



Budget Scrutiny Panel Final Report

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1.0 Background Information

- 1.1 At the Tourism, Economy and Resources Scrutiny Committee (TER) on 14 November 2018, Members agreed to establish a Budget Scrutiny Panel to meet with Cabinet Members and Senior Officers and undertake an in depth review of budget saving proposals and their likely impact on services.
- 1.2 The methodology of the budget consultation had been amended from previous years with the Panel holding a single meeting before sending its final report directly to the February 2019 meeting of the Executive. The meeting of TER with representatives from Trade Unions and Non-Domestic Rate Payers would also be replaced with an alternative form of consultation, to allow their comment on the proposals to be fed directly to the Executive.
- 1.3 The meeting was held on 18 December 2018 and the Scrutiny Panel comprised of Councillors Critchley, Galley, Hobson, Humphreys, Hunter, Hutton, Mitchell, Mrs Scott and Stansfield.
- 1.4 The Scrutiny Panel appointed Councillor Hunter as Chairman and Councillor Galley as Vice-Chairman.
- 1.5 The meeting was also attended by:
 - Councillor Gillian Campbell, Deputy Leader of the Council
 - Councillor Amy Cross, Cabinet Member for Adult Services and Health
 - Councillor Maria Kirkland, Cabinet Member for Third Sector Engagement and Leisure Services

 - Mr Neil Jack, Chief Executive
 - Mr Steve Thompson, Director of Resources
 - Mrs Diane Booth, Director of Children's Services
 - Mrs Karen Smith, Director of Adult Services
 - Mr John Blackledge, Director of Community and Environmental Services
 - Mr Alan Cavill, Director of Communication and Regeneration
 - Dr Arif Rajpura, Director of Public Health
 - Mr Antony Lockley, Director of Strategy and Assistant Chief Executive
 - Mr Phil Redmond, Chief Accountant
 - Mr Mark Golden, Finance Manager
 - Mrs Kirsten Whyatt, Finance Manager
 - Mrs Sharon Davis, Scrutiny Manager
 - Mr John Greenbank, Senior Democratic Governance Adviser (Scrutiny)

1.6 Councillor Hunter declared a prejudicial interest in Section B 1.11 of the budget savings proposals 'Housing: Recovering of £150k development fees (BHC)' as a Non-Executive Director of Blackpool Housing Company

Councillor Hobson declared a prejudicial interest in Section B 1.11 of the budget savings proposals 'Housing: Recovery of £150k development fees (BHC)' as the Chairman of the Blackpool Housing Company Board.

Councillor Hutton declared a prejudicial interest in Section A 4.0 of the budget savings proposals 'Blackpool Coastal Housing (BCH) Fee £500k Non-recurrent use of reserves' as the Chairman of the Blackpool Coastal Housing Board

Councillor Mrs Scott declared a personal interest in section 12.3 of the budget consultation report as a member of the Community Voluntary and Faith Sector (CVFS) leadership group representing the third sector.

All the Members who had declared a prejudicial interest left the room for consideration of the section of the proposals in which they had declared an interest.

2.0 Panel Considerations and Findings

2.1 Budget Savings Proposal Summary

- 2.1.1 Mr Steve Thompson, Director of Resources presented a report on the proposed 2019/2020 Council Budget. The upcoming financial year would be the final year of government's four year financial settlement for local government.
- 2.1.2 It was highlighted that the predicted budget gap for 2019/2020 was £9 million. This represented an increase from the £6.5 million predicted at the beginning of the financial settlement period in 2016.
- 2.1.3 Most of the Council's directorates had been set a savings target of 5% and the budget was based on the assumption that these savings would be met. Children's Services and Adults Services had been not included in this target.
- 2.1.4 The Budget also made a number of other assumptions including that there would be a 2.99% increase in Council Tax, that inflation would remain at approximately 2% and that the majority of staff would take five days unpaid leave.
- 2.1.5 Subject to formal agreement, the Council would also benefit from participation in a Business Rates Pooling arrangement with other Lancashire authorities. This would allow the Councils involved to retain 75% of business rates up until 2020. The additional amount generated by all the authorities within the pool was expected to be £10 million, of which Blackpool would have an input into how it was deployed.
- 2.1.6 Uncertainty of government funding arrangements for local authorities for 2020/2021 was also highlighted.

