



BRISTOL OVERVIEW AND SCRUTINY

**Summary Review of the Medium Term Financial Plan (MTFP) and
Budget Task and Finish Group**

January 2018

BRISTOL OVERVIEW AND SCRUTINY

Medium Term Financial Plan (MTFP)/Budget Working Group

- a. The MTFP was selected by members as one of the top priorities for 2017/18 at an OSMB 'hothouse' on 26th June 2017.
- b. The Group was then established by the Overview and Scrutiny Management Board (OSMB) (formally agreed at its meeting on 25 July 2017) as the method OSMB used to ensure that Members were fully informed and engaged in the Council's financial management and planning arrangements which encompassed the MTFP and the Budget.
- c. However, prior to this, a time critical piece of work (Phase 1) was required to consult on the MTFP before Cabinet on 27 July. Three members of OSMB were therefore selected to progress the work.
- d. The Group had two key work phases. Phase 1 (July 2017): Consultation on the Medium Term Financial Plan and Phase 2. (September to December 2017): Budget Consultation.

Phase 1: Consultation on the Medium Term Financial Plan

- a. Due to the time critical nature of the work, Phase 1 commenced with a core membership of three lead members of OSMB. These Members met with finance officers during July for a series of three briefings and in-depth discussions to scope high level proposals during the development of the MTFP approach and principles. (A summary of the key points that arose from these sessions is provided at Appendix A.)
- b. This included consideration of the following:
 - a five-year rolling forecast from 2017/18 to 2021/22
 - budgetary issues
 - the national and local economic outlook
 - resourcing principles that shaped the council's budget
 - locally-raised taxation from business rates and council tax
- c. The process allowed officers to present the evidence gathered and formulate proposals in an iterative manner, and allowed input from members of the group in shaping the MTFP prior to the report going to OSMB (25/7/17) for comment and to Cabinet (27/7/17) for endorsement.
- d. The MTFP is a key part of the Council's Policy and Budget Framework, intended to set out the Council's strategic approach to the management of its finances and provide a framework within which delivery of the Council's priorities will be progressed.

- e. It was agreed at OSMB that for Phase 2: Budget Consultation, that membership of the group be expanded to include full political representation.

Phase 2: Budget Consultation.

- f. Phase 2 commenced with six members representing all political groups. A series of eight informal budget sessions were convened on a wide range of topics, (See summary document at Appendix B) and enabled a degree of scrutiny of the budget process and emerging thinking.
- g. In addition, the group was involved as a sounding board in the development of arrangements for the annual budget consultation and recommended to OSMB an approach to public scrutiny sessions as follows:

- **Proposal for Scrutiny Activity on 18-19 Budget:**

OSM – Thurs 7th Dec 2017

Corporate strategy, review of which items are being consulted upon (as in whether others should be brought forward) and over-arching review by OSM of the cross-cutting savings within the budget proposals

January 2018

Focused budget sessions held in public. Sessions to include:

Engagement from relevant portfolio holders (supported by directors) setting out

- Outline of the overarching directorate budget position and budget gap
- Biggest challenge over 2017-18 and their view of the biggest challenges (The top three savings/risk areas they feel need to be highlighted) over 2018-19 and beyond. Scrutiny members to then respond and then highlight other areas of concerns / make recommendations
- Formation of Scrutiny's referral to Jan 23rd Cabinet and Full Council

Pathway for the Conclusions of the Group

- h. The meetings allowed for Members' detailed feedback on each topic, to be shared with officers at an early stage, to enable these to be taken into account in the development of proposals.
- i. Progress updates were provided to the monthly OSMB meetings, published on the Scrutiny webpages and included in a regular e-briefing to all members.

Feedback from Members

The new model was considered to be effective by members with the meetings considered productive, allowing for genuine scrutiny with improved transparency. Members were able to drill down into the detail and ask challenging questions. The interactions with knowledgeable officers added value to the scrutiny and developed the understanding for members of the budget forecasts, proposals and the underlying assumptions used.

