

CORPORATE PORTFOLIOS

The 'Corporate' portfolio consists of:

- Councillor Lynn Williams – Leader of the Council
- Councillor Ivan Taylor – Deputy Leader of the Council and Cabinet Member for Partnerships and Performance

The full details of the portfolio areas can be found on the Council's website at <https://www.blackpool.gov.uk/Your-Council/Your-councillors/Executive-members.aspx>

Strategic Issues

Delivering Transformational Change in our Town Centre – Creating a new Civil Service Hub

I know you will now all be aware of the fantastic announcement on 10 November that potentially more than 3,000 civil servants will relocate to our new £100m Civil Service Hub development in Talbot Gateway. This is just terrific news for Blackpool. It has taken several years of patient and determined negotiation to get to this point but represents the biggest boost so far to our ambition to rejuvenate the town centre through the introduction of high-quality office developments.

The site will be a new regional hub for the Department for Work and Pensions (DWP) and will result in staff from existing sites at Warbreck House and Ryscar House moving into the Blackpool Hub and Assessment Centre at Talbot Gateway when the new offices are completed in the autumn of 2024. This will create and protect thousands of jobs, and provide a huge boost for the town centre's retail economy. The location of the site next to frequent tram, bus and rail services will also help to reduce the carbon footprint of staff travelling to work. I am personally very happy that confirmation of the signing of this deal will now end speculation over whether the scheme is still viable in these new days of hybrid working.

The Council will own the freehold of the office building and DWP have signed a lease agreement with commercial terms which commits them to the site for 25 years, with the Council forward funding the acquisition of the necessary property, the demolition of the existing structures and site clearance, the construction of the office building and then the construction of the surrounding public realm, infrastructure and the temporary car park. The Council will also forward fund the fitting out of the building, with these costs being reimbursed by DWP as they are incurred and prior to them taking occupation of the building.

All of the property needed for the development is now owned by the Council following sign-off of the Compulsory Purchase Order by government, whilst outline planning permission was granted earlier this year, with detailed planning permission to be considered by the Planning Committee on 16 November

(after the publication of this agenda). I am particularly pleased that we have been able to support the relocation of the King Street Dental Surgery into temporary accommodation and then into the old Hop public house, retaining vital health services in an area of high need.

Delivery of the Civil Service Hub, alongside so many other things in the town centre such as the new Conference and Exhibition Centre, new market, extension to Houndshell, museum, tram extension, new hotels – and of course Blackpool Central – represents transformational change for our town, and underlines the scale of this administration's ambition for Blackpool. It is now happening, and thousands of our residents will benefit from the job opportunities that will follow.

A new Medium Term Financial Sustainability Strategy – More Levelling Down than Up

The Executive approved our new Medium-Term Financial Sustainability Strategy (MTFSS) for the 6-year period until 2026/27 on 8 November 2021. Whilst our focus continues to be on ensuring that the Council can protect whatever vital services we can, one statistic bears repeating: that Blackpool Council will have had £1.181 billion less to spend on services between 2010 and the end of 2021/22 as a direct result of government cuts. Almost £1.2 billion less to provide essential services to communities in the most deprived borough in the country, with a further £58.4m of savings forecast to be needed during the life of the strategy. So forgive me if I remain sceptical with Members about the government's mantra of levelling up – the Council's finances continue to be levelled down as far as we can go.

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.

Against this backdrop, the 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.

Whilst the preparation of the Medium-Term Financial Sustainability Strategy has taken place within an extremely complicated matrix of forecasts and assumptions, its formulation has been governed by ten guiding principles, eight of which were in place from the previous strategy:

- i) the statutory obligation to balance the Council's Budget in each year of the period
- ii) resourcing services in line with Council priorities
- iii) embedding a culture of value for money and efficiency savings in all activities
- iv) keeping local taxes and charges as low as practicable
- v) maximising the level and resilience of the resources of cash, assets and people
- vi) ensuring significant risks are identified and mitigated where possible
- vii) ensuring financial reserves reflect the levels of business and risk
- viii) optimising capital spending freedoms

And two new principles to account for our current circumstances:

- ix) a sympathetic but robust approach to income and debt management in accordance with a refreshed Income and Debt Recovery Strategy
- x) adherence to the Council's climate emergency declaration of reaching net carbon zero by 2030 (and measures to lead the town towards the same objective).

In the absence in recent years of medium-term planning guidance and settlements from central government, the narrative in this strategy conveys a clear direction, even if the numbers will change from year to year.

Our Shared Climate Emergency – Time to Act

The presentation of the Climate Action Plan elsewhere on this agenda marks the formalisation of a process underway for some time of starting to think about our work from the perspective of the future of our planet. We must all change and adapt, and the Council needs to lead this change locally. As part of this, I am pleased that our two new graduate climate change officers are energetically challenging our thinking and looking for other ways of delivering our priorities whilst reducing our carbon emissions.

