Appendix B - Resourcing Principles

This document outlines the resourcing principles set out in Bristol City Council's Medium Term Financial Plan for 2017/18 to 2021/22.

1. Principles by which we will spend:

1.1. Aligning spend with corporate priorities (subject to the delivery of core responsibilities)

- We will challenge all existing spend in the context of our strategic priorities.
- We will consider our legal obligations in providing the service and spend wisely.

1.2. Being resilient to future uncertainty

- We will be prudent; taking into account the uncertain financial outlook, locally and nationally.
- We will build flexibility into future contracting plans with external suppliers and providers.
- Exit strategies will be developed for all externally funded activity to ensure the activity remains sustainable after the funding has ended.

1.3. Maintain sustainable finances as a priority

- We will implement all endorsed savings and efficiencies.
- We will maintain balanced budgets over the MTFP cycle.
- There will be no additional spend unless matched by savings or income.
- We will undertake a manageable rolling programme of zero-based budget reviews.

2. Themes by which we will invest:

2.1. Invest for sustainable inclusive growth

These are areas where the Council will expand its capacity to grow the economy, whilst delivering whole systems solutions to demographic, social and environmental challenges sustainably across the city.

2.2. Invest to improve and maintain

These are areas where the Council will improve and maintain the condition of core assets (extend the life of); making provision for lifecycle investment to maintain infrastructure to a standard that effectively supports service delivery.

2.3. Invest to save and generate return

These are areas where the Council will invest in projects which will reduce running costs, or avoid costs (capital or revenue) that would otherwise arise and invest to generate a financial return (invest to invest).

3. Principles by which we will save:

Financial Resilience

3.1. Balance Sheet Review

- We will undertake an in depth review of all items on the balance sheet with a view to releasing long-held funds which could be utilised for current priorities.
- We will develop protocols for releasing developer funds as planned and for the purpose intended, reducing unnecessary budget growth for increased maintenance and works.

3.2. Capital Financing, Investments and Borrowing

- We will not increase the indicative prudential borrowing commitment in the annually approved capital programme unless substituting a current scheme or where the Council can make an evidenced return on investment.
- We will be evidence-led; matching projects & delivery to economic reality and benefit realisation.
- Any capital investment decision which involves prudential borrowing must include the cost of servicing the debt and anticipated pay-back period as part of a robust business case.
- Investment to save / grow decisions will only be supported when the cashable cost reductions (or increased income) exceed the financing costs of any borrowing needed to fund the investment within the agreed pay-back period for the asset type (to be determined).

3.3. Build Financial Resilience

- Enable sustainable and resilient businesses; we will replace start-up grants with start-up or scale-up loans, or alternatively an equity stake offered with business support.
- Level the playing field; provide transparency in subsidies and alignment with strategic objectives.
- Review concessions, with a view to replacing peppercorn rents with fees and charges that transparently recognise the value and importance we place on those services.
- Community and third sector partners should be partners in development, not just recipients of funding.
- Capacity building should not be developed to simply mirror what the Council already does with a transfer of the same budget.
- The approach should embrace voluntary effort as well as “not for profit” service delivery.
- Capital and revenue Investments require returns and these should be about improved outcomes and reduced pressure on the core public budget.

- We will offer pump-priming, pump-priming plus grants, or loans to allow for innovation and development of partnerships that require funding for up to a maximum of three years.
- Low interest-paying loans repaid within 2-3 years will be available as a step down mechanism from long term grants.
- Bristol City Council funded Partnership contributions should be subject to the same level of rigour in contributing to the budget 'gap' as all base budgets.
- Capital investment on non-BCC assets: financed via interest-bearing loan, equity stake (subject to risks assessment), charge to be placed on the asset, or other appropriate mechanism for a return on the investment.

3.4. Fraud, Cost Avoidance and Recovery

- We will proactively use data intelligence for successful revenue collection; data cleansing, analytics and technology to locating new payers as well as contacting defaulters and getting the right bill, to the right person, at the right time.
- Through better gathering of evidence at source, and robust calculation of rates to be consistently applied in our charging, we will minimise the need to negotiate and write off invoices.
- We will consider an incentive scheme for information provided at an incident which directly enhances the Council's ability to recover costs, e.g. third party damage to infrastructure.
- Develop a debt management strategy to provide clarity on purpose; develop process that enables us to have a single view of the debtor across all systems, which can then be monitored and more effectively tracked to increase recovery.