2.2 Consideration of the Budget

- 2.2.1 The Panel requested clarification of the overall saving target for 2019/2020. In response Mr Thompson informed Members that it was £9 million, of which £1.5 million would be met with a one off use of earmarked reserves. A query was also raised regarding any missed saving targets from 2018/2019 and whether these would be rolled over into 2019/2020. Mr Neil Jack, Chief Executive replied that it had been assumed that all savings had been achieved and would not be rolled forward. The achievement of savings would become clearer towards the end of the financial year when they would be addressed corporately if required.
- 2.2.2 Members also discussed the potential use of investments to save the Council money. Although it was recognised that these would not generate significant revenue in the short term it was queried if any long term investments had been considered. Mr Thompson advised that the 'invest to save' message was constantly reinforced and long term paybacks would be considered to deliver long term savings. Mr Jack added that there was a transformation fund to fund such proposals, which were considered on a case by case basis.

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- 2.2.3 The Children's Services' budget was considered by the Panel. Mr Thompson explained that the budget was based on the costs incurred during 2018/2019 and the expected level of government funding that would become available. Mr Jack advised that £410 million would be made available by central government for local authorities to use toward social care, Blackpool was expected to receive £1.5 million which would be allocated to Children Services.
- 2.2.4 The Panel also discussed the savings generated by staff taking voluntary unpaid leave. The take-up of the scheme had generally been good and it was noted as a measure that would protect existing jobs at the Council. The enhanced voluntary redundancy package available to staff was also discussed. This was a lump sum of £3,000 on offer to certain staff at risk of compulsory redundancy. Mr Jack explained that in order to qualify for the lump sum a member of staff would need two years continuous service and be aged under 55 due to associated pension costs.
- 2.2.5 The report also outlined that a total of 15 compulsory redundancies and a further 20 voluntary redundancies had been anticipated for 2019/2020. Mr Thompson informed the Panel that these were estimates for the upcoming year, and therefore the overall numbers may be lower. He also explained that requests for voluntary redundancy were not always approved and would be considered on a case by case basis depending on the needs of the service. Opportunity to redeploy staff at risk of compulsory redundancy to posts vacated by voluntary redundancies were also explored. Mr Jack informed Members that Human Resources maintained a skills list to assist with the redeployment of staff.
- 2.2.6 Members went on to consider the Business Loan Fund and it was queried if the fund could be utilised to generate more revenue by increasing lending and what appetite for risk the Council had. Mr Thompson explained that there had been positive growth in the use of the fund and that a number of projects could be supported through it. Comprehensive due diligence was conducted by the Business Loans Panel to ensure money lent could be paid back and loans could be secured against an applicant's physical assets to further protect the Council.
- 2.2.7 The Panel discussed the savings of £250,000 identified by reviewing the funding streams for the illuminations. Mr Alan Cavill, Director of Communication and Regeneration explained that the £250,000 had been listed as a saving for the directorate as it had been determined that a different funding stream be identified for the illuminations. He advised that businesses would be asked to contribute further and that he was confident the changes would be delivered. He added that a rethink of how the illuminations were undertaken was required to ensure they combined heritage with modern appeal and thinking. Mr Jack further informed the members that the review would make sure the event was fit for the future while respecting its traditions.
- 2.2.8 Proposals for greater working with the third sector to secure funding for projects within the town were also highlighted. Mr Thompson explained that the third sector had opportunities to bid for funds not available to the Council. Dr Arif Rajpura, Director of Public Health informed the Panel that the Council was working with the Community, Voluntary and Faith Sector (CVFS) Leadership Group to consider the funding available from organisations including the Big Lottery and the best ways of accessing it. The Panel

