A further £200,000 would be saved on lower numbers of voluntary redundancies and related areas. Staff taking up to five or more days additional unpaid leave would save £1,000,000. Current take-up was at 4.4 days but some staff were still to respond.

Interest rates were expected to rise faster in 2018. The Bank of England's base rate was currently 0.5%. Treasury Management budgets worked around a base rate of 1%. It was therefore noted that as long as the base rate remained below 1% then budgets would be robust.

<u>Budget setting - savings requirement</u>
The £5,500,000 savings gap needed to be filled to secure a balanced budget for 2018-2019. The forecast target had been £4,800,000 but increased by £700,000 due to pension pressures.

The biggest loss had been £4,800,000 of government revenue support grant which was offset by £7, 500,000 of increased savings / income from business rates and other sources. Additional Service developments and demand pressures came to £2,000,000. Non-pay inflation was £4,200,000. Pay awards, increments, National Insurance and pension pressures came to £2,000,000. The total £5,500,000 savings target was the lowest since 2011-2012 but there were fewer savings options.

<u>Budget setting - savings approach</u>
A thematic approach had been developed focusing on: 'technical' savings; boosting income including new opportunities and good collection rates; better procurement; managing service demand; and other theme-based approaches including organisational efficiencies; and effective working with other organisations. When the themes had been exhausted, then service redundancies would be considered.

There were also theme-based savings initiatives. The Business Loans Fund budget had increased to £100,000,000 with £71,000,000 committed with half of that taken up generating several hundred jobs. Airport investment offered enterprise opportunities.

Improving procurement and commissioning sought to save £1,700,000. The cost of revenue and benefits and leisure contacts had reduced with technology. Meetings were held with officers from the Council's own companies and £500,000 savings had been achieved through use of tax rebates. Office space was rented out to NHS partners and shared space meant improved work outcomes.

<u>Budget-setting - implications</u>
Staff implications involved 51 proposed voluntary redundancies of which several people were deemed to be 'at risk'. The redundancy reserve had declined but would be topped-up with the Minimum Revenue Provision adjustment that had been approved in 2016-2017.

Collection of business rates was currently good indicating confidence in the local economy. All the budget proposals undertook a rigid equality impact assessment.

<u>Budget setting - capital programme</u>
Local investment would be continuing with a capital programme of £43,800,000 proposed for 2018-2019. Significant projects in development included the Airport Enterprise Zone, Central Business District phase 3, Central Leisure Quarter and the new museum. Investment for the projects would need to be factored in over time.

<u>Budget setting - working reserves and balances</u>
It was reported that a target of £6,000,000 was sought for working balances.

<u>Budget setting - precept cap</u>
The Government had allowed a Council Tax rise of up to 6% (no more than 3% for general Council Tax, no more than 3% for Adult Social Care). The Adult Social Care precept was allowed for two out of three years so the Council would not be able to apply this rate in 2019-2020. An extra 1% increase in Council Tax had equated to £500,000 for Children's Social Care previously. The Government required the extra Adult Social Care precept funding to be spent on Adult Social Care.

<u>Future medium term picture</u>
The Settlement Funding Assessment from Government would end in 2019-2020 with potential uncertainties, e.g. if localised business rates returns were reduced. Indicative forecast savings gap requirements for future years were £8,400,000 for 2019-2020 and £6,500,000 for 2020-2021.

<u>Comments and suggestions from Business representatives</u>
Mr Alan Walsh, Policy Manager, Blackpool Chamber of Commerce recognised the difficulties that local authorities nationally faced in view of several years of government funding cuts. Notwithstanding this, he emphasised that Blackpool needed to be 'open for business'. There needed to be ongoing investment for good infrastructure and real connectivity, e.g. road, rail and broadband.

Mr Neil Jack, Chief Executive welcomed the points and added that significant investment was being made in areas such as the Airport Enterprise Zone, Tramway and further opportunities available through the Business Loan Fund.

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Comments and suggestions from Union representatives

Mr David Dickinson, Unison referred to the forecast overspends for 2017-2018. He noted that the overspend for the Children's Services Directorate was nearly £3,000,000 and that there had been high overspends in previous years. He noted that there were 539 Looked After Children at the end of December 2017. He queried the reasons for high numbers including high overspends on out-of-area placements, what strategies were in place to manage these and whether they were working.

Mr Jack explained that the Children's Services Directorate was facing huge demand pressures with high numbers of Looked After Children and the costs of placements. There were high numbers which had been impacted upon recently by a small number of large families. These pressures were equally impacting on the health sector and police.

