

**MINUTES OF TOURISM, ECONOMY AND RESOURCES SCRUTINY COMMITTEE MEETING -
THURSDAY, 15 SEPTEMBER 2016**

Present:

Councillor Hunter (in the Chair)

Councillors

D Coleman	Galley	Ryan
G Coleman	Matthews	L Williams

In Attendance:

Councillor Gillian Campbell, Deputy Leader of the Council

Mr Steve Thompson, Director of Resources

Mr Alan Cavill, Director of Place

Mrs Linda Dutton, Head of Organisation and Workforce Development

Mrs Ruth Henshaw, Engagement and Intelligence Officer

Mr Chris Kelly, Senior Democratic Governance Adviser (Scrutiny)

1 DECLARATIONS OF INTEREST

Councillors G Coleman, Galley and Williams declared a personal interest with regard to item 4, 'Executive and Cabinet Member Decisions', the nature of the interest being that they were Board Members of Blackpool Entertainments Company Limited.

2 MINUTES OF THE LAST MEETING HELD ON 20 JULY 2016

The Committee agreed that the minutes of the Tourism, Economy and Resources Scrutiny Committee meeting held on 20 July 2016, be signed by the Chairman as a correct record.

3 PUBLIC SPEAKING

The Committee noted that there were no applications to speak by members of the public on this occasion.

4 EXECUTIVE AND CABINET MEMBER DECISIONS

The Committee considered the Executive and Cabinet Member decisions within the portfolios of the Leader of the Council and Deputy Leader of the Council, taken since the last meeting of the Committee.

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Members raised a number of questions in regards to decision number PH51/2016 'Library Fees and Charges' and Councillor Campbell, Deputy Leader of the Council reported that the £100,000 income target remained and the details of the plans for how the target would be achieved would be finalised soon.

The Committee noted decision number PH60/2016 'Winter Gardens Conference and Exhibition Centre – Engagement of Architects' and questioned the likelihood for success for the Growth Deal 3 bid, which listed and ranked significant projects in Lancashire. Mr Cavill, Director of Place advised that it was due to be considered by the Lancashire Economic Partnership and that a Conference Centre at the Winter Gardens was ranked third on a list of approximately 20 projects around Lancashire. Mr Cavill also advised that it was anticipated that the amount that had been bid towards the Conference Centre, would cover the cost of the project. It was expected a further update would be able to be provided in November after the Chancellor's Autumn Statement.

The Committee agreed to note the Executive and Cabinet Member Decisions.

5 FORWARD PLAN

The Committee considered the items contained within the Forward Plan, September 2016 – December 2016, relating to the portfolios of the Leader of the Council and Deputy Leader of the Council.

A question was raised with regards to decision reference 19/2016 'Acquisition of properties in the town centre to enable redevelopment' and Mr Cavill advised that negotiations were currently underway to acquire the properties. However, as negotiations were ongoing, details were commercially sensitive.

The Committee agreed to note the Forward Plan items.

6 PROVISIONAL REVENUE OUTTURN 2015/2016

Mr Thompson, Director of Resources presented a report on the Provisional Revenue Outturn for 2015/2016. He highlighted the key features of the report and it was noted that the content of the report would be reflected in the Statement of Accounts, which was due to be considered at the 22 September 2016 Audit Committee meeting.

Mr Thompson summarised that the Provisional Revenue Outturn for 2015/2016, before allowing for changes to working balances was £129,239,000 compared with the approved budget of £128,687,000, which was a net overspend of £552,000.

Upon questioning from Members, Mr Thompson explained that the main reason for the net service overspend was the overspend in Children's Services, as a result of the high cost of Looked After Children due to both increased numbers and placement mix. Mr

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Thompson explained that there had also been a pressure on the Education Services Grant due to academy conversions. The Committee questioned how the costs of care could be reduced and whether there could be more local provision for Looked After Children. Mr Thompson advised that extensive benchmarking had been undertaken in relation to care costs that demonstrated that Children's Services achieved value for money and the cost per child was not as high as the national average. However, the high costs were due to the very high number of Looked After Children from the Borough. As for local provision, Mr Thompson advised that it would be under consideration but there would be difficulties due to the small size of the borough.

Mr Thompson provided the Committee with details relating to the Provisional Capital Outturn 2015/2016 and noted that although capital expenditure had reduced, it remained a significant amount for an authority of the size of Blackpool.

