



BUDGET SCRUTINY REVIEW REPORT

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1.0 Background Information

- 1.1 At the Tourism, Economy and Resources Scrutiny Committee on 27 October 2016, Members agreed to the establishment of a dedicated Budget Scrutiny Panel to undertake an in-depth scrutiny review of the budget savings and the likely impact on services of any proposals.
- 1.2 The Scrutiny Panel was comprised of Councillors Hunter, Hobson, Ryan, Collett, Elmes, Owen, T Williams, Galley and Clapham. The Panel elected Councillor Hunter as Chairman and Councillor Hobson as Vice-Chairman.
- 1.3 The meeting was also attended by:
 - Councillor Blackburn, Leader of the council
 - Councillor Cain, Cabinet Secretary
 - Councillor Mrs Wright, Cabinet Member for Housing
 - Councillor Smith, Cabinet Member for Regeneration, Enterprise and Economic Development
 - Councillor Benson, Cabinet Member for Schools and Learning
 - Councillor Kirkland, Cabinet Member for Third Sector Engagement and Leisure Services
 - Councillor Cross, Cabinet Member for Adult Services and Health
 - Mr Neil Jack, Chief Executive
 - Mrs Delyth Curtis, Director of People
 - Mr Steve Thompson, Director of Resources
 - Mr John Blackledge, Director of Community and Environmental Services
 - Mr Mark Towers, Director of Governance and Partnerships
 - Mr Alan Cavill, Director of Place
 - Mr Phil Redmond, Chief Accountant
 - Ms Judith Mills, Public Health Specialist
 - Mr Chris Kelly, Acting Scrutiny Manager

2.0 Panel Considerations and Findings

2.1 Budget Savings Proposals Summary

- 2.1.1 Councillor Blackburn presented the Budget Savings Proposal report to the Panel. It was explained that it was a legal requirement for the Council to set a balanced budget, but that every year the scope remaining for savings from efficiency measures became less.
- 2.1.2 It was reported to the Panel that since the publication of the papers, national announcements had resulted in there potentially being an additional £800,000 available, should the Council agree to a 4.99% increase in Council Tax. It was noted though that there was a correlation between increasing Council Tax and the collection rate decreasing.
- 2.1.3 Councillor Blackburn summarised the headline figures from the report, noting that the overall savings that were required to be made totalled £18.7 million and that it was expected that there would be up to 80 redundancies, plus a further 70 temporary contracts would come to an end and 50 vacant posts would be deleted.
- 2.1.4 The Panel noted the savings programme ('Efficiency Plan') had seven thematic workstreams that had been developed, which would constitute the methods from which the savings would be made. The Panel considered the savings proposals for each of the workstreams the considerations from which are detailed below.

2.2 Technical Savings

- 2.2.1 The Panel sought clarity regarding what the tactical lending from the Business Loan Fund would involve and Councillor Blackburn advised that it was planned that £1.8 million of additional income could be generated through lending to other businesses to establish new buildings and encourage economic development in the town.
- 2.2.2 Members raised questions relating to the proposed savings through reducing the cost of overtime and by improving employee attendance. Councillor Blackburn explained that current sickness absence rates had an adverse impact on services, through the stress caused to other employees having to provide cover, and to Council finances through additional agency staffing costs. It was noted that the issue was especially prevalent in social care jobs. It was therefore considered important that action was taken to address the problems caused by high levels of sickness absence. It was noted that one option had been to not pay sickness absence for the first three days of absence, but it had been preferable instead to opt for a plan to work with senior leadership to ensure an appropriate focus on sickness absence rates, with policies being followed correctly and back to work interviews being conducted. However, it was noted that if the current rates did not improve there would be a requirement to review future action with Trade Unions as the current rates were unsustainable in light of the savings the Council was required to make.
- 2.2.3 The Panel challenged how realistic the savings target of £275,000 was from a return on Project 30 investment. Councillor Blackburn advised that he was confident that the benefits of the Project 30 work undertaken three to four years ago would come to

fruition. He explained that insurance claims were charted and demonstrated a reducing trend and that as a result of the Project 30, work any claims could now be more vociferously fought. It was also noted that, as a result of the period of limitation for bringing an action against the Council, people would no longer be able to claim for injuries sustained before the start of the Project 30 improvements.

- 2.2.4 Questions were raised in regards to the likelihood of the proposed cultural exemption savings target being achieved in the next financial year, noting that at just over £1.2 million it was a significant saving. Councillor Blackburn advised that confidence in achieving the savings target was based upon Price Waterhouse Cooper achieving a cultural exemption for other local authorities. However, he advised that there were significant earmarked reserves to cover the costs of not achieving the savings target.
- 2.2.5 In relation to the savings proposed through reducing the cost of the street lighting Public Finance Initiative (PFI), Members questioned the impact of continued dimming of street lights to reduce energy consumption, with it being considered that lighting was already particularly dim in some areas. Mr John Blackledge, Director of Community and Environmental Services, provided the Panel with details of how the saving would be achieved, advising that an integral focus to the street lighting PFI scheme was that consideration was given to the impact of lighting being dimmed in certain areas. He further assured the Panel that the street lighting on the main arterial routes in the town would not be dimmed.
- 2.2.6 The Panel noted that there were no budgeted savings to be made through reviewing the Waste Services contract until 2019/2020 and challenged whether it would be possible to make further, earlier savings in regards to the contract. The Panel was advised that the contract was not due to be renegotiated for a couple of years, so there could not be any budget savings in the next two financial years. However, the Panel was assured that if opportunities arose to make savings with regards to Waste Services, they would be explored.