Most recently, we have extended an invitation to all members to attend Carbon Literacy Training, with a lively first session being held in October. I sincerely hope you will take up the opportunity. I am told even those of you who are well read on the topic will learn something, and as you will be asked to commit to a personal action to reduce your carbon footprint, it will make a real contribution to our aim. We have also piloted a version of the Literacy course with a cross-section of council officers and will roll further training out next year.

Promising Developments in Waste Collection Policy

The government announced its intention that councils would start collecting food waste in the 2018 Resources and Waste Strategy. This has now moved forward with the recent announcement of more than £300 million for English councils to implement free, separate food waste collections from 2025. We expect the full cost of the process to be met by central government under rules which ensure that new council responsibilities are fully funded.

DEFRA are planning other reforms around waste and recycling, including the new extended producer responsibility scheme for packaging. I would certainly welcome these moves, albeit ones which were delayed two years due to the pandemic, as making a significant difference to our response to the Climate Emergency.

Corporate Issues

Corporate Peer Challenge: LGA praise for the Council's "direct, bold" role in investing in Blackpool

Corporate Peer Challenges are part of the Local Government Association's sector-led improvement support offer and generally take place at 4-5 year intervals. Our latest review was held in March 2020, just weeks before the full impact of the pandemic started to be felt, delaying both their final report and our response to it. The team, made up of senior officers and Councillors from other organisations, noted the clear progress made towards the delivery of our council vision since their previous visit. They made

ten recommendations, covering Council priorities, financial reporting and policy, partnership working, communications and our response to the Climate Emergency. The Peer Challenge report, together with the council's detailed response, was considered and approved by Executive on 8 November.

I am pleased to say that we have already made great progress on the issues raised prior to the delivery of the report, and have continued to respond positively to the majority of recommendations made whilst simultaneously delivering an extraordinary response to the pandemic, as evidenced by the contents of this report and the wider agenda for this meeting of Council. As ever, we will continue to look outward to learn from the best of what local government has to offer, whilst offering the best of our own experience as a leader and innovator.

Financial Year 2021/22 – Monitoring to 31 August 2021 (Month 05)

The full-year forecast position at this stage of 2021/22 shows a deterioration in the Council's financial standing with working balances expected to fall by £6,539k, including £3,920k of which is Covid-related, to a deficit of £246k by the end of 2021/22.

The three principal areas of overspending are:

- Children's Services, which is forecasting an overspend of £4,056k including £762k Covid-related costs. We have invested an additional £8.17m in August 2020 following the approval of the refreshed Children's Services Medium Term Financial Strategy (CSMTFS) to cover the increase in numbers and unit costs of Looked After Children (LACs), develop the placements market and to increase the capacity within internal fostering. Work to reverse the current trend and other service improvements should ensure the service can live within the current budget by 2022/23. However, the Children's Social Care division has had a worsening position since May 2020 of £3,218k, mainly due to the additional support required following the breakdown of high cost placements.
- Strategic Leisure Assets, which is forecasting a pressure of £3,172k, of which £2,361k are net losses resulting from Covid restrictions after assuming modest income from the Sales, Fees & Charges compensation scheme in quarter 1. In accordance with the original decision for this programme by the Executive on 7 February 2011, the projected overspend on Strategic Leisure Assets of £811k (excluding Covid costs) will be carried forward and transferred to Earmarked Reserves. The Leisure Assets medium-term financial plan now forecasts the service to break-even, in-year, during 2025/26 with a cumulative breakeven in 2037/38.
- Adult Services, which is forecasting an overspend of £2,518k in part due to Adult Commissioning Placements forecasting a £2,626k overspend. The total Covid-related costs of £5,537k are partially offset by the Infection Prevention Control grant (£1,185k), Lateral Flow Testing grant (£922k) and a contribution from the Blackpool Clinical Commissioning Group (£1,249k) for Enhanced Hospital Discharges. Non-Covid pressures relate to increased demand within nursing placements and complex cases.

We are developing plans to address these pressures in the rest of the financial year, in addition to progressing any outstanding budget savings.

Supporting the Council's Wholly-Owned Companies

Several of our council Wholly-Owned Companies (WOCs) faced significant income losses as a result of the pandemic lockdown and subsequent social distancing restrictions, impacting both company profitability and cashflow. To ensure continuity of services and support them with recovery, in November 2020 the Executive approved the establishment of a £24m Covid Recovery Fund ringfenced to WOCs of £20m plus a 20% contingency, from within the existing Business Loans Fund.

To access the loan facility companies needed to produce a 5-year Covid recovery plan with a cumulative breakeven income and expenditure position by the end of year five, or as close as possible to this term, to be monitored by the Council's Business Loans Fund panel. Loans were offered at a fixed rate over five years, thereby providing the WOCs with certainty over future repayments requirements, with individually-tailored offers being made on either an interest-only basis with balloon principal repayment, or with monthly repayments of interest and principal.

To date there have been Covid-related loan approvals of £13.3m of which £7.3m has been drawn down. £1.1m has already been repaid.

The Council also supports its WOCs' capital spending (capex) requirements where there is a robust business case demonstrating either a valid 'Spend to Save' initiative or an opportunity to spend to generate income. The Council's exposure to principal and capitalised interest in respect of such WOC capex loans is currently £40.6m.

