

# Public Document Pack

---

**All Members of the Executive**

**Our Ref:** n/a

**Your Ref:** n/a

**Direct Line:** 01253477157

**Email:** lennox.beattie@blackpool.gov.uk

Dear Councillor

**Executive Meeting 22<sup>nd</sup> February 2016**

Further to the agenda for the Executive meeting on the 22<sup>nd</sup> February 2016, please find enclosed the following document

- The minutes of the Tourism, Economy and Resources Scrutiny Committee held on 12<sup>th</sup> February 2016

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

This page is intentionally left blank

# Agenda Item 2

## MINUTES OF TOURISM, ECONOMY AND RESOURCES SCRUTINY COMMITTEE MEETING - FRIDAY, 12 FEBRUARY 2016

### **Present:**

Councillor Hunter (in the Chair)

Councillors

Mrs Callow JP  
D Coleman

G Coleman  
Galley

Matthews  
Roberts

Rowson

### **In Attendance:**

Ms Susanne Johnson and Mr Paul Foster, Federation of Small Businesses

Ms Julia Orry, Mr Neil Smyth and Mr Dave Dickinson, Unison

Ms Sandra Blight and Mr Derek Sutcliffe, GMB

Mr Gary Kirkham, NASUWT

Ms Amanda Baines, NUT

Councillor Gillian Campbell, Deputy Leader of the Council

Mr Neil Jack, Chief Executive

Mr Steve Thompson, Director of Resources

Mr John Blackledge, Director of Community and Environmental Services

Mrs Delyth Curtis, Director of People

Mr Mark Towers, Director of Governance and Regulatory Services

Mr Andy Divall, Equality and Diversity Manager

Mr Phil Redmond, Chief Accountant

Mr Darren Maddocks, Senior Accountant

Mr Chris Kelly, Senior Democratic Governance Adviser (Scrutiny)

### **1 DECLARATIONS OF INTEREST**

Councillor Campbell declared a disclosable pecuniary interest in item 2 'General Fund Revenue Budget 2016/2017', in relation to the proposed consultation on a reduction of £200,000 from Housing Related Support, as an employee of Bay Housing Association. Councillor Campbell left the meeting whilst this issue was considered and took no part in the discussion.

Councillors D Coleman declared a prejudicial interest in item 2 'General Fund Revenue Budget 2016/2017', in relation to the proposed consultation on additional income of £100,000 from Blackpool Operating Company Ltd, as a Council appointed Director of Blackpool Operating Company Ltd. Councillor D Coleman left the meeting whilst this issue was considered and took no part in the discussion.

Councillor Galley declared a personal interest with regard to item 2 'General Fund Revenue Budget 2016/2017', the nature of the interest being that he was a Board Member of Blackpool Transport Company.

**MINUTES OF TOURISM, ECONOMY AND RESOURCES SCRUTINY COMMITTEE MEETING -  
FRIDAY, 12 FEBRUARY 2016**

**2 GENERAL FUND REVENUE BUDGET 2016/17 CONSULTATION WITH NON DOMESTIC RATE PAYERS AND TRADE UNION REPRESENTATIVES**

The Chairman explained the procedure the consultation meeting, advising that the Committee would first consider the issues for which Members had declared interests, before inviting those Members back into the room to consider the rest of the General Fund Revenue Budget.

Mr Thompson, Director of Resources, advised that it was proposed to budget for an increase in the income from Blackpool Operating Company by £100,000. It was considered that the increase would be reasonable in light of the recent successful financial performance of Blackpool Operating Company.

Mr Thompson also advised that it was expected that there could be a £200,000 budget saving in Housing Related Support as contracts were re-tendered throughout the year.

The Chairman invited comments from Non Domestic Ratepayers and Trade Union Representatives relating to Blackpool Operating Company and Housing Related Support. No comments were made in the relation to these areas.

(Councillor Campbell having declared a disclosable pecuniary interest in regards to the savings from Housing Related Support left the room for consideration of that issue and returned to the meeting once the issue had been considered).

(Councillor D Coleman having declared a prejudicial interest in regards to the additional income from Blackpool Operating Company left the room for consideration of that issue and returned to the meeting once the issue had been considered).

Mr Thompson commenced his presentation of the rest of the budget by setting out the context of the budget setting process. He reported that local government in England was now five and a half years into a period of public sector austerity, which would continue until at least 2019/2020.

The Committee was advised that, following approval of the 2016/17 Revenue Budget, the current Medium Term Financial Plan and Strategy would be updated for a six year period covering 2016/17 – 2021/22 and would incorporate the four year Settlement offer.

