

Chairs of the Scrutiny Panels

Councillor Jacqueline North
First Deputy
Finance, Resources and Transformation

Mr Stuart Fair
Interim Director of Finance
Section 151 Officer

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

email:	paul.radcliffe@tameside.gov.uk
Ask for	Paul Radcliffe
Direct Line	0161 342 2199
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Dear Councillor North and Mr Fair,

Consultation with Scrutiny Panels regarding the 2023/24 Budget

We write in response to the budget consultation meetings held on 16 January 2023, at which Scrutiny members received an overview of the 2022/23 financial outturn and budget planning for 2023/24. In addition to the mid-year budget monitoring information presented to Scrutiny Panels in September 2022, the sessions enable members to seek assurances on the Council's approach to managing and mitigating financial risk and uncertainty.

In-year financial challenges have become increasingly hard to predict, when taking account of the pace and scale of economic and inflationary pressures faced by the Council, residents and businesses alike. Such pressures appear unlikely to diminish in the short-term, with service demand and costs having the potential to increase further due to the rise in living costs and the known economic and social vulnerability of residents and households in Tameside.

A single year financial settlement creates added complexity and limits foresight in the Council's ability to budget and plan accordingly. The overall sustainability of the budget beyond 2023/24 presents a genuine concern for members, with a forecasted budget gap before mitigations standing at almost £37 million for the financial year ahead.

This letter provides an account of discussions captured from the meetings and subsequent feedback received, with a request for consideration to the points raised 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. Members remain concerned about added financial pressures placed on vulnerable residents, including recent rises in food, fuel and household energy costs.

Discussion touched upon the in-year cost pressures that have resulted in the unplanned use of reserves to balance the budget for 2022/23. Members expressed thanks and appreciation to the challenging work undertaken to present a set of proposals that aim to deliver a balanced budget for the year ahead. The starting position for 2023/24 appears somewhat precarious, however it was reported that Tameside finds itself in a relatively healthy position, when compared to other authorities, regarding financial resilience.

It was pleasing to hear that attention has been placed on the assessment of viability and delivery, with a clear need to set achievable, rather than aspirational targets. Scrutiny has previously reported a need to reflect and learn from previous years with regard to setting overly ambitious

savings targets and members are keen to ensure future decisions are robustly costed, without jeopardising service quality or requiring late or unplanned financial adjustments.

The budget shows that there is now a significant reliance on the ability of directorates and individual services to absorb demand and cost pressures. This appears to be a new approach and use of terminology for 2023/24 and if interpreted correctly relates to the exposure and vulnerability to the economic climate and the knock-on effect this will have on service demand and inflated costs.

A total of £18.5m from the £33.8m proposals set to mitigate pressures fall within the following categories:

- Increase level of efficiency savings by 3%
- New budget reduction proposals
- Directorates to absorb a rise in service demand and cost increases

This does raise initial concern with aspects seeming partly aspirational. Members received limited detail or clarity as to how absorption figures are determined and questions touched on risks associated with the responsibility of services to plan and manage this alone. Reference was also made to the compensatory savings required should slippage occur. This may require reflection and exploration on the financial support mechanisms currently in place, particularly for our statutory and demand-led services, in order to deliver a more supportive and preventative model.

Effective budget monitoring must take precedence, with the aim to promote a transparent and honest culture for the reporting of in-year budget and savings difficulty. Reducing delay and ensuring issues are flagged at the earliest opportunity is now key to overall success. It is also felt that the role of finance may need to extend further in a more coherent and partnership role with services.

It was encouraging to hear of plans to increase rigor and oversight of savings delivery, with heightened budget monitoring across Executive Member portfolios. Members welcome the additional oversight and scrutiny that will aim to keep progress on track and therefore alleviate in-year pressures. The STAR Chamber approach is not new to this Council and it is very much hoped that a renewed focus will achieve the desired accountability and outcomes.

Further discussion touched upon details set within the budget, with a request of members that a final check is undertaken to identify any projects that may not achieve the required budget outcome within the 2023/24 financial year. Members also discussed possible methods to ensure income is maximised in relation to collection rates and the use of our existing estate and venues.

Improving outcomes for children and vulnerable residents remains in place as a budget pressure, with talks of associated costs with regard to external children's placements and the need to achieve greater permanence within parts of the workforce and exposure to external markets.

Scrutiny priorities remain aligned with the Council's Corporate Plan and 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.

The information presented will help to inform work programme priorities where appropriate.

Yours sincerely,

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

Councillor Yvonne Cartey - Chair to Place and External Relations Scrutiny Panel