

Budget Scrutiny: Scrutiny Leadership Board Informal meeting 17 January 2024

The Scrutiny Leadership Board met informally on the 17 January 2024 to consider an overview of the budget proposals for 2024/2025. The Director of Resources, Head of Accountancy, Head of Corporate Delivery, Performance and Commissioning and Leader of the Council attended the meeting to set out the current budget position, key items in the provisional local government finance settlement 2024/2025, what this meant for Blackpool, recommendations for bridging the budget gap, a review of reserves and an overview of the budget engagement process. This report provides a summary of the main comments made during the meeting.

The Board challenged the proposed end of year budget position, noting the positive trajectory and queried the level of expected working balances which were forecast to be £5.6 million. It was reported that an overspend of £1.1 million at the end of year was expected at month 7 should current forecasts be correct. The overspend was a result of overspends of £6.4 million in Children's Services and £2.4 million in Adult Services and had been offset by lower than budgeted energy costs and contingencies that had not been utilised amongst other smaller underspends.

A large proportion of the Children's Services overspend was as a result of the commissioning budget and the high cost of residential placements. The number of young people in residential placements had been safely reduced from 84 to 68 during the course of the financial year and the budget for 2024/2025 assumed a further realistic reduction in this area. Other targets in relation to fostering and special guardianship orders had been included in the budget in order to reduce costs further.

The Board considered the cumulative budget savings since 2011, how the profile of spending had changed over the years and the financial performance of the Council's wholly-owned companies.

Members went on to consider the significant capital investments made and queried how best to ensure a positive return on investment. It was noted that all projects had a business case, risk register and were audited to provide a range of methods of assurance. It was noted that inflation and interest rates had had an adverse impact.

Mr Thompson advised of an estimated £18.3 million budget gap for 2024/2025 comprising of increases to Children's and Adult Services' budgets, treasury management pressures and the £9.9 million of non-recurrent savings made in 2023/2024. He noted that borrowing for capital programmes was expected to increase to £500 million due to a 25% increase as a result of the completion of the new civil service hub. However, the building supported regeneration, was pre-let with a tenant and would increase business rate yield. It was considered that the level of debt was affordable and sustainable and that the Council continued to have the ability to pursue schemes it considered as beneficial for the town.

In order to address the budget gap, an increase to Council Tax of 4.99% was to be recommended, the number of properties paying Council Tax had also increased with efficiency work also undertaken on the Council Tax Reduction Scheme. Directorates had also been set targets to reduce budgets.

The Board queried how the assumptions utilised when setting the budget had been tested for robustness. Mr Thompson advised that setting the budget was a complex process and that very regular meetings were held throughout the year in order to challenge assumptions and monitor performance. In addition, periodic Internal Audit Reviews were carried out and monthly financial reporting to the Executive and Scrutiny Leadership Board was also very detailed.

The Leader of the Council advised that in order to ensure maximum staffing efficiency, all vacant posts were held open with consideration given to whether it was an essential position moving forward. She considered that the Council was operating on minimum staffing levels and the importance of retention and succession planning was noted. Each year the identification of budget savings that were realistic and deliverable became more difficult. Mr Thompson added that the Council Plan and Medium Term Financial Strategy were inter-related and the budget continued to support the long term strategy of the Council.

Concern was raised regard the potential Council Tax increase and it was noted that Blackpool had the lowest Council Tax collection rates nationally. The Leader of the Council advised that it was a necessary increase in order to achieve a balanced budget and continue front line services. However, the potential impact on residents in the cost of living crisis was recognised.

Reference was also made to the Integrated Care Board and ensuring that appropriate funding was sought in order to share the added social care costs that supported the operation of the health system.

Ms Aldridge provided an overview of the budget engagement process and noted its limitations due to the late notification of the Local Government settlement. She noted that housing quality, availability and homelessness had presented as the biggest issue through the engagement.

The Board welcomed sight of the comments made through the engagement process and queried how they would be used to inform the budget. It was noted that due to the tight timescales involved it was difficult to utilise the comments to inform the budget and that earlier engagement would be welcomed. The outcomes could also therefore be considered by the Scrutiny Committees earlier in the process allowing more meaningful input.

The key comments made by the Scrutiny Leadership Board for consideration by the Executive were as follows:

- That a breakdown of income be provided alongside the details of historical savings achieved to provide additional context e.g. changes to grant funding and level of income from Council Tax per year.
- That the profile of how spending had changed over the years be included as a monetary figure in addition to the percentages currently provided.
- To consider whether the budget engagement process could run either throughout the year or early enough within the budget setting process to inform decision making and that this be fed back to the relevant Scrutiny Committees earlier for ongoing consideration.
- Members of the Scrutiny Leadership Board were invited to email additional, specific suggestions to the Director of Resources for consideration.