

Notice of:	EXECUTIVE
Decision Number	EX56/2021
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member:	Councillor Lynn Williams, Leader of the Council
Date of Meeting:	8 November 2021

MEDIUM TERM FINANCIAL SUSTAINABILITY STRATEGY 2021/22- 2026/27

1.0 Purpose of the report:

- 1.1 To consider the Council’s Medium-Term Financial Sustainability Strategy (MTFSS) for the 6-year period, 2021/22 to 2026/27, overlapping and replacing the previous one which covered the 6-year period, 2016/17 to 2021/22.

2.0 Recommendation(s):

- 2.1 To approve the Medium-Term Financial Sustainability Strategy 2021/22 – 2026/27 attached at Appendix 4a to the Executive report.
- 2.2 To initiate a period of consultation with key stakeholders before the 2022/23 Budget cycle commences.
- 2.3 To defer delivery of the 5-year Children’s Social Care medium-term financial plan by 12 months in order to give its workstreams more time in which to take effect [section 4.4].
- 2.4 To transition out the Growth and Prosperity net revenue budget target over a 2-year period, 2022/23-23/24, with any proceeds subsequently realised from the existing work programme being directed to bolstering reserves and any new proceeds being retained by Growth and Prosperity for their re-investment [section 4.4].
- 2.5 To suspend the Cash Limited Budgeting Regime to allow finances to be managed more strategically at a corporate level [paragraph 5.3].
- 2.6 To continue to plan for a level of general working balances of £6m and agree that this should be subject to ongoing review [paragraph 5.4].
- 2.7 To invite independent assurance on the robustness and validity of this Strategy and Medium-Term Financial Plan via CIPFA’s Financial Resilience Advisory Report peer review service or equivalent [paragraph 6.2].

2.8 To agree to receive updates of the Strategy and/or Plan on a rolling annual basis or as changing circumstances dictate.

3.0 Reasons for recommendation(s):

3.1 Local government continues a further period of uncharted territory. In the face of mounting inflationary and demand pressures it is battling to adapt and in some cases completely revolutionise the services that it provides. This Strategy lays out the principles that will underpin the Council's financial direction to 2027, over which time it will have to reconcile increasing pressures upon its services with resources that are not increasing commensurately. Along this journey further services will have to be reprioritised and inevitably some jobs lost, which will not go unnoticed by the residents of Blackpool, the businesses that operate here and the visitors who come to stay.

To achieve the corporate objectives of the Council every opportunity and idea must be explored. Every effort will need to be made to work with the public, partners, voluntary sector and the private sector to minimise the impact of the cuts on the people who need and depend upon our services. Seeking external funding and maximising income opportunities will also be vital.

It is an ongoing unsettling time for many people including staff, but the commitment to delivering the best possible services to Blackpool residents remains undiminished.

3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.3 Is the recommendation in accordance with the Council's approved budget? Yes

4.0 Other alternative options to be considered:

4.1 To agree a different Medium Term Financial Strategy although there are significant risks in the delivery of the Council priorities in approving a different strategy.

5.0 Council priority:

5.1 The relevant Council priority is: "The economy: Maximising growth and opportunity across Blackpool".

6.0 Background information

- 6.1 The report attached at Appendix 4a to the Executive report constitutes the Council's Medium-Term Financial Sustainability Strategy (MTFSS) for the 6-year period, 2021/22 to 2026/27, overlapping and replacing the previous one which covered the 6-year period, 2016/17 to 2021/22.
- 6.2 The previous 6 years began with a welcome 4-year local government funding settlement that greatly assisted medium-term financial planning, but as a consequence of European Union Exit and the subsequent uncertainties caused by the Covid-19 pandemic this was followed by successive 1-year stop gap spending rounds.
- 6.3 Since 2010 central government funding for local government has been progressively reduced in real terms as part of the Government's plan to lower the fiscal deficit and this policy continued until the onset of the pandemic. Blackpool Council has been and continues to be committed to protecting vital services, but to remain financially sustainable has had to respond with recurrent savings of £165.7m (£995.6m compound) from its revenue expenditure up to the end of 2020/21. During the term of this Strategy a further £58.4m of savings is forecast to be needed.
- 6.4 Each successive year the scope remaining for savings from efficiency measures becomes less. Delivering savings of the above magnitude has had an unavoidable impact on service levels, resident satisfaction ratings, jobs and morale, and with 77% of the revenue budget now earmarked for social care (adults and children) more radical, fundamental, transformational and sustainable solutions will become necessary by 2027 if compensating government funding is not provided.
- 6.5 Against this backdrop the proposed Strategy summarises the comprehensive review and assessment that has been undertaken of how the Council can finance its future service delivery and the level of savings needed if these activities are to be facilitated and maintained. It also considers the risks anticipated throughout what is perceived to be an ongoing challenging period for local government following the shocks to the UK economy, upward demands upon services, inflationary pressures and the competing demands for resource from other central government departments.
- 6.6 Does the information submitted include any exempt information? No