- j. Members considered that the group was less a task and finish model and more a finance sub group or working group required for tracking the MTFP and budget, which were cyclical and ongoing.
- k. Members considered that annual review of the MTFP remains essential to ensuring the Council's medium term financial sustainability and are committed to raising the profile of the MTFP. Members believed that critical to this will be a commitment to monitoring the performance of the Executive through KPIs that are linked to the MTFP.
- l. It was agreed that further engagement and feedback at key stages of the budget cycle should continue to take place throughout the year with a view to gain clear oversight of the Council's financial governance processes and budgets.

Membership and Working Arrangements

Cllr Graham Morris (chair)*	Conservative
Cllr Donald Alexander*	Labour
Cllr Geoff Gollop *	Conservative
Cllr Tim Kent	Liberal Democrat
Cllr Clive Stevens	Green
Cllr Mark Weston	Conservative

*Membership for Phase 1 met in July. The wider membership For Phase 2, involving all political groups was finalised in September.

Meetings/Sessions

- m. Meetings were informal and did not have formally published papers or minutes. All papers were circulated electronically.

Lead Officer(s) and Relevant Executive Member

- n. The departmental lead officers were Denise Murray, Chris Holmes and Michael Pilcher and the Executive Member for this service area, Cllr Craig Cheney. Relevant departmental officers were required to attend meetings depending on the topic and context.
- o. Meetings were convened by Scrutiny Advisors, Johanna Holmes (Phase 1), and Louise deCordova (Phase 2).

Phase 1: Consultation on the Medium Term Financial Plan (Summary of topics/key discussion points) Appendix A

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| • Wednesday, 5 Jul 2017 | • Monday, 17 Jul 2017 |
| • Monday, 10 Jul 2017 | • |

Phase 2: Budget Consultation (Summary of topics/key discussion points) Appendix B

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| • Thursday, 21 Sep 2017 | • Wednesday, 8 Nov 2017 |
| • Thursday, 28 Sep 2017 | • Thursday, 16 Nov 2017 |
| • Tuesday, 17 Oct 2017 | • Tuesday, 28 Nov 2017 |
| • Tuesday, 31 Oct 2017 | • Wednesday, 13 Dec 2017 |

Table: Phase 1: MTFP/Budget Working Group: Topics Covered and Summary of Key Discussion (July 2017)

Date	Topics Covered	Summary of key areas of feedback
5 Jul 2017	<ul style="list-style-type: none"> Medium Term Financial Plan Introduction and Approach Financial Outlook Resourcing Principles 	<p>Approach</p> <ul style="list-style-type: none"> The annual cycle needs to clearly articulate Scrutiny, Audit Committee, all Councillors and Public engagement <p>Financial Outlook</p> <ul style="list-style-type: none"> Be clear around assumptions of growth in Council Tax rates Impact of Students on Council Tax / Business rates should be transparent We are asset-rich and cash-poor. How do we turn this around; dispose of assets and utilise the capital receipt, reduce the costs of security / maintenance or use them and create an income? <p>Resourcing Principles</p> <ul style="list-style-type: none"> Decision taken should show the golden thread from the corporate priorities to the action being proposed. We should remove any reference to “stopping services” or be clear that is an absolute last resort. How do we link to Invest in Bristol and Bath; Regional Capital / Social Enterprise? Demonstrable link to the themes being explored to Council Tax Reduction Scheme which is currently being consulted upon. Create a specific resource principle for Asset utilisation. All of our assets to demonstrate value generation, e.g. no idle assets. Include the ability to utilise our assets for leverage and borrowing. Improved performance on roads / footway repairs and penalise for repeat visits. Tell us once and effective feedback loop once dealt with e.g. fix my street Commercialisation has developed a negative perception; consider an alternative name for this theme.
10 Jul 2017		

17 Jul 2017		<p>Other</p> <ul style="list-style-type: none"> • If we are going to do this let's do it well; additional capacity / support will be required as staff currently have little or no capacity? • Ensure all viable options that create a sustainable asset should be considered as part of the wider engagement. • Consider the uniqueness of an area and recognise in our options development that one size does not fit all. • How do we continue to engage those who use fewer and fewer of our services and are making optimum contributions?
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Table: Phase 2: MTFP/Budget Working Group: Topics Covered and Summary of Key Discussion (September to December 2017)