- expressed the view that as funding for projects was generally short term work would need to be undertaken to ensure that projects linked up with others in the town to deliver long term benefits and sustainability.
- 2.2.9 A query was raised concerning the reduction in budget for the Customer First service and how the Council hoped to maintain good customer services in light of them. Mr Thompson explained that changes in the way residents engaged with the Council, such as using self-service options, and new ways of working had made the cuts possible. The effect of the introduction of universal credit on the service was also raised. In response, Mr Thompson stated that no short term impact was expected on the service.
- 2.2.10 The Panel also discussed revenue generation through the offering of audit services to external customers. Mr Thompson informed the meeting that a school in Rossendale had bought a package of back office services from the Council and work was underway with other potential clients. He added that once an external organisation purchased one service from the Council, other services offered were promoted.
- 2.2.11 Revenue generation from the sale of services in connection to the introduction of superfast broadband in the town was discussed. The Panel was informed that bringing superfast broadband to the town was a major infrastructure project and the priority was to ensure it was to benefit residents. Mr Thompson stated that a report would be brought to the Executive in early 2019 outlining the work undertaken and planned regarding the project, which would be circulated to the Panel. Mr Jack also informed Members that a further report regarding revenue generation opportunities could be prepared going forward.
- 2.2.12 Discussions also took place regarding the monitoring of the Street Lighting Public Finance Initiative contract and whether having a single responsible officer was adequate to support it. Mr John Blackledge, Director of Community and Environmental Services informed the Panel that the contract was self-monitoring and that therefore only a small resource was required to support it.
- 2.2.13 In relation to the establishment of a wholly-owned company to operate the Council's waste services Members queried if consideration had been given to bring other services back in-house. Mr Jack explained that at this time, the Council was not considering bringing any other services back in house, however, services were regularly reviewed in order to determine if they could be provided in a better way.
- 2.2.14 The Panel also discussed the savings generated by the fee to Blackpool Coastal Housing (BCH) and queried if it was sustainable in the long term. Mr Thompson replied that the Council believed that it was and that BCH had undertaken work to develop a policy on their use of the fee.
- 2.2.15 Mr Jack also informed the Panel that the recovery of £180,000 from Blackpool Housing Company (BHC) had been made up of development fees against capital schemes and operational savings. He also outlined that the charging of any costs from BHC housing schemes in the future would be made to the schemes themselves rather than to the company.

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- 2.2.16 Members queried the long-term sustainability of using additional grant funding to support Adult Services during the winter. It was noted that £904,000 had been allocated for use in 2018/2019 and 2019/2020. Ms Karen Smith, Director of Adult Services explained that the long term delivery of services had been considered as part of the Medium Term Financial Sustainability Strategy and that work was underway to reduce the demands from vulnerable adults on health services.
- 2.2.17 The Panel further discussed the delivery of Children's Services while resources had been reduced. Ms Diane Booth, Director of Children's Services informed Members that the service had looked at better ways of working to reduce cost but that issues such as external placements continued to present a challenge. The Council had reduced the placement of children outside of the town from 32% to 15% during 2018/2019. Special Educational Need children represented some of the most difficult to place within the town and it was considered that Blackpool's schools should be able to accommodate more children with special educational needs going forward, noting the new independent free school due to open in 2020.
- 2.2.18 The proposed £533,000 saving in Public Health, attributed to alternative funding mechanisms, was queried by the Panel. Dr Rajpura explained that this represented a partial underspend by the service and also other revenue generated by the selling of services.
- 2.2.19 The use of earmarked reserves of £1.5 million to achieve the overall saving target was discussed. Mr Thompson explained that level of earmarked reserves was consistently reviewed to ensure an appropriate level was maintained. Taking these into account it was proposed that the Council would continue to plan for a level of general working balances of £6 million.

2.3 Conclusion

- 2.3.1 The report of the Panel would be forwarded to the February 2019 meeting of the Executive to be considered alongside the budget, prior to its final consideration for approval by the meeting of Full Council.
- 2.3.2 Following the change in format of budget consultations with the Trade Unions and Non-Domestic Rate Payers no longer attending a meeting of TER Scrutiny Committee, the Panel asked that Scrutiny Members be provided with details of their comments on the budget so that they were aware of the consultees' input.
- 2.3.3 Executive reports concerning the installation of superfast broadband, associated infrastructure and the benefits to the town, including revenue generation opportunities, would be circulated for information to Members of the Panel.