



**Agenda Item no: 4**

**Bristol City Council  
Minutes of Business Change and Resources  
Scrutiny Commission  
13<sup>th</sup> October 2014 at 9.30 am**

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**Members Present:-**

<b>Labour</b>	<b>Liberal Democrat</b>	<b>Conservative</b>	<b>Green</b>
<b>Councillor Brain (P) Councillor Breckels (P) Councillor Mead (P) Councillor Rylatt (P)</b>	<b>Councillor Champion-Smith (P) Councillor Kent (P)</b>	<b>Councillor Hiscott (P) Councillor Weston (P)</b>	<b>Councillor Malnick (P)</b>

(P) – denotes present; (A) denotes absent

**Key officers in attendance:- Max Wide Strategic Director Business Change, Peter Gillett Service Director Finance, Robert Woollatt Service Manager Corporate Finance, Janet Ditte Service Manager Finance Business Support, Lucy Fleming Scrutiny Co-ordinator, Steve Gregory Democratic Services officer.**

**1. Apologies for Absence**

None received.

**2. Public forum**

None received.

**3. Declarations of interest**

With regard to agenda item 9, Councillor Kent declared that he held two deferred pensions with the Avon Pension Fund and Councillor Brain declared that he was a Trustee of Hawkspring.

**4. Minutes**

The Minutes of the Business Change & Resources Scrutiny Commission meeting on 15<sup>th</sup> September 2014 were agreed as a correct record and signed by the Chair.

#### **5. Action sheet**

The Commission noted the current status of the actions that had been taken or remained to be completed. The Action sheet to be amended accordingly.

#### **6. Whipping**

None declared.

#### **7. Chair's business**

The Chair suggested that at the end of each meeting opinions and/or concerns be shared or discussed so that wherever possible the Commission could reach collective agreement about any items it had considered.

#### **8. Budget Assumptions**

The Commission received a presentation from the Service Director (Finance) in respect of the development of budget proposals for Year 2 of the three year Medium Term Financial Strategy (MTFS).

It was emphasised that the MTFS was an on-going process which continued to be developed. It was also important to note that it was a strategic financial planning process and not an agreed budget. For 2015/16 there were three key areas that would have an impact on the budget and these were changes in legislation, demographic/spending pressures and technical accounting/financing changes.

The Commission then considered the key areas and the following points were made or further information was requested –

##### Changes in legislation

- The additional responsibilities that were likely to have an impact on the budget related to Impact of Welfare Reform, Better care fund, Public Health, Deprivation of Liberty and Independent Living Fund;
- The figure shown in the presentation as a Reduction in Benefits Paid (Welfare Reform) was an estimate and would be updated in due course;
- The Independent Living Fund was a new commitment and might have an impact beyond the MTFS three year period;
- Changes in political direction at central government level made it difficult to assess future funding arrangements however considerable

work was being done to project possible spending from 2017 to 2020 with prudent assumptions being made;

- Further austerity spending reductions could affect the efficiency or delivery of local government services however it was considered that some of this could be offset by improved customer service processes and modernised working practices.

### Demographics/Spending Pressures

- People's services/social care would be most likely be affected due to population increases, changing age structure, more births/children, uneven demand for services across the City and increasing diversity;
- Population increases in under 5's and over 85's would have a significant impact on the Council's finances in future years;
- It was important not to 'predict and provide' with regard to future spending pressures and instead foster a principle of intervention so that spending could be planned and focussed where it was most needed;
- The MTFS should be a robust process which enabled analysis of service provision and the ability to keep one step ahead of spending pressures;
- In-year pressures for Quarter 1 (2014/15), including adult residential care and deprivation, had been identified and it was important that these were closely monitored to limit the financial impact for the 2015/16 financial year;
- The Commission recognised the difficulty of financial modelling and the dichotomy that existed between demand led spending and prudent financial planning for future years.

### Additional information requested

- Further information on population changes by percentage;
- Separation of population changes by EU and non EU to show variation in financial impact;
- BME population by age percentages to be clarified;
- Assumption that international migration would reduce to be clarified.

### Technical Accounting/Financing Changes

- The Commission noted the revenue spending forecast from April 2014 to March 2017 which showed a year on year reduction of revenue spending;
- The Council tax base assumption was 0.75% per annum growth over the MTFS period. This assumption was based on a positive view having regard to the improving economic situation;
- Council tax claimants receiving discounts, eg single person allowance, were subject to audit on an occasional basis as it was felt that annual or routine reviews could prove to be counterproductive;
- Business rate collection assumptions were not expected to change significantly over the MTFS three year period and to improve revenue

from this source support was given to investigating the possibility of providing discounted rates to empty business premises particularly in areas of deprivation;

- Pay award pressures would increase with the latest offer of a 2.5% increase from January 2015 being considered, updated figures to be circulated to members as soon as this was confirmed;
- The Council's General and Strategic Reserves currently equated to 5.7% of the net revenue budget and their importance was emphasised to ensure that future spending pressures and unforeseen liabilities could be managed;
- Earmarked Reserves had been identified to meet known spending commitments and would only be used for the purpose which they were created for and would be reviewed annually. If no longer required the funds would be transferred to the General Reserve.

**Resolved -**

**That subject to the additional information asked for by Members the information in the presentation be noted.**

## **9. Avon Pension Fund Deficit**

*Councillor Steve Pearce Bristol City Council's representative on the Avon Pension Fund Committee, attended for this item.*

The Commission received a report of the Service Director (Finance) regarding a review of the Avon Pension Fund's performance in 2013/14, Governance and Risk Arrangements in place and the statutory financial statements for the year. The Commission also received supplementary information which summarised the key features of the Fund based on and consistent with the Annual report.

The Commission was informed the Fund held a deficit of £1.1b of which the Council's share was £485m at 46%. This was in the context of a voting right on the Avon Pension Fund Committee of 8%. It was considered that there might be a financial risk to the Council should the Government ask for a contribution toward reducing the deficit.

With regard to representation on the Committee it was not known how this arrangement had been made but there was a consensus that representation should be increased if possible.

It was agreed that the Chair of the Business Change & Resources Scrutiny Commission write to the Mayor of Bristol, on behalf of the Commission, to raise awareness of this issue and that in the meantime officers be requested to investigate what measures might be taken in order to increase the Council's representation on the Avon Pension Fund Committee.

**Resolved –**

**That the Chair of the Business Change & Resources Scrutiny Commission write to the Mayor to raise awareness of this issue and that the Service Director Finance be requested to investigate what measures might be taken in order to increase the Council's representation on the Avon Pension Fund Committee.**

**10. Work Programme**

The Chair informed members that an informal lunch time briefing would be set up regarding the next meeting of the Commission and the Single Change Programme item, all members would be invited to attend.

Members were asked if they wished to attend an Inquiry Day in respect of Parks and Green Spaces being held on 17 November the day of the Commission's next meeting, as the date and/or time of the Commission might need to be changed. All members agreed that they did not wish to attend the Inquiry Day so no change was made to the existing arrangements for the 17 November meeting.

The date of the additional budget meeting, to be held in December, would be finalised shortly once all of the members had responded to Democratic Services with their date preferences.

The Chair opened a brief discussion about improving engagement with the public as part of the wider Scrutiny process. All members agreed that any approach must retain openness and that clear and complete information in reports to the Commission might help to facilitate this.

**Resolved –**

**That the current Work Programme be noted.**

(Meeting ended at 1 pm)

CHAIR