Financial Sustainability

3.5. Fees and Charges

- The introduction of charges for services should have a clear link between user consumption and the financing of that service.
- As a minimum all locally determined charges will be increased annually in line with general inflation being absorbed by the service, unless it can be demonstrated such an increase will harm service usage levels.
- Services operating on a costs recovery basis will ensure a calculation is available that determines the total cost of providing the service including overheads.
- Where charges are set in statute but do not fully recover costs we will undertake detailed review of services and where appropriate provide the evidence to the awarding body.
- We will conduct a programme of targeted reviews and benchmarking.
- Council tax increases will be reviewed annually and only levied where necessary and justifiable.

3.6. *Third Party Expenditure*

- We will organise procurement activity and resources to focus on specific areas of spend (category management approach) and seek to drive greater value in our procurement.
- We will focus on supporting local businesses to improve processes and collaboration to enable them to compete for opportunities within the Council's supply chain.
- We will consider social value and sustainability in our procurement activity.
- We will encourage value chain development, whereby collaborating partners can be recognised and reimbursed for their contribution to delivery of outcomes utilising 'payments-by-results' methodology.
- We will utilise outcomes-based commissioning (avoiding perverse incentives) and incentivise with shared benefits and liabilities.
- Market failure: We will intervene earlier where there is a clear rationale to do so, using insight to manage specification and demand.
- Consider a range of opportunities to deliver a return on Strategic and Shareholder Investments, to include creation of value through a wider strategic and outcomes based commissioning.

3.7. *Traded Services*

- We will equip staff in selected service areas with the right commercial skills to operate more competitively and generate new income for the council which will support services for tax payers.
- Where viable and appropriate opportunities exist we will create the capacity that will enable a financial return to be delivered.
- We will consider services more appropriate for trading with an agreed return to the general fund.

3.8. *Entrepreneurial Approach*

- We will be more 'Entrepreneurial' in our approach to delivery and commissioning.
- We will actively engaging in market development and market shaping where no such market currently exists and using insight to manage specification and demand.
- We will invest and use our financial strengths and trusted brand to deliver a financial return.
- We will attract alternative investment models to support service delivery, e.g. through social investment.
- We will reassess our expectations of our sector and think big and bold in what we can achieve.
- We will ensure all viable options that create a sustainable asset should be considered in service redesign.

Transforming Services

3.9. *Workforce*

- Develop the right organisational design that enables delivery of Mayoral priorities, including structure, pay and grading framework, and capacity.
- We will invest in the culture, training and development that will deliver a diverse and inclusive workforce for the future.
- The Pay bill should not exceed the annually determined budget percentage.

Productivity

- We will consider where automation or digital delivery mechanisms are more appropriate.
- Services should fund their own service pressures wherever possible e.g. inflationary uplifts, general inflation (unless there is a contractual agreement that cannot be re-negotiated).

3.10. *Maximising Asset Utilisation (Physical Assets)*

- Assets held must support a strategic need or offer a net financial return that supports the financial resilience of the Council.
- We will invest in the development of an inventory and valuation system, with clear accounting standards.
- Where it is fit for purpose, we will seek to optimise the infrastructure that we have already invested in.
- The repurposing of the existing infrastructure to allow the Council to deploy for multi-use, e.g. advertising, digital connectivity, with rental income from service providers and from a revenue share on the income they receive.
- We will review restrictive regulation and dysfunctional incentives that encourage waste and low-value use.
- Treasury Management: We will retain a working balance (agreed annually) and invest residual funds to generate increase return on investment.
- We will ensure all of our assets demonstrate value generation, e.g. no idle assets.
- We will target a minimum Net Return / Yield on Commercial Property Investment of 5.00%, or less than 5.00% but with regeneration opportunities.
- We will save costs and reduce carbon through smarter use of energy.
- We will seek to leverage optimum funds from our estate including opportunities for pension fund investment where this provides best value.

3.11. *Smart Technology*

- We will optimise the infrastructure that we have available in exploring the ‘Internet of things (IoT) with the objective of reducing our current costs base.
- We will implement a twin track approach; prototyping appropriate concepts with strategy development.

- We will leverage other public and private sector investment for new market developments that transform and future proof services at a reduce costs.
- We will proactively seek a mixed portfolio of quick wins and early adopters to create a revolving fund to support a sustainable programme of longer term developments.

3.12. Partnership Working and Earlier Intervention

- We will invest in capacity building in the community, local and regional partners to support delivery of strategic priorities and reduce costs to the general fund.
- We will work with key stakeholders to use pooled arrangements to increase available cash-flow and / or create revolving funds to deliver long term savings which can be redistributed to re-invest.

4. Affordability

- As a last resort other necessary measures will be considered to ensure a balanced budget can be delivered in each of the financial years; including divestment where non-priority or lower-priority outcomes are no longer cost-effective or affordable.