It was explained to the Committee that the Local Government Finance Settlement set the amount of central government funding available to councils. The Provisional Settlement had been announced on 17 December 2015 and the Final Settlement had been announced on 8 February 2016. Mr Thompson advised that the Settlement Funding Assessment for the Council was split between resources received via the Revenue Support Grant, an assessment of its share of Business Rates collectable plus a top-up element from the Business Rates Retention Scheme.

The Committee was advised of the other sources of funding for the Council, some of which were rolled into the Settlement Funding Assessment and some of which remained separate specific grants. It was reported that the other sources included Council Tax Freeze Compensation, the New Homes Bonus Grant, the Housing Benefit Administration

**MINUTES OF TOURISM, ECONOMY AND RESOURCES SCRUTINY COMMITTEE MEETING -  
FRIDAY, 12 FEBRUARY 2016**

Grant and the Public Health Grant, the allocation for which had been announced on 10 February and had amounted to a similar amount to what had been estimated. Mr Thompson also provided details relating to the Better Care Fund, ringfenced funding relating to the Care Act 2014, the Dedicated Schools Grant and the Education Services Grant, with it being noted that the Council received £15 per pupil in all schools and academies, in order for the local authority to undertake its retained statutory duties in relation to Education services.

Mr Thompson advised that the Core Spending Power calculation for the Council for 2016/17 had reduced by £6.4million from 2015/16, but that the calculation did not take into account inflationary and demand pressures.

The Committee was advised of the projected outturn for 2015/16 and that it was estimated that £2,663,000 would be taken from working balances. It was noted that there were year on year greater pressures on services to meet savings targets.

Mr Thompson advised the Committee that in addition to the General Fund Revenue Budget, the Executive would also be considering a report on the Treasury Management Strategy, which contained a proposal to change the policy on providing for the repayment of the Council's debt. He provided the Committee with details of the Treasury Management Strategy, noting that whilst it would extend the period of repayments from 25 to 50 years, it would release resources by decreasing the provision made from 4% reducing balance to 2% straight line basis which would also assist in funding other budgetary pressures.

Mr Thompson drew attention to the cash limit upon the Revenue Budget for 2016/17 being £122,999,000 and advised of the contributions to that budget from contingencies of £5,974,000. He explained that it was being proposed that a Commercial Development Team would be established with the objective of maximising the yield from the assets of the Council and other public sector partners. The Committee was advised that funding from reserves would be required to be utilised in the initial three years of establishing the Commercial Development Team, before it started to achieve a sustainable income and bring additional revenue into the Council.

It was explained that the Revenue Budget for 2016/17 was based upon a number of assumptions, which included pay levels to rise on average by 1% with higher increases at lower ends of the pay scale, the payment of annual increments and interest rates being expected to stay low. Mr Thompson also advised that the budget made assumptions regarding the take-up of voluntary unpaid leave to remain around five days. It was noted that the current take up for 2016/17 was on average 4.62 days but that it was hoped that this figure would increase before the start of the 2016/17 financial year.

Information was provided on the budgetary pressures by service area, with it being noted that there was a forecast overspend of £2,715,000 in Children's Services. Questions were raised from Trade Union representatives relating to the contributing factors for the overspend and Mrs Curtis, Director of People, advised that the numbers of looked after children had been relatively stable around 440, which was a reduction from the peak figure of 490 in 2013. However, this was still the highest number per 10,000 population in England and there were a number of young people with increasingly complex needs that

**MINUTES OF TOURISM, ECONOMY AND RESOURCES SCRUTINY COMMITTEE MEETING -  
FRIDAY, 12 FEBRUARY 2016**

required specialist placements outside of the borough, the costs for which were subject to market premiums.

Mrs Curtis also explained that there had also been a high level of spend on agency staff in recent years, which was the result of difficulties recruiting staff following an adverse Ofsted report and which followed a national trend. However, staff had now been recruited to all but one senior position in the department.

Mr Thompson provided details of the overspend in relation to Strategic Leisure Assets, noting that there had been an expectation that the Council would break even in relation to the assets by 2017/18. However, that date had now been revised date to more likely be in 2021. Mr Jack, Chief Executive, explained that the strategic assets included Blackpool Tower, the Winter Gardens and other key assets for the town that required significant investment but which would deliver a long term yield and would benefit future generations in the town. He also explained that despite requiring high levels of investment, the assets did generate income and were profitable.

Mr Thompson also provided details of the other main areas of budgetary variance, which included Public Health that was due to the in-year grant cut, concessionary fares and car parking. Mr Jack noted that car parking did still raise a significant income for the Council, but that it had not reached its income target. Mr Thompson advised that a strategic parking review was being undertaken with the objective to significantly increase the income gained from car parking.

