

Chair of Overview Panel

Chairs of Scrutiny Panels

Councillor Jacqueline North
First Deputy
Finance, Resources & Transformation

Ashley Hughes
Director of Resources
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,

Scrutiny mid-year budget update 2023/24

We write in response to the mid-year budget update presented on 6 November 2023. Thank you for the time taken to provide all scrutiny members with the opportunity to receive a comprehensive appraisal, which included an overview of key financial assumptions, the current budget position and a forward view regarding risks and pressures.

Budget monitoring information continues to inform work priorities for the Scrutiny Panels and regular updates 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, inflationary pressures and the need to support individuals and families in Tameside.

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. Scrutiny activity remains aligned with priorities set within the Council's Corporate Plan and relies on insight of the Council's budget and financial plan.

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 the remainder of 2023/24 and beyond. Please pass our thanks to the Director of Resources and the Interim Assistant Director of Finance for attending the sessions. The Council's Overview Panel will receive a summary of this activity at the next meeting on 21 November 2023.

The Council continues to demonstrate a firm commitment to meet all financial challenges and budget reductions. The current position does appear somewhat precarious when considering that in order to close the budget gap a significant amount of in-year savings need to be delivered. This comes at a time when statutory services are experiencing high levels of demand and a lack of certainty that pressures will subside any time soon.

The Director of Resources reported that all previously identified savings for 2023/24 will be delivered in full, which equates to £15.979m for the financial year. With the successful redirection of £5.425m, this leaves budget reductions of £10.554m to address. Members were presented with a Month 5 performance table that was RAG rated and showed £2.523m in Red and £3.046m in Amber, which account for more than 50% of the target required.

It was confirmed that those currently in Red are not expected to be delivered in the financial year and challenges remain in order to deliver those currently in Amber. To date £1.702m has been achieved with £3.283 identified in green as achievable and on track.

In addition to the current budget reductions and savings requirements, revenue monitoring information highlighted a significant in-year overspend across directorates. With £13.021m predominantly attributed to Adults, Children's Social Care and Place. Members were advised that current variances are to be addressed by officers and through management actions to balance the budget. Should difficulties be encountered then alternatives will need to be put forward.

This does appear somewhat ambitious and challenging given the persistence of demand and external pressures. Vigour and intensity is needed within budget monitoring arrangements to support this and members remain cautious of accounting measures that may be needed should actions or revised plans not be achieved.

Reference was made to the role of the Star Chamber process and members highlighted a requirement of the Executive to fully oversee and challenge key areas relating to budget reductions and in-year variances within their portfolios. 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 and members are keen to ensure future decisions are robustly costed and achievable, without jeopardising service quality or requiring late or unplanned financial adjustments.

A question was asked on the Capital Programme and how this is financed. A total figure of just over £15m was shown against a funding source of receipts and reserves. Upon enquiry members heard that a significant amount of the expected receipts are yet to be achieved, with concerns that they may not be fully delivered in this financial year.

Members shared concerns on the challenges and uncertainty associated with short-term funding settlements and ambitions of the Council to set a more robust medium term financial plan. It is accepted that a greater level of confidence can be achieved should longer funding arrangements be granted to local authorities beyond the next financial year.

Recent activity of the Scrutiny Panels has highlighted a need for the Council to address growing local challenges around accommodation and placements, which too have a significant reactionary impact on the Council's budget when taking account of statutory requirements in relation to Homelessness, Adults and Children's Social Care. Scrutiny members would fully support and endorse a borough-wide accommodation sufficiency strategy. It is not felt that this is something that each decision maker and directorate can do in isolation, but requires a collective and partnership approach with key stakeholders in housing.

Trends in current spend appear increasingly reactionary in parts and building resilience, evidence and business cases can allow the Council to plan for the future and make positive investment decisions. This will ultimately aim to improve outcomes for individuals while also benefitting parts of the budget.

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.

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 financial oversight and expertise may need to extend further in a more coherent and partnership role with services.

A number of questions that may require further consideration include:

- The savings most at risk of not being met and actions required.
- Challenges and viability of non-statutory and discretionary services going forward. Reviewing for best value.
 - A specific and pertinent point was raised on future budget commitments for the upkeep, cleanliness and appearance, 'look and feel', of the borough. Any changes would be detriment to the borough's future success and prosperity.
- The financial position the Council now finds itself in regarding the previously pooled budget arrangement and separation/detachment from the CCG (now ICB).
- Options to alleviate significant placement costs and building greater capacity in Tameside.
 - The Council making the best use of its powers relating to homes, accommodation and placement needs for vulnerable residents and allocations for care leavers.
- Issues and challenges specific to workforce and external markets. Examples were provided regarding Educational Psychology and Social Workers.
- Facilities Management arrangements and making the best use of Tameside's buildings and venues across all towns - income generation, current pricing and advertising.
- Pivotal role of the Council's asset management and disposal plans.
- Access to health funding and contributions - can more be done to support costs associated to specific Children's Social Care interventions and placements.
- Continuing to grow our tax base – meeting our housing targets, inward investment and business growth.
- Demand projections and a need for greater mechanisms of prevention and early intervention – overarching plan, population growth, future pressures / dependency.
- A relentless and uncompromising focus on achieving outcomes and making best use of the money available for the residents and businesses we serve.
- Improving customer interactions and ability of the Council to respond through enhancements in digital solutions and website navigation.

We are pleased to say that the Council's leadership and Executive remain fully engaged with all aspects of Scrutiny activity and options will be explored to incorporate greater and more frequent oversight of budget and financial information within planned activity and in-depth reviews.

Yours sincerely,

Councillor Michael Smith – Interim Chair of Overview Panel

Councillor Claire Reid – Chair of Place and External Relations Scrutiny Panel

Councillor Hugh Roderick – Chair of Children's Services Scrutiny Panel

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