

Chair of Overview Panel

Chairs of Scrutiny Panels

Councillor Jacqueline North
First Deputy
Finance, Resources & Transformation

Caroline Barlow
Assistant Director of Finance

Tameside One
Market Place
Ashton-under-Lyne
OL6 6BH

email:	paul.radcliffe@tameside.gov.uk
Ask for	Paul Radcliffe
Direct Line	0161 342 2199
Date	19 October 2022

Dear Councillor North,

Scrutiny mid-year budget update 2022/23

We write in response to the mid-year budget update presented on 3 October 2022. The sessions enable members to seek assurance on the Council's approach to managing and mitigating budget pressures, known risks and future uncertainty. The demand on statutory services and the sustainability of budgets beyond the short-term remains a concern for members, along with growing social and economic pressures associated with the rise in living costs and a need to support individuals and families in Tameside.

The Council has demonstrated an unwavering commitment and drive to meet all financial challenges to date. We now find ourselves in a position where further savings are required at a time when the demand on statutory services is at its greatest. It is also important to reflect on the strength and resilience of our workforce and communities during such challenging times that now extend to the aftermath and recovery of a global pandemic.

Members shared concerns on the challenges and uncertainty associated with a repeated one-year funding settlement. This can inhibit the Council's ability to set a more robust medium term financial plan and it is accepted that a greater level of confidence can be achieved should longer funding arrangements be granted by the government to local authorities beyond the next financial year.

Scrutiny forms part of the Council's governance and decision-making process, underpinned by principles that aim to provide constructive 'critical friend' challenge, to amplify the voice and concerns of residents, and to drive improvement in public services. This letter provides an account of discussions captured from the meetings and subsequent feedback received. It is hoped that the collective points can assist with planning for 2023 and beyond.

In response to a previous request of scrutiny members, the update included a section on how the budget aligns with priorities set within the Corporate Plan. Members would have liked to hear more on the savings identification process, but please be assured that the content as a whole was detailed and well received.

Revenue monitoring information highlighted a significant in-year overspend across directorates. This is of concern and likely to have a cumulative impact on the budget, with areas showing a sizeable variance against the opening budget and savings position. This appears to place the authority in a precarious position with limited options to balance the budget for 2022/23. The Place directorate was most noticeable on the non-delivery of savings and income shortfall. It is felt that the strategic direction for growth and investment has an important role to play going forward.

A question that remains for Scrutiny is clarity on the existing financial planning model and processes by which directorates identify achievable savings. Further points include learning from previous years with regard to overly ambitious savings targets and members are keen to ensure future decisions are robustly costed and achievable, without jeopardising service quality or requiring late or unplanned financial adjustments.

With limited options available to the Council to increase income and revenue beyond a rise in Council Tax, the required budget savings are somewhat intensified. Members queried the assumption of a 97% collection rate for Council Tax, with reference to past learning from the pandemic and a pressing need to review the impact of significant rises to household budgets. This also included the assumptions for business rate income and collection given the current economic climate and the historic challenges to achieve growth in an area that has predominantly struggled in previous years.

The Council continues to face high levels of demand across statutory services with concerns on the ability to sustain budget increases in future years. This also includes the practicality and rationale of savings targets applied to such areas. Improving outcomes for children and vulnerable residents remains a pressure, which includes outcomes from past Ofsted inspections of Children's Social Care and SEND. It would be naïve of the Council not to acknowledge that growing economic and financial turmoil within society, most notably on household budgets, employment and housing, may result in added demand on statutory services.

A number of questions touched upon budget monitoring arrangements and existing methods to report and flag known risks and shortfalls in savings as they arise. It was reported that approximately half of savings targets have a projected shortfall, with limited information provided on what can be done to claw this back. Further points include:

- The realistic pace that savings can be made and understanding the opportunity cost of such decisions.
- The savings most at risk of not being met.
- The previous use and reliance of one-off monies, grants and reserves that are no longer accessible.
- Future viability and appraisal of non-statutory and discretionary services beyond 2023/24.
- Asset management strategy, streamlining process for energy savings and costs associated with staff returning to office work.
- Future opportunities to intensify corporate and elected member oversight to monitor agreed savings.

We are pleased to say that the Council's leadership and Executive remain fully engaged with all aspects of Scrutiny activity.

Yours sincerely,

Councillor Jack Naylor – Chair of Overview Panel

Councillor Yvonne Cartey – Chair of Place and External Relations Scrutiny Panel

Councillor Naila Sharif - Chair of Health and Adult Social Care Scrutiny Panel

Councillor Tafheen Sharif – Chair of Children's Services Scrutiny Panel