Date	Topics Covered	Summary of key discussion points
21 Sep 2017	<ul style="list-style-type: none"> Context Alignment of budget to outcomes Capital Programme 	<ul style="list-style-type: none"> Public budget consultation – concerns over consultation fatigue and how to make the exercise more meaningful for citizens Partnerships and Collaboration –earlier exploration of options for partnership and collaboration before resorting to budget cuts Cost Shunting – the need to stay alert to unplanned cost shunting and unexpected consequences through whole system approach Project Management – concerns that project management processes in place to challenge project overspend and performance
28 Sep 2017	<ul style="list-style-type: none"> Review of pressures and funding position Themed Approach to savings and some early proposals 	<ul style="list-style-type: none"> Budget Assumptions – confirming that underlying assumptions for budget pressures are correct Assets – deeper dive into asset groups WOE – enterprise zone projections WECA – funding available in current/next financial year
17 Oct 2017	<ul style="list-style-type: none"> Update on financial position Directorate approach to savings proposals 	<ul style="list-style-type: none"> Reserves - easing current pressures versus planning for future need Public consultation and Communication Plan – ensuring meaningful and legal process Council Tax Proposals – balancing potential receipts versus costs to deliver Adult Social Care – investing in appropriate monitoring to ensure right care, at the right time for the right duration of time Consultation outcomes – e.g. clarity around neighbourhood legacy budget Council owned chapel – heritage issues significant. Sound business care required to support any proposals Commercial and Community Assets – requiring greater detail/understanding of proposals and properties concerned Bristol Music Trust – concerned lack of awareness amongst councillors of impact. Capital investment to commercialise must stack up.
31 Oct 2017	<ul style="list-style-type: none"> Consultation Approach and Proposals Adult Social Care 	<ul style="list-style-type: none"> Public Consultation – clarifying process and timeline Adult Social Care – Gatekeeping issues. Tighten and control monitoring process to tailor under and over provision. Managing Demand and understanding costs in relation to other cities. Many factors make

	Programme	Bristol unique and difficult to benchmark
8 Nov 2017	<ul style="list-style-type: none"> Forward Planning and Timeline 	<ul style="list-style-type: none"> Arena – concerns revenue costs as well capital costs not accounted for within MTFP. Need for understanding of implications of project being shelved. Understanding funding from LEP and WECA. Adult Social Care – concern over lack of capital investment Capital Programme – importance of governance and transparency and capacity to deliver. Importance of robust business case and cost benefit analysis prior to authorisation. Establish best practice and implement across the board. ICT investment – need for coherent strategy that is interrelated and aligns across the board. ICT project delivery without coherent strategy has not served the authority Commercialisation – concern struggled to cope with companies and capacity to deliver any further income generation opportunities. Not very good at responding quickly to deliver savings which will impact ability to make innovation / commercialisation work.
16 Nov 2017	<ul style="list-style-type: none"> Parks 	<ul style="list-style-type: none"> Income generating activity - Credibility of assumptions and evidence to support Capital investment – to maintain and expand cemeteries and crematoria services to meet future demand Parking charges – equalities impact assessments Moving to other entities – CIC, trusts, mutualisation Events market – various delivery models Productivity and processes – risk of double counting Arena – Capital financing and capital budget assumptions and borrowing costs Contract renewal register – inflation pressures, category management approach Adult Social Care – spatial planning, appropriate housing stock e.g. sheltered housing, care village models
28 Nov 2017	<ul style="list-style-type: none"> Children’s Social Care programme Chancellors Budget Core Revenue Funding 	<ul style="list-style-type: none"> Care Sector – national minimum wage impact Children Social care – demand management, smarter commissioning, holistic programme approach
13 Dec 2017	<ul style="list-style-type: none"> Overview of the Schools Finance/DSG HRA Capital 	<ul style="list-style-type: none"> PFI – contract management, property dilapidation arrangements and budgetary impact HRA – impact of borrowing cap Grenfell – cost of safety implications Right to Buy – right to acquire, HCA grants and local authority business model

		<ul style="list-style-type: none"> • Funding for major projects – use of ringfencing and reserves • Capital programme –new borrowing to generate future income, invest to save, company business plans, asset management and property strategy • Voids turnaround – new KPI for OSMB to monitor
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