Members were provided with details regarding collection rates of Council Tax and National Non-Domestic Rates. Mr Thompson explained that the deficit for 2015/2016 was estimated to be £5.2 million, which was largely due to the number of appeals that were being made. The Committee raised questions regarding debts being written off and Mr Thompson advised that the debt write off was only for the purposes of the accounts and that in practice, the debts were still pursued.

The Committee raised questions regarding rent collection in the Central Business District, with specific reference to the impact of the opening of 'The Gym'. Mr Thompson advised that it was expected to be open in October and that there would be a rent free period. However, it was expected that there would be an increase in footfall in the area, benefitting local businesses.

The Committee agreed to note the report.

7 TREASURY MANAGEMENT OUTTURN REPORT FOR YEAR ENDED 31 MARCH 2016

Mr Thompson presented the Treasury Management Outturn Report for the 2015/2016 financial year, summarising that the report was a statement of fact regarding how cashflow and long-term financing of capital investments were managed in accordance with the Treasury Management Strategy.

The Committee noted that there had been an increase in the use of temporary borrowing during the year to manage the peaks and troughs in cashflow. Mr Thompson advised that it was beneficial to make use of temporary borrowing in the current economic climate whilst base rates were at low levels.

Mr Thompson provided Members with details of the change in the Minimum Revenue Provision policy, which adopted a more prudent approach, replacing the four per cent reducing balance method of calculating Minimum Revenue Provision on debt with the two per cent straight line method. As a result of the change, the supported borrowing had

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been reduced, allowing £11.1 million to be used to create a new pay reserve and a transformational cost reserve over the next three years.

The Committee raised questions regarding the level of financial support available to support business development. Mr Cavill advised that there was currently £10 million budgeted for business development support, but that figure would be under review in light of low interest rates, as well as other opportunities to improve business development.

The Committee agreed to note the content of the report.

Background papers: None.

8 FINANCIAL PERFORMANCE MONITORING AS AT MONTH 3 2016/2017

Mr Thompson, presented the Financial Performance Monitoring Report as at month 3. The Committee was advised that the report set out the summary revenue budget position for the Council and its individual directorates for the period April 2016 – June 2016, together with an outlook for the remainder of the year. It was noted that the report also included an assessment of progress to date against the Council's latest capital programme, incorporated the Council's balance sheet, it indicated the level of cash flow and contained information relating to income and debt collection.

The Committee was advised that the largest overspend was in relation to Children's Services, of which a significant factor was due to the placements of a high number of looked after children in the borough and specifically due to an increase in numbers from a position of relatively stable numbers of placements, upon which the budget had been based. Mr Thompson explained that the cause of the spike in numbers was not clear, although it was anticipated that cuts in public sector services over recent years as a whole would be having an impact.

Upon questioning from Members, Mr Thompson advised that the reduction in working balances was a concern and would be an issue to keep under consideration throughout the financial year. He explained however, that in the context of there being £35 million of earmarked reserves and with nine months remaining of the financial year, there would be sufficient time to redress the position.

The Committee agreed to note the report.

Background papers: None.

9 MEDIUM-TERM FINANCIAL SUSTAINABILITY STRATEGY 2016/2017 TO 2021/2022

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Mr Thompson presented the Medium Term Financial Sustainability Strategy for the six year period, 2016 to 2022.

It was explained to the Committee that the proposed Strategy summarised the comprehensive review and assessment that had been undertaken of how future service delivery could be financed and the level of savings required for activities to be facilitated and maintained. Members also noted that the Strategy complied with the conditions set by the Secretary of State for Communities and Local Government in March 2016, that acceptance of a four-year Funding Settlement Offer required publication by 14 October 2016 of an 'efficiency plan' that could be combined with medium-term financial strategies. Mr Thompson advised that the Secretary of State had assured local authorities that they would not financially be any worse off by accepting the four-year Funding Settlement Offer.

The Committee was provided with details of the level of savings needed to be achieved each year to balance the budgets and of the Savings Programme, or 'efficiency plan', which would constitute seven thematic workstreams that would be developed and finessed over the next four months.

Upon questioning from the Committee, Mr Thompson reported that he considered that one of the biggest challenges over the next six years would be maintaining staff motivation and it would be important to get across the message that after years of austerity, the situation appeared to be becoming more manageable.

The Committee raised further questions relating to the impact of the Settlement Offer on Blackpool and Mr Thompson advised that it was projected that the authority would not be any worse off in 2019/2020 than it was in 2015/2016, a significant part of which would be achieved through increased revenue from Council Tax and Business Rates. Mr Thompson added that the aim was to increase revenue by achieving a growth in properties and in prosperity.

