

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

Financial Year 2022/23 Monitoring

Over the 12-year period since 2011/12, the Council has had to make cumulative Revenue Budget savings of £194.6m – this is more than the Council's current annual Net Requirement Budget of £160m. The compound effect means that nearly £1.4bn of resource has been removed from the Blackpool economy, one of the highest cuts per head of population across local authorities in England, at the very time our residents need more help.

The principles of the Medium-Term Financial Sustainability Strategies 2016/17-21/22 and 2021/22-26/27 have been used to deliver budget savings plans year after year. However, soaring market costs for support for vulnerable children and increased demand for adult social care provision plus the rising costs of providing care are still creating a burden that current levels of local taxation and Government funding struggle to meet. Government promises to refund additional Covid spending have fallen well short of the actual costs, pushing a cost of £3.16m in 2020/21 and £2.59m in 2021/22 to the Council.

The last 12 years has seen unprecedented volatility within local government finance: 9 years of successive central government funding cuts between 2011/12 – 19/20 were followed by the United Kingdom's exit from the European Union, 2 years of a global pandemic with ongoing consequences and now a war within the European continent. This has all conspired to produce a perfect storm of labour and supply shortages, pay demands and spiralling inflation, with rising interest rates an attempt to stem the pressure. I remain immensely proud of all of our staff, frontline and back office, who have worked unstintingly to cut costs and innovate. This has allowed us to keep our annual budget in line with statutory requirements at the same time as keeping our reserves and balances stable, enabling us to consistently fund and deliver the

ambitions of successive administrations to deliver for the people of Blackpool. However because of the afore mentioned factors, we do not know when we will be able to bring a report which can bring more reassurance over our medium-term financial position.

Budget Performance

The full-year forecast position at this stage of 2022/23 shows a deterioration in the Council's financial standing with working balances expected to fall by £11,418k to a surplus of £795k by the end of 2022/23.

The adverse full-year forecast budget variance as at the end of month 5 of 2022/23 is exceptionally high at £11.4 million. As in previous years, some of these come from within our services and staff are working hard on options to resolve these, as they have for each of the last 12 years. But the biggest share is the £6.2m of pressures which are coming from outside the authority, comprising of costs associated with the national pay award, increased energy and utility bills, and interest rates, causing a sector-wide crisis. We urge the government to intervene across Local Government in England with financial support to resolve these issues, which were not caused by Blackpool, but which Blackpool Council has to carry the cost for.

Medium Term Financial Plan Update and Earmarked Reserves Forecast

The 6-year Medium Term Financial Sustainability Strategy (MTFSS) covering 2021/22 – 2026/27 was approved by the Executive on 8 November 2021 and whilst the principles still stand, the current economic climate has had a significant impact on the supporting Medium Term Financial Plan (MTFP).

Inflationary pressures and service demand have now altered the outlook for the worse and created a great deal of additional uncertainty. In addition to issues mentioned elsewhere in this report, challenges in recruitment and retention of staff are also contributing to a situation in which Council finances are under considerable strain.

When accounting for current conditions, the annual forecast budget gap for 2023/24 is £35.11 million, with gaps of £7.90m, £6.93m and £7.82m over the following three years. We must plan to address this despite the fact that much-delayed Government reforms of Local Government finance such as the reset of business rates and the implementation of the Fair Funding formula review are expected to result in additional funding for Blackpool.

To be clear, despite consistently delivering a balanced budget in previous years faced with huge financial challenges, the extreme situation this year means the only realistic option to address the budget gap is significant additional funding from the government. The level of uncertainty means we have made a number of assumptions and in view of the level of volatility, we will report these monthly in advance of setting the budget at Council in February 2023.

As part of this budget planning process a detailed exercise has also been undertaken on Earmarked Revenue Reserves to check the validity of amounts held and to forecast of when funds will be drawn down covering the same period as the latest Medium Term Financial Sustainability Strategy. This shows that we expect reserves to total £65.4m by the end of 2021/22, reducing to £49.2m in 22/23, £44.7m in 23/24, £42.6m in 24/25, £42m in 25/26, and to £41.6m in 26/27.

Courts money to provide new facilities, and enable Blackpool Central development

We were pleased to welcome back to Blackpool Michael Gove as Secretary of State for Levelling Up, Housing and Communities. In a very constructive visit, we took the opportunity to discuss our future plans with him and he was very receptive to our ideas. As part of the visit we received confirmation that the Government has now identified £40m capital funding for the provision of new Magistrates and County Courts. After working closely with both Her Majesty's Courts and Tribunal Service and Department for Levelling Up, Housing and Communities, this announcement comes as excellent news as it will both create a new Court complex and enable the Blackpool Central regeneration scheme to go ahead as planned, creating an estimated 1,000 jobs, and boosting the local economy with an additional 600,000 visitors. The largest single investment in Blackpool for over a century, Blackpool Central will see the area transformed into a year-round leisure destination, home to new entertainment centres, hotels, restaurants and a new public square and Heritage Quarter. This investment represents the culmination of years of hard work and determination, and delivers one of our top asks on Levelling Up.

