

Chairs of the Scrutiny Panels

Councillors Mike Glover and Teresa Smith

Councillor Oliver Ryan
Executive Member
Finance and Economic Growth

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Ms Kathy Roe
Director of Finance – Section 151 Officer

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Dear Councillor Ryan and Ms Roe,

Consultation with Scrutiny Panels regarding the 2022/23 Budget

We write in response to the budget consultation meetings held on 17 January 2022, at which Scrutiny members received a comprehensive overview of the planning process associated with budget setting for 2022/23 and beyond. In addition to the mid-year budget monitoring information presented to Scrutiny Panels in September 2021, the sessions enable members to seek assurances on the Council's approach to managing and mitigating the impacts of known risks, ongoing uncertainty and external funding pressures.

Receiving a single year financial settlement appears to create complexity in the Council's ability to budget and plan accordingly. Members accept that a greater level of confidence and assurance is achievable should the government grant a longer funding plan to local authorities beyond the next financial year. Despite diminishing options, it was pleasing to hear of the commitment to achieve a balanced budget going forward without the use of reserves.

With escalating demand and cost pressures, accompanied with a previous reliance on one-off funding and grants, members acknowledge that without initial investment aimed to support and remodel our demand led services; this significantly hampers the Council's confidence and ability to set a balanced budget beyond 2023. Business as usual, without radical change, is clearly not a financially sustainable option for Tameside, with future budget gaps painting a bleak picture.

Scrutiny priorities remain aligned with the Council's Corporate Plan and whilst difficult at times to look beyond the health crisis, members have continued to keep abreast of more strategic measures for the borough in relation to social and economic issues. Future activity will continue to review and support work of the Executive to improve outcomes for residents while at the same time consider the range of efficiency requirements and delivering value for money.

This letter provides an account of discussions captured from the meetings and subsequent feedback received. Please do pass our thanks to the Assistant Director of Finance for the helpful summary, with a request for consideration to the points raised in the meetings prior to the budget report being finalised.

Members agree with key risk factors identified and overall budget fragility, with emerging pressures and limited options available to the Council when seeking to increase income beyond the rise in Council Tax. The income we generate from this remains low in comparison to other GM authorities based on housing stock and when taking account of proportionate local need. Members remain

concerned about added financial pressures place on vulnerable residents, including recent rises in food, fuel and household energy costs.

A point initially raised at the mid-year budget update was on clarity of the existing financial planning model and process by which directorates identify achievable savings. This includes the importance and ongoing role of Finance to ensure guidance, insight and learning forms part of the decision making process. This may be something that can align with invest to save initiatives and cost benefit analysis.

Further points added to this include learning from previous years with regard to overly ambitious savings targets and members keen to ensure future decisions are robustly costed and achievable without jeopardising service quality or requiring late or unplanned financial adjustments. There may be a need to review oversight, accountability and the importance of effective in-year budget monitoring, with a possible need for services to build in a contingency for increasing unit costs and external purchasing.

The development of a Transformation Team is welcomed and it is our understanding that this will operate as an accessible support function and enabler to directorates and services to review existing delivery methods and areas identified as having the ability to reduce spend. This cannot happen in isolation, with the team adding to existing methods and practice already in place. It was noted that initial attention of the team is on our statutory and demand-led services.

Upon reflection and based on the information presented, it is thought that the reference made to the role and responsibilities of the transformation programme could be made clearer to members and across the authority. The Council has faced significant financial challenges for a number of years now and while more can be done to ensure we harness intelligence and undertake effective benchmarking for key projects, it was difficult to interpret the level of reliance that appears to have been placed on this work.

Strategic, operational and budgetary responsibilities remain with each directorate and this appears to present an opportunity of creating greater internal cooperation and support methods not previously available. If understood correctly, the success of future savings does not sit as a direct responsibility of the Transformation Team to deliver, but more in the ability of the authority to provide a wider range of internal support mechanisms that are able to consider the impact of individual service decisions, both on outcomes for residents and budgets.

Improving outcomes for children and vulnerable residents remain a pressure and Scrutiny will continue to work with services to review the impact of sustainability projects. With a decision to provide Children's Services with a fully costed budget for the year ahead, to the extent of an additional £5 million, members are somewhat unsettled by the addition of a new £4 million savings target applied for 2022/23. While it is expected for demand to no longer grow exponentially, members are concerned that this is an extremely ambitious target and questioned whether past learning can be applied from examples where savings have needed to be re-profiled over a longer timeframe.

With added financial challenges also likely to be forthcoming in the provision of adult social care, discussion touched upon a range of options and known solutions, across Adults' and Children's Services regarding local accommodation and in-house care. Plans in this area have been noted for a number of years with what appears to be limited progress. Members are unclear of the ongoing investment needed in this area and whether this has been fully accounted for within budgets to ensure benefits are achievable, non-more so than outcomes for children and adults receiving the right support in the right settings.

The Executive has remained engaged and supportive of Scrutiny activity and reporting methods. Scrutiny will continue to seek assurances and identify suitable opportunities to inform local, regional and national decision-making. Where necessary, Scrutiny will remain mindful of any

associated financial implications and look to introduce financial planning and sustainability aspects within the review process.

Scrutiny members support transparency of budget conversations and request that a mid-year financial update remain in place going forward. The information presented will inform work programme priorities where appropriate.

Yours sincerely,

Councillor M Glover – Chair to Place and External Relations Scrutiny Panel

Councillor T Smith - Chair to Integrated Care and Wellbeing Scrutiny Panel