The consolidated forecast financial position of the Council's WOCs is a loss of £2.33m based on their individual Month 5 financial monitoring reports. This represents an improvement of approximately £1.13m from the Month 4 position, resulting from some businesses reporting better than expected trading in the initial months of the 2021/22 financial year. However, the Government's delay in relaxing Covid restrictions from 21 June 2021 to 19 July 2021 has adversely impacted some forecasts.

Council Tax and Business Rates

The Council Tax collection rate at the end of October 2021 was 58.33%, marginally down on the same time last year. An additional £4.77m has been collected in 2021/22 to date compared to 2020/21. We have now re-started court action to recover Council Tax debts, but continue to offer support to people who are struggling to pay where possible.

The recent Budget announced continued discounts for retail, hospitality and leisure businesses within Blackpool, who will receive a 50% discount on their Business Rates bills in 2022/23.

Working with Partners

More than just business – delivering Social Value

We all share a commitment to the Council supporting the town in whatever way we can and one way is to ensure companies who we spend money with give something back to the community. I am therefore pleased to report that we have confirmed the appointment of a Social Value Officer to maximise the value we get from these relationships. They have not only started on the hard work of making sure

social value is at the heart of our decision-making processes by strengthening our policies, procedures and governance with new arrangements and establishing a new working group, but have also been delivering work with a really positive impact on our local communities to ensure we go further than required by our legal duty to deliver social value.

The main thing is to have embedded social value into our procurement process. As a result, we have already seen millions of pounds of benefit coming to the town, with the social return on investment delivered by Tysons Construction at the Troutbeck scheme alone topping £4.6 million so far. That scheme has delivered 12 apprenticeships, improved the employability of local young people through giving them 36 hours of support to get into work, spent over £4 million with local small and medium businesses and made in-kind contributions to the Mereside Boys and Girls Club and Friends of Little Marton Windmill. Mereside School have even been given an educational teepee which sounds like great fun, maybe we should get one for our committee meetings! I am especially pleased that 90% of site labour is local to Blackpool, meaning that this work is directly putting money into the pockets of our residents. This close relationship between the contractors and the town is perhaps best seen through some of the team taking on the National Three Peaks 24 hour challenge to raise funds for Fylde Coast Women's Aid, raising funds for trips for children in care to complement time spent by the team volunteering with them.

There are many other examples of social value too, including support during Covid restrictions and staff spending time volunteering with local third sector organisations. This is an area of work which really contributes to our priority of strengthening communities, and I intend to cover our progress in more detail as part of my future reports to Council.

Transforming Services

Accolades aplenty for Blackpool Airport Enterprise Zone

Investment Monitor's Economic Zone Sustainable Recovery Strategies Awards 2021 have recognised what we have all known for some time – that our Enterprise Zone is making a huge difference to jobs and opportunities in Blackpool. Competing alongside some of the world's best Free Zones, we were congratulated on our resilience in the wake of the global pandemic and our strategy to retain existing companies and attract new businesses, garnering two Editor's Choice Awards for Digital Connectivity and Advocacy for the potential of Enterprise Zones to deliver benefits across the country.

Not wanting to rest on our laurels, work to develop the Enterprise Zone further continues at pace. With the first matches across the 12 new football pitches having taken place in October, the next stage of development is to construct the £3m Common Edge changing facilities, which will come into use in spring 2022 and replace the old facilities for the start of the next football season. Detailed design work is also progressing for the new floodlit 3G pitch and rugby pitch, with the start of construction anticipated in early 2022.

Demand and enquiries for premises at the EZ remains strong particularly from the engineering, energy and data sectors, with feasibility studies being undertaken on six schemes. Five new businesses have moved into the zone in the last quarter, which now supports 1,925 jobs. In addition, the finishing touches are being put in place on the Multiply Components development on Amy Johnson Way, with the fit out on their new 40,000 sq ft premises due to complete in January 2022.

Following approval by the Town Deal Board and Executive, detailed design work is now underway on the new Eastern Gateway access road and associated highways improvements to serve the Enterprise Zone. This will link the Enterprise Zone to Common Edge, as well as creating new access points from Amy Johnson Way to the airport to facilitate the building of the new aircraft hangers mentioned later in this report. With the initial planning application for the new highway to be submitted in late November, a further round of engagement with the local community was due to take place on 16 November (following the publication of this agenda) at AFC Blackpool.

Blackpool Airport – fully in our hands

1 November 2021 was an historic date in the long and proud history of the airport, with the operating company Blackpool Airport Operations Limited (BAOL) taking over the Civil Aviation Authority (CAA) operating licenses for the airport and its Air Traffic Control service. Regaining full control of the airport paves the way for additional investment to renew and upgrade the essential operational facilities, ensuring the airport has the solid base essential for future growth. We aim to capitalise on this with proposals to develop new hangar accommodation well advanced, with submission of planning applications to Fylde Borough Council anticipated in the new year.