The budget gap of £25.1 million for the next financial year was explained and Mr Thompson provided details of the proposals to achieve the required savings. In terms of staffing implications, he advised that before the Provisional Settlement had been announced there had been an expectation for a £20 million savings target, which would have resulted in reductions of 200 employees and 50 temporary posts being required. Mr Thompson explained that further work would now be required to assess the impact of now having to achieve an additional £5.1 million. He noted that the staffing levels at the Council were now lower than what they had been in 2000, despite a number of new responsibilities and services now being operated.

Mr Thompson also reported on the economic context in regards to the budget, with it being noted that although the collection rates for Business Rates had increased over the past three years, Council Tax collection rates had decreased, which was attributed to the introduction of the Council Tax Reduction Scheme. As a result, Mr Thompson advised that it was proposed to lower the Council Tax collection rate target from 98% to 97.5%, but for the collection period to be lowered from five years to four years. He explained that it became harder to collect debts over a longer outstanding payment period.

Following questions from Non Domestic Rate Payers, Mr Thompson advised that the in-year collection rate for Business Rates was 95%. However, the Council continued to pursue debtors and actively pursued empty property owners.

Mr Thompson provided details of the recommendation to increase the Business Loans Fund to £10 million to support businesses, which would be met via borrowing through the Council's balance sheet.

**MINUTES OF TOURISM, ECONOMY AND RESOURCES SCRUTINY COMMITTEE MEETING -  
FRIDAY, 12 FEBRUARY 2016**

Mr Thompson noted that an analysis on equality issues had been undertaken for all recommendations within the budget. He also noted the proposed Capital Expenditure had been set at £21 million, which was low compared to previous years.

The Committee was also advised that there was not an established formula for calculating an appropriate level for the Council's working balances and reserves. However, Mr Thompson considered that the proposed budget for 2016/17 was underpinned by a robust risk management and budget setting and monitoring process.

Following the presentation of the General Fund Revenue Budget by Mr Thompson, the Chairman invited questions and comments from Non Domestic Rate Payers. Representatives from the Federation of Small Businesses noted the budgetary pressures of the Council and welcomed the extension of the Business Loans Fund. It was also requested that further work was done to empower communities. Mr Jack agreed with the requirement to further empower communities and provided details of work being undertaken by the Council in an attempt to reduce demand on Council services.

Representatives from Non Domestic Rate Payers considered that there was a requirement for greater co-operative work between the Council and small businesses, with the lack of success of a Caribbean Festival being cited as an example of an opportunity missed for greater co-operation. Negative media perceptions of the town were also discussed and the potential damage that could be caused as a result was noted. However, Mr Jack noted that there had been extensive work to improve the town, providing examples of improvements to the Promenade and the Tramway. He advised that visitor numbers had steadily increased over recent years, but that it was an ongoing process in developing and maintaining the standard of resort desired.

The Chairman invited questions and comments from Trade Union representatives. Representatives from Unison raised questions relating to Council Tax and Mr Thompson advised that it was proposed to raise Council Tax by 3.99%, which was expected to generate £1.8 million income. He further advised that 74% of properties in Blackpool were in Council Tax bands A, which was charged a reduced rate of Council Tax, or band B. He also advised that a large number of properties were single occupiers, which also attracted a reduced rate of Council Tax

Unison representatives raised questions relating to the New Homes Bonus. Mr Thompson advised that the funding took the form of a grant that was not ringfenced and was distributed between local authorities based upon the net growth in housing provision within the area. He explained that historically, the grant had not been particularly beneficial to Blackpool due to the lack of capacity to build new homes in the town.

Further questions were asked in relation to Chief Officers' Pay. Mr Jack advised that all changes that had arisen from decisions made by the Chief Officers' Employment Committee, had resulted in cost savings to the Council. He also explained that benchmarking exercises had been undertaken to assess pay comparisons for posts and which had demonstrated that the level of pay was consistent with the North West average and had been undertaken on the same mechanism as that used for other staff.

**MINUTES OF TOURISM, ECONOMY AND RESOURCES SCRUTINY COMMITTEE MEETING -  
FRIDAY, 12 FEBRUARY 2016**

The Chairman invited comments and questions from the Committee and a query was raised with regards to the impact of Lancashire County Council's budget upon Blackpool. Mr Jack explained that there had been a suggestion that Lancashire County Council would stop the tramway provision within the Lancashire County Council local authority area. However, it was reported that the proposal had not been agreed upon.

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

**Chairman**

(The meeting ended at 11.00 am)

Any queries regarding these minutes, please contact:  
Chris Kelly, Senior Democratic Governance Adviser  
Tel: 01253 477164  
E-mail: [chris.kelly@blackpool.gov.uk](mailto:chris.kelly@blackpool.gov.uk)