British-Irish Council meeting

We were very proud that Blackpool played host to the 38th British-Irish Council meeting at the Boulevard Hotel on 11 November 2022, reflecting the confidence and significance of Blackpool across the British Isles. The first to be attended by a UK Prime Minister since 2007, the leaders of the 7 administrations were joined by the Scottish minister for Green Skills, Circular Economy and Biodiversity, discussing sustainable economic growth and regeneration amongst other key topics. During the two-day conference, delegates had the chance to see some of our exciting projects, including visits to the enterprise zone, meeting our team at Lightworks and Blackpool and the Fylde College's Energy Headquarters. The Chief Executive gave a speech about our ambitious plans for the town and to introduce the Prime Minister. It was great to hear him use his speech to commit himself and his Government to Levelling Up and supporting Blackpool's vision.

Investment Zone: seeing the potential in Blackpool

The Council submitted an Expression of Interest in establishing an Investment Zone by 14 October 2022 in line with government requirements. The Investment Zone designation would provide the potential for significant long-term benefits to Blackpool's local economy, particularly around job

creation and investment. Specified sites would benefit from a range of time-limited tax incentives over 10 years. The tax incentives under consideration are:

- 100% relief from business rates on newly occupied business premises
- Enhanced Capital Allowance
- Enhanced Structures and Buildings Allowance
- Employer National Insurance contributions relief
- Stamp Duty Land Tax– a full Stamp Duty Land Tax relief for land and buildings bought for use or development for commercial purposes, and for purchases of land or buildings for residential developers.

After an assessment on an area-by-area basis, to ascertain which parts of the town would potentially benefit most from Investment Zone status and which were most likely to be successful, the Blackpool submission included Central Blackpool and an expanded Blackpool Airport Enterprise Zone.

The Central Blackpool area covers a substantial part of Blackpool's inner area, from Talbot Gateway in the north to Bloomfield Road in the south, and incorporates various sites utilised for retail, office, leisure, light industry and housing. The boundary was chosen to incorporate many of the development sites either currently underway or earmarked for development in the near future within Blackpool's central area. The elements of Investment Zone status aimed at improving housing standards nationally will also be of significant benefit within Central Blackpool, with areas that have been the subject of discussions between Blackpool Council and the Department for Levelling Up, Housing and Communities, regarding wide scale improvements to standards of living, also encapsulated within the Central Blackpool Investment Zone boundary.

The Blackpool Airport Enterprise Zone area covers all of the existing Enterprise Zone site, but extends the boundaries to cover new areas to the south of the runway, to the south-east of the airport's current extent, and to the west of the existing Enterprise Zone. The extension sits within the Fylde Borough boundary and has been agreed with them and Lancashire County Council (as the Upper Tier Local Authority), with the site also being included within the Lancashire County Council Expression of Interest. The boundary is proposed in order to capitalise on the success of the existing Blackpool Airport Enterprise Zone and to extend the benefits available in the area, both in terms of geographical coverage and timeline, for businesses looking to locate and grow in Blackpool. Whilst the existing Enterprise Zone has seen over 2,000 gross jobs added to the site, fiscal benefits available to new businesses locating in the area are coming to an end in 2023 and Investment Zone status would allow for these and the other benefits of Investment Zones to be available for a further 10 year period.

Having undertaken all of this work, it is now clear that the Investment Zone proposals will not be taken forward by this Government. I am sure all my colleagues on the Council would call for government to maintain these measures in their future proposals.

External Funding Bids – waiting for news

The Council is waiting on news about our Levelling Up Fund bids to create the Multiversity purpose built net zero emissions educational facility, a new boutique hotel at the former Post Office changes and the Town Centre Access Scheme to improve public realm, benefiting walking, cycling and bus access and improving how people can change between modes of transport. Reports suggest a decision on successful bids will now be made in late December.

As previously reported, the development and submission of the Shared Prosperity Fund Investment Plan outlined 13 capital and revenue projects under the themes of Communities and Place, Local Business and People and Skills. A decision on the investment plan is imminent.

Corporate Issues

A new anchor tenant at Houndshill

It is with great pride that, after a prolonged period of negotiations which I have been quizzed about regularly at full Council, I am delighted that we have finally been able to confirm that the former Debenhams will reopen as a brand new department store. Blackpool Council and the centre's management company, Ellandi, have announced that the Frasers Group will bring their key brands including Frasers, luxury fashion brand Flannels, Beauty and Fragrance and Sports Direct into the unit to join the existing shopping centre offer. The department store is expected to open in 2023 following an extensive fit-out of the 100,000 square foot. unit. The Council has worked hard to find the right tenant for the shopping centre and this addition will drive footfall for other businesses, and improve the shopping experience for the whole Fylde Coast and Lancashire.

Alongside this, work on Houndshill Phase 2 is progressing well with the steel work now complete. Meanwhile, concrete pouring to for the floor slab is continuing, and work has now begun on the cladding system for the building, meaning we will shortly get a real sense of how this latest addition to our town centre will improve the look of the area.

