

## MINUTES OF SCRUTINY LEADERSHIP BOARD MEETING - TUESDAY, 13 JULY 2021

### Present:

Councillor Mrs Callow JP (in the Chair)

Councillors

Burdess	Jackson	Stansfield
Hutton	Mrs Scott	Walsh

### In Attendance:

Sharon Davis, Blackpool Council  
Steve Thompson, Director of Resources  
Councillor Lynn Williams, Leader of the Council

### 1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

### 2 MINUTES OF THE LAST MEETING HELD ON 11 MARCH 2021

The minutes of the meeting held on 11 March 2021 were signed by the Chairman as a true and correct record.

### 3 CAPITAL STRATEGY 2021/22 TO 2023/24

Mr Steve Thompson, Director of Resources, advised that this was the Council's third annual Capital Strategy following its recent introduction by Chartered Institute of Public Finance and Accountancy (Cipfa) in response to the increasing commercial activities of local authorities. The purpose of the Strategy was to provide long term context, a high level overview of capital expenditure and treasury management and to look at potential risks and remediation. It aligned with the Capital Programme which was updated on a three-year rolling basis.

He noted that the Strategy also included details on the governance process, how decisions would be made, what informed decisions, what skills were required to take those decisions and the long term liabilities and potential consequences. Additionally, debt and borrowing and commercial activity were detailed.

The Leadership Board was advised that capital expenditure schemes had a lifespan of more than one year and a threshold of £15,000, with revenue spend being the day-to-day spending on services. Mr Thompson noted that some areas of spending fell into both categories such as maintenance of buildings and that it was technically easier to fund capital from revenue than revenue from capital.

## **MINUTES OF SCRUTINY LEADERSHIP BOARD MEETING - TUESDAY, 13 JULY 2021**

In relation to commercial investment, it was reported that the Council held only two investments outside of the borough, not including Blackpool Airport which sat just over the boundary in Fylde. It was further noted that there were four different kinds of assets – operational, community, regeneration and investment and that the Council had set the geographical area for its potential investments as that of the Lancashire Economic Partnership (LEP) of which it was a member.

Mr Thompson advised that funds for capital developments came from many sources including contributions from developers and the sale of assets with 50% coming from external grant funding for specific projects in the previous financial year.

Members commended the Capital Strategy and queried the flexibility on the loans offered by the Council to businesses. In response, Mr Thompson advised that the Business Loan Fund had been established to boost the economy and create jobs and therefore the Council tried to be as flexible as possible with applicants. Typically the loans offered were on a fixed term but with no penalties for early redemption. A six-month payment holiday had been offered during 2021 in response to the difficulties caused by the pandemic. He further advised that all loans were underwritten by assets which were reviewed as required.

The Leadership Board further queried the due diligence carried out and the costs of independent advice required with regards to the provision of loans. Mr Thompson reported that costs relating to due diligence were passed on to applicants and that the level of due diligence required varied depending on the size and complexity of the loan. He noted that there had been a small number of failures and that the risk of the loan was reflected in the interest rate charged. In addition, the scheme included allowance for bad debt which allowed for cross-subsidisation within the scheme. In answer to a further question, Mr Thompson advised that the maximum unsecured loan would be no more than £15,000.

In response to a further question in relation to interest rates, Mr Thompson noted that borrowing was currently undertaken at a rate of about 0.1% whilst the budget was based on a rate of 1% and that it was expected that any future increases in interest rates would be incremental rather than a significant step change allowing for the scheme to adequately respond. He noted that 75% of Council borrowing was currently short-term.

### **4 PROVISIONAL OUTTURN 2021/2022**

Mr Steve Thompson, Director of Resources, presented the provisional revenue outturn for 2021/2022 and highlighted that the Covid-related overspend totalled £3.16 million, which was a much improved position than early forecasts which had estimated an overspend of up to £30 million. He noted that whilst Children's Services had overspent by £1.2 million, the underspend by Adult Social Care had resulted in an underspend of £1.8 million across the social care services provided by the Council.

In relation to working balances the Council had ended the year above the target of £6 million and earmarked reserves had also increased to £71 million. It was reported that the increase in earmarked reserves was primarily due to £15 million in business rates relief

## MINUTES OF SCRUTINY LEADERSHIP BOARD MEETING - TUESDAY, 13 JULY 2021

received in 2020/2021 but to be allocated in 2021/2022 and the external funding which had been received for the development of the museum. Mr Thompson added that the Council had received a total of £166 million in Covid-related grants.

There had been a significant impact on Council Tax and Business Rate collection during the pandemic with in-year Council Tax collection rates in the town the third lowest in the country at 87.8%. Business Rate collection had similarly dropped from 95.6% to 85.8%, the fourteenth lowest in the country. Mr Thompson advised that once the economic position of the town had improved, missed payments would be targeted with an emphasis on collecting payments from those that could pay but had chosen not to.

Mr Thompson raised concern that, despite the statement of accounts being finalised by the Council for the financial year ending March 2021, the external auditor had indicated that they would not be able to meet the deadline of September 2021 for final sign-off of the accounts and that it was likely this would happen in November 2021. In response to a question Mr Thompson noted that deadlines for final accounts had been aligned across sectors resulting in increasing demands on external auditors which it appeared could not be met.

Members noted the underspend in Community and Environmental Services and queried whether it would be possible to increase focus on weeds and highways with that underspend. In response, Councillor Lynn Williams, Leader of the Council, advised that work was ongoing to extend the remit of Enveco. She also highlighted the importance of community engagement and responsibility and the aims to involve residents in plans. She added that the Alleyway project due to launch in March 2020 would be reinvigorated following the easing of restrictions.

In response to a question, Mr Thompson advised that when the budget had been set dividends had been expected from Blackpool Transport Services Limited (BTS) and Blackpool Operating Company Limited. Due to the pandemic and the resultant reduction in services offered by BTS and closure of the Sandcastle it had not been possible for the Companies to pay the dividends in 2020/2021.

The Leadership Board expressed disappointment in the overspend by Children's Services, noting that it was a reoccurring issue. Mr Thompson highlighted that whilst a large number of Government grants had been received during the previous financial year to offset increased expenditure for Adult Social Care during the pandemic, some had been applied to Children's Social Care in the same way. He added that in June 2020, a five-year Medium Term Financial Strategy had been approved for Children's Services and that the Council was starting to see some effect of that Strategy with the overspends reducing.

In relation to the overspend by Print Services, Mr Thompson noted that there had been a history of overspend in that department but the Service had now been relocated to a more prominent location. He noted that due to the pandemic the service had not been able to operate as expected and that grants from Government as a result of Covid only covered 75% of lost income.

Members also highlighted the overspend by the Illuminations and queried whether it was a result of increased maintenance costs due to the lights being left up all year round

## **MINUTES OF SCRUTINY LEADERSHIP BOARD MEETING - TUESDAY, 13 JULY 2021**

rather than taken down after each season. Mr Thompson agreed to investigate this issue further and report back following the meeting.

The Chair thanked Mr Thompson and his team on behalf of the Leadership Board for their hard work.

### **5 SCRUTINY COMMITTEE WORKPLANS**

The Chairs of the Scrutiny Committees presented the revised workplans to the Scrutiny Leadership Board and highlighted key topics coming up through the year.

The Board agreed to note the updates.

### **6 DATE AND TIME OF NEXT MEETING**

The date and time of the next meeting was noted as 16 September 2021, commencing at 6.00pm.

### **Chairman**

(The meeting ended at 6.57 pm)

Any queries regarding these minutes, please contact:

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