Mr Jack indicated that it was important to reduce the numbers but in a safe, measured and manageable way. Different options needed to be considered for children ideally allowing them to stay with their own families rather than immediately being placed in care. However, this all needed to be based on risk and the best options using daily management working with other partners such as the voluntary sector. The 'front door' for referrals needed to adopt a more holistic approach to help and support (e.g. working with schools) not the traditional options of direct intervention or no support. Better demand management was beginning to work. Other improvements in joint working including the new Blackpool Young People's Service which pooled together several support services and resources, including youth offending, again for a more rounded approach. Other initiatives included the Better Start and Head Start programmes to support the emotional resilience of young people and their families.

Mr Jack referred to the Children's Improvement Board as leading on this work and also initiatives such as the 'Risk Sensible' model (taking proportionate measured risks) currently being rolled out across Blackpool agencies.

Mr Jack added that the numbers of Looked After Children had peaked at 550 in early 2017. At that time, there had been as many as 30 new cases each month which was now down to less than 15.

Mr Dickinson referred to the car parking overspend of £716,000. In response, Mr Jack reported that a surplus had actually been achieved. Mr Alan Cavill, Director of Place explained that ambitious targets had been set. These had not fully been met due to full cost-recovery not being achieved, new parking lines and meters having poor payback, on-street parking not being popular and there had been a cost of £110,000 for free town centre parking in December 2017 following requests from businesses.

Mr Dickinson noted an overspend of £298,000 for the Place budget. Mr Cavill explained that 50% of this related to an interest charge and the remainder was due to various factors. These included the police moving into new offices and paying rent but this had been delayed with negotiations ongoing for twelve months.

Mr James Rupa, Unison requested a breakdown of the forecast £2,000,000 service demand pressures which formed part of the £5,500,000 budget savings gap. Mr Thompson explained that the main cost was a projection for growing demand on Adult

Social Care with the ageing population. Mr Jack added that cost analysis had been built into the Medium Term Financial Strategy and that significant investment had been made even though there appeared to be an underspend in Adult Social Care.

Mr Rupa referred to the proposed 51 voluntary redundancy requirement of which included several staff currently 'at risk'. He queried if there was flexibility so that only voluntary redundancy took place. Mr Jack explained that people could apply for redundancy for different personal reasons. Some might be turned down subject to the needs of the service. Union representatives offered to work with management to ensure that the best outcomes were reached.

Mr Rupa referred to the voluntary unpaid additional leave and an issue that had arisen in previous years. He stated that some staff had reported to him that they had been pressurised into taking leave. Mr Thompson re-iterated that this was a voluntary option and some staff also chose to take more than the five days. Mr Jack added that not taking the option could have an impact services. He wanted to maintain service delivery.

Mr Rupa referred to the proposed savings on school crossings and expressed concern that schools were already under budgetary pressures so would not be able to pick up the costs. Mr Jack confirmed that all proposed changes to crossings would be risk assessed and discussed with schools. He added that some had more than one crossing so the full list of crossings would be carefully considered.

Mr Dickinson expressed serious concerns on the proposal to remove the Essential Car User Allowance which would affect nearly 330 staff at a budget cost of £265,000. He cited national terms and conditions (the 'Green' book) which required staff to be properly reimbursed for use of their own vehicles for council duties. The proposed switch to casual car user status with an additional entitlement of 10p per mile over the standard mileage rate, he considered was not sufficient. He felt that there had not been meaningful consultation with many staff potentially losing a significant entitlement amounting to £960 per year. He accepted that some staff may have previously benefitted from receiving the Allowance but had not incurred full costs but these were exceptions. The expectation had been that staff and unions could put forward alternative criteria options which they did. He added that management had given no strong indication of their intentions and the savings proposal was a surprise. Furthermore, there appeared to have been no assessment done of the impact on staff taking into account that their real pay had fallen by over 20% since 2011.

Mr Jack replied that staff would be reimbursed for use of their own vehicles through the proposed mileage scheme. This was not a fixed allowance though as that scheme had not been used properly. He added that budget savings were required and ideally proportionate amounts across all areas. He re-iterated that this was a proposal although the options put forward by unions appeared to increase costs.

After detailed discussion on the issue which members noted, it was agreed that further discussion would take place outside the meeting.

The Chairman invited comments and questions from the Committee. No further questions were put forward. He thanked officers for their contribution to the meeting.

The Committee agreed to forward the comments made in the consultation meeting by the Non-Domestic Rate Payers and Trade Union representatives, together with the draft minutes from the meeting to the Executive for its consideration.

Chairman

(The meeting ended at 12.00 pm)

Any queries regarding these minutes, please contact:
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