With regards to Business Rates, the Committee noted the assumption in the Strategy that the existing system was maintained and Members questioned the level of risk involved with such an assumption. Mr Thompson noted the Department for Communities and Local Government's ongoing review on business rates retention and advised that the Medium Term Financial Sustainability Strategy could not pre-empt the outcome of the review and that it would be necessary to wait until a new system was formally announced before revising plans.

Members questioned what the impact would be of the establishment of a Combined Authority. Mr Thompson advised that the impact should be positive in terms of being able to achieve economies of scale. Mr Cavill also advised that the establishment of the Combined Authority would improve access to funding streams and would help to improve infrastructure, as well as potentially leading to a co-ordinated approach to new housing across Lancashire.

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Members considered the savings that were still required to be made and queried what the cumulative impact of budget cuts in Blackpool since 2011/2012 was expected to be at the end of 2021/2022. Mr Thompson advised that he did not currently have the figure available, but that it could be calculated and the Committee could subsequently be informed.

The Committee agreed to receive information to be distributed outside of the meeting, on what the calculated cumulative impact of budget cuts in Blackpool since 2011/2012 was expected to be at the end of 2021/2022.

10 COUNCIL PLAN PERFORMANCE REPORT Q1 2016/2017

Mrs Ruth Henshaw, Corporate Development Officer presented the performance against the Council Plan 2015/2020 for the period 1 April 2016 to 30 June 2016 and highlighted the key exceptions.

Mrs Henshaw reported that the majority of the Council Plan indicators for 'Maximising the Economy' and 'Organisational Resilience' that were due to be considered by the Committee were either annual or bi-annual and therefore cannot be reported in this quarter. Of the indicators where data was available, the majority showed an improvement in performance.

It was reported to the Committee that there were two indicators where performance had deteriorated in Quarter 1 2016/2017:

Average number of working days lost due to sickness absence per full time employee; and
Forecast level of year-end General Fund working balances.

The Committee noted that it had considered the General Fund working balances earlier in the meeting. With regards to the indicator of the average number of working days lost to sickness absence per full time employee, Members raised questions relating to the reported issue of compliance with corporate policies and procedures by line managers. Mrs Dutton, Head of Organisation and Workforce Development advised that all managers were aware of the procedure, but through undertaking audits on how the policies were implemented, some inconsistencies in compliance had been brought to light. Mrs Dutton explained that often the reason for the lack of compliance was due to the manager's capacity issues rather than a lack of will to comply.

Members raised questions about the impact of the Individual Performance Appraisal on sickness absence and Mrs Dutton advised that the appraisals provided managers an opportunity to discuss issues with staff and offer appropriate support, which should impact positively on sickness absence rates. Mrs Dutton also advised that the appraisal system had been improving, but further improvements would be looked at in order to make the system as effective and as easy as possible to use for managers.

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Members noted that at the previous Committee meeting there had been a request that data on sickness absence over the past five years be provided to Members. Mrs Dutton reported that the average number of working days lost to sickness absence was five years ago 8.7 days, as compared to the current rate of 11.34. However, she advised that the figure five years ago was an anomaly and if you consider data from beyond that time, it was consistent with the current rate. Upon questioning from Members, Mrs Dutton explained that absence rates had been a consideration for redundancies five years ago, which had resulted in absence rates dropping as people were more likely to attend work unwell.

The Committee agreed to note the report.

Background papers: None.

11 SCRUTINY ANNUAL REPORT

The Committee considered the Scrutiny Annual Report 2015/2016.

The Committee approved the Scrutiny Annual Report 2015/2016.

Background papers: None.

12 SCRUTINY WORKPLAN

The Chairman presented the Tourism, Resources and Economy Scrutiny Committee Workplan for the remainder of the Municipal Year. It was noted that it was a flexible, working document. Members could submit items for consideration by the Committee at any time through the Chairman.

The Committee noted that the Monitoring Committee Recommendations table had been included that enabled Members to monitor how their recommendations had been implemented.

The Committee agreed:

- 1) To approve the Workplan
- 2) To note the Monitoring Committee Recommendations table.

13 DATE OF NEXT MEETING

The Committee agreed to note the date of the next meeting as Thursday, 27 October 2016, at 6.00 p.m.

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Chairman

(The meeting ended at 7.05 pm)

Any queries regarding these minutes, please contact:

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