Council Tax and Business Rates

Despite the current cost of living crisis, the Council Tax collection rate at the end of September 2022 was marginally ahead of the position at the same time last year at 50.47%. Business Rates collection at the end September 2022 was also up at 53.32%.

The Council is also in the process of allocating discretionary energy rebates to a number of households prior to the deadline at the end November. As always, I would urge any residents experiencing financial difficulty to get in touch so we can assess whether we can offer any further support with their circumstances.

Wholly-Owned Companies

The consolidated forecast financial position of the Council's wholly-owned subsidiary companies is a loss of £1.35m based on their individual Month 5 financial monitoring reports. This represents a deterioration of £0.04m from the position at Month 4 largely as a result of inflationary pressures, including fuel costs, utilities and wage pressures, coupled with reduced customer receipts resulting from patronage reductions, offset by improved income forecasts.

New Payroll system up and running

After a long period of planning and testing the transition across to the new HR and Payroll system commenced in October 2022 with the payroll element of the new iTrent system being used for the first time to make salary payments.

During October 2022 over 6,700 payslips were issued across 27 individual payrolls, including other Councils, schools and our wholly-owned companies which purchase a payroll service from us, with the associated payments totalling in the region of £9.8 million.

This is just the first stage of the rollout, with the Employee and Manager Self-Serve modules next to go live. Our staff have done a great job so far on such a critical system, and I would like to praise our Payroll, HR, ICT, Health and Safety and Finance teams for all their hard work.

Working with Partners

Visitor Numbers: continuing to bounce back

The speed and scale of Blackpool's post-pandemic recovery has been confirmed in new tourism figures. The annual STEAM report, which analyses data from tourism and hospitality businesses, shows that the resort attracted a record number of almost 19million visitors in 2021 – despite losing the first four months of the year to COVID lockdowns and restrictions. The total figure of 18.81m is more than double the figure recorded in 2020 when pandemic restrictions on tourism were at the most severe level and 4% higher than the pre-pandemic year of 2019.

October Half-Term – Fireworks and Lightpool both dazzle the crowds

We enjoyed a busy October half term aided by a spectacular programme of events including back-to-back firework displays. The displays, one by Finland as part of the World Fireworks Championship and the other a showcase event by Titanium, each attracted an estimated 50,000 people to the Promenade. This year's championship was won by the Celtic Fireworks Team from Wales.

Meanwhile, the award-winning Lightpool festival returned for 16 nights in October with a spectacular programme of light-based art installations, live performance, 3D projection shows and family-friendly activities.

The Art Trail included international works from France and the Netherlands, with new installations never seen before in the UK. The festival, which ran from October 14-29 also saw the part-unveiling of Odyssey, the biggest standalone light installation ever produced by our own Illuminations team at Lightworks. The huge installation, which has been co-created by international designer Jack Irving and a team from Lancaster University, will be completed ahead of the opening of the Christmas By The Sea village and remain in place throughout the extended Illuminations season.

Christmas By The Sea is back!

Blackpool's spectacular Christmas village is back this winter – thanks to the resort's tourism businesses and national broadband providers, TalkTalk. The Tourism Business Improvement District (TBID), which represents hundreds of tourism operators, has joined forces with sponsors TalkTalk to fund the event during the extended Illuminations season. Last year, Christmas By The Sea delivered the highest visitor numbers ever recorded on the seafront during the winter months, and has been nominated in the "Best Large Event 2021" category in the forthcoming Lancashire Tourism Awards.

Situated on the Tower Festival Headland opposite The Blackpool Tower, this year's village will run until 2 January 2023. It includes a free skating rink, festive light installations and projection shows, themed log cabins, artificial snowfalls, Christmas trees, Christmas tram rides and the Star Flyer ride. Further Council support comes via a discounted car parking offer on most Council car parks for the duration of the event.

Transforming Services

Social Value – continuing to deliver lasting change

The Council continues to refine its approach to delivering and monitoring social value and we intend to pilot a monitoring system in the New Year to help us track progress more effectively.

We believe that regeneration can help strengthen communities as well as the economy. So far, our current regeneration projects – Holiday Inn, Conference Centre, Colton House, Houndshell, Showtown, the Sports facility at the Enterprise Zone, and the Troutbeck housing development – have delivered £22.8 million of social and economic value to the town. Most projects have managed to exceed their social value targets despite the challenges of Covid, which is a result of us working closely with suppliers so they understand Blackpool's challenges and adapt accordingly. We are increasingly working with suppliers earlier in the procurement process, allowing us to maximise the benefit for the town.

The most tangible impact is around employment and skill outcomes, where projects have worked closely with employment teams and delivery partners to provide opportunities for local people who are long-term unemployed, NEETs (young people who are not currently engaging with employment, education or training).

But suppliers have also been working well in supporting our communities and using local SME's (Small and Medium Enterprises) to help deliver projects, which contributes to the town's resilience and local economy. In the future, we hope to secure further support for protecting our natural environment and looking to suppliers to reduce their carbon footprint.