2.3 Income Generation and Management

- 2.3.1 The Panel raised questions with regards to sources of income and Councillor Blackburn advised that the income targets were based upon understanding of the market and were conservative estimates of what could potentially be achieved. The Panel also queried whether there would be additional civil enforcement officers employed, which would assist with meeting the income target and Councillor Mrs Wright advised that there would be five additional civil enforcement officers to be trained.
- 2.3.2 The Panel challenged whether more could be done to maximise the income received from the Council's property portfolio. Councillor Blackburn advised that the target for income derived from Council owned property for the current financial year was on course to be met and provided details of the assets owned by the Council that generated an income, noting that any buildings that were not considered financially viable for the future were removed from the estate. Councillor Mrs Wright added that a number of houses had been transferred to the Blackpool Housing Company for renovation and subsequent letting, which would achieve an income for the company and therefore, potentially have a positive effect on the dividend that the Council received.

2.4 Procurement and Commissioning

- 2.4.1 The Scrutiny Panel challenged whether the proposed savings in Public Health contracts would prove to be more expensive in the long run, should there be an adverse impact on the health of the town's population as a result. Councillor Cross assured the Panel that the saving would be achieved through renegotiating contracts to provide services and that the Public Health Team was confident the savings could be achieved without having an adverse impact on performance.

2.5 Demand Management

- 2.5.1 The Panel raised questioned whether the proposal to introduce a charge for concessionary travel on the tramway would have an adverse impact on the dividend that Blackpool Transport Services Limited would be able to pay to the Council. Councillor Blackburn advised that appropriate work would be undertaken to develop financial models that considered the potential for an adverse impact on the dividend and any decision would be considered in consultation with Blackpool Transport Services Limited before any charge was introduced.
- 2.5.2 The Panel considered the proposed savings relating to demand management in Children's Services. It was noted that there was an assumption in the savings proposal that Looked After Children numbers would reduce to 450 saving an additional £1 million in 2019/2020. The Panel questioned the level of confidence in achieving that savings target and Councillor Blackburn explained that he recognised there was an element of hope involved with achieving the target, with the number of Looked After Children reaching record levels recently. It was noted that there was a statutory duty of care for the children, but the current levels of referrals and numbers of Looked After Children were not sustainable. Therefore investment and new methods were required to reduce the number of children in care.
- 2.5.3 The Panel was further advised that in relation to the Children's Services savings proposals, the most expensive placements for Looked After Children would be under review in the New Year. Councillor Blackburn also noted that expanding local provision would also be considered as a way to help reduce costs. Mr Neil Jack, Chief Executive, advised the Panel that a Vulnerable Adolescent Hub was due to be created which should help to focus resources for the children most vulnerable and at risk. He also informed the Panel that a 'Crash Pad' model would be considered, for which there was evidence that it helped to alleviate stresses and kept children out of care through providing a temporary break whilst challenging home conditions were improved. Mr Jack further advised the Panel that there was due to be a redesign of Health Visitor services and that the Better Start and Head Start programmes should begin to have an impact in the coming years. He assured the Panel that as a result of the measures being implemented, reducing the numbers of Looked After Children to 450 by 2019/2020 was a realistic target.
- 2.5.4 Members requested further details relating to the savings provided through reviewing transport arrangements for children with special educational needs, with concerns being raised that the service made use of specialist vehicles and provisions, which could not easily be provided by alternative means. Councillor Cain explained to the Panel that the

review would not encompass an assessment of how the service operated, rather it would consider the individual needs of the service user to assess whether they did require special transport arrangements or whether more suitable, cheaper alternatives would be appropriate.

2.6 Structural Reform

- 2.6.1 The Panel questioned what the likely impact would be of reducing the PCSO funding, with concerns being raised in relation to a potential increase in anti-social behaviour. Councillor Blackburn advised that there were a wide range of funding arrangements in place for PCSOs, with different local authorities contributing with different levels of funding. It was also considered that there was little correlation between the level of funding provided for the PCSOs and the level of service received. It was explained that there was not an intention to have a reduction in the number of PCSOs, but rather to ensure that the amount of funding provided was in line with the level provided by other local authorities across the county.
- 2.6.2 Questions were raised with regards to the establishment of the cultural company. It was noted that there was a cost associated with establishing and maintaining a company that did not exist when the services were provided by the Council. It was also noted that a previous attempt at establishing a similar company had not been successful. Councillor Blackburn explained that Marketing Blackpool had not benefitted for a well-defined remit and had not had its own source of funding. He explained that the Arts Council England was keen to encourage the establishment of models of cultural companies that had their own sources of income. He reported that the source of income would be negotiated, but suggested it could relate to either the illuminations or car parking. Councillor Blackburn assured the Panel that the Council had invested significantly in arts over the past five years and that he wanted to ensure sustainability and not a reduction in the cultural offer of the town.
- 2.6.3 With regards to the potential sources of income discussed in establishing a cultural company, the Panel challenged whether handing over car parking to a cultural company would contradict over savings proposals for income generation. Councillor Blackburn explained that it was subject to negotiation, but that control over all car parking income would not be transferred to the cultural company, rather a proportion of the total income received would be provided and the income generation target was therefore still achievable.
- 2.6.4 The Panel raised questions relating to the review of Pupil Welfare Services and Councillor Blackburn advised that there would a phased requirement for schools to start paying for the pupil welfare services that were provided.

2.7 Service Reductions and Cuts

- 2.7.1 Upon questioning from the Panel, Councillor Blackburn provided assurances that staff would not be able to take redundancy and then be re-employed by the Council on the same terms.

2.8 Summary

- 2.8.1 Following questions from the Panel regarding the level of confidence in being able to deliver the budget savings, Councillor Blackburn advised that there had been many difficult decisions taken when drafting the budget and that it made significant cuts to public spending in Blackpool. However, he was confident that it could be delivered and that it maintained the principles contained within the Council Plan and would minimise harm on the public.