7.0 List of Appendices:

- 7.1 Appendix 4a: Council's Medium-Term Financial Sustainability Strategy
Appendix 1: Medium-Term Financial Plan
Appendix 2a: Strategic Financial Risk Register

Appendix 2b: Assessment of Significant Financial Risks to Substantiate Target Level of Unearmarked Working Balances

Appendix 3: Local Authority Financial Assurance Processes

8.0 Financial considerations:

8.1 Please see the Medium-Term Financial Sustainability Strategy.

9.0 Legal considerations:

9.1 As outlined in the Medium-Term Financial Sustainability Strategy.

10.0 Risk management considerations:

10.1 Please see the Medium-Term Financial Sustainability Strategy and particularly Appendices 2a and 2b: Strategic Financial Risk Register and Assessment of Significant Financial Risks to Substantiate Target Level of Unearmarked Working Balances.

11.0 Equalities considerations:

11.1 An Equalities Impact Analysis will be completed for consideration with the Revenue Budget.

12.0 Sustainability, climate change and environmental considerations:

12.1 None directly.

13.0 Internal/external consultation undertaken:

13.1 None.

14.0 Background papers:

14.1 None.

15.0 Key decision information:

15.1 Is this a key decision? Yes

15.2 If so, Forward Plan reference number: 18/2021

15.3 If a key decision, is the decision required in less than five days? No

15.4 If **yes**, please describe the reason for urgency:

16.0 Call-in information:

16.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

16.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

17.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 29 October 2021 Date approved: N/A

18.0 Declarations of interest (if applicable):

18.1 None.

19.0 Summary of Discussion:

19.1 Steve Thompson, Director of Resources, presented the item to the Executive. Mr Thompson highlighted the need for an updated strategy to ensure a financial direction of travel and future sustainability. The updating of the strategy it was noted addressed some of the key recommendations of the Corporate Peer Challenge (EX54/2021). Mr Thompson explained that the strategy had been updated reflecting Central Government's Provisional Financial Statement announced on 27 October 2021 but would be further revised after the final funding statement had been announced.

20.0 Executive decision:

20.1 The Executive agreed the recommendations as outlined above namely:

1. To approve the Medium-Term Financial Sustainability Strategy 2021/22 – 2026/27 attached at Appendix 4a to the Executive report.
2. To initiate a period of consultation with key stakeholders before the 2022/23 Budget cycle commences.
3. To defer delivery of the 5-year Children's Social Care medium-term financial plan by 12 months in order to give its workstreams more time in which to take effect [section 4.4].

4. To transition out the Growth and Prosperity net revenue budget target over a 2-year period, 2022/23-23/24, with any proceeds subsequently realised from the existing work programme being directed to bolstering reserves and any new proceeds being retained by Growth and Prosperity for their re-investment [section 4.4].
5. To suspend the Cash Limited Budgeting Regime to allow finances to be managed more strategically at a corporate level [paragraph 5.3].
6. To continue to plan for a level of general working balances of £6m and agree that this should be subject to ongoing review [paragraph 5.4].
7. To invite independent assurance on the robustness and validity of this Strategy and Medium-Term Financial Plan via CIPFA's Financial Resilience Advisory Report peer review service or equivalent [paragraph 6.2].
8. To agree to receive updates of the Strategy and/or Plan on a rolling annual basis or as changing circumstances dictate.

21.0 Date of Decision:

21.1 8 November 2021

22.0 Reason(s) for decision:

22.1 Local government continues a further period of uncharted territory. In the face of mounting inflationary and demand pressures it is battling to adapt and in some cases completely revolutionise the services that it provides. This Strategy lays out the principles that will underpin the Council's financial direction to 2027, over which time it will have to reconcile increasing pressures upon its services with resources that are not increasing commensurately. Along this journey further services will have to be reprioritised and inevitably some jobs lost, which will not go unnoticed by the residents of Blackpool, the businesses that operate here and the visitors who come to stay.

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23.0 Date Decision published:

23.1 9 November 2021

24.0 Alternative Options Considered and Rejected:

24.1 The Executive considered the alternative option of agreeing a different Medium Term Financial Strategy but agreed not to agree that option as there were significant risks in the delivery of the Council priorities in approving a different strategy.

25.0 Executive Members in attendance:

25.1 Councillor L Williams

Councillor Benson, Campbell, Farrell, Hobson, Hugo, Smith and Taylor.

26.0 Call-in:

26.1

27.0 Notes:

27.1 The following non-Executive member was in attendance: Councillor Hunter.