

**BRISTOL CITY COUNCIL**

**Business Change and Resources Scrutiny Commission**

**14 December 2015**

**Report of:** Service Director, Finance  
**Title:** **Scrutiny of 2016/17 Budget**  
**Ward:** Citywide  
**Officer Presenting Report:** **Peter Gillett**  
**Contact Telephone Number:** 0117 903 7697

**RECOMMENDATION**

That the Commission consider the draft budget/MTFS proposals for 2016/17

**Summary**

Arrangements for the 2016/17 budget and Medium Term Financial Strategy were considered by Cabinet at their meeting on 3 November 2015 (copy attached as Appendix) and this formed the basis for the budget proposals issued for consultation by the Mayor on 23<sup>rd</sup> November 2015.

This is the first of two budget scrutiny sessions, with the second being held on 4<sup>th</sup> January 2016. At this meeting, the commission will hear presentations from the Business Change Directorate and People Directorate, outlining their current budget context and outlook moving forwards.

**Note:**

Cabinet Report 3 November 2015 - Appended

### BRISTOL CITY COUNCIL CABINET 3 NOVEMBER 2015

**REPORT TITLE:**

**For information - Arrangements for 2016/17 budget consultation**

**Ward(s) affected by this report: Citywide**

**Strategic Director: Max Wide – Strategic Director Business Change**

**Report author: Peter Gillett – Service Director Finance**

**Contact telephone no. 0117 922 2007  
& e-mail address: peter.gillett@bristol.gov.uk**

**Purpose of the report:**

To outline proposals for public consultation arrangements in relation to the 2016/17 draft budget.

### **RECOMMENDATION for the Mayor's approval:**

Cabinet are asked to note the consultation arrangements as set out at paragraphs 4-10

### **BACKGROUND**

1. The Council approved a comprehensive three-year financial framework/medium term financial strategy in February 2014 covering the period 2014/15 to 2016/17. This included detailed proposals to ensure a balanced budget requirement across all three financial years. This was updated and approved in February 2015.
2. Extensive consultation was undertaken on the financial plans when the three year budget was originally established. 2016/17 will be the third year of that approved framework, and other than the level of council tax, no significant changes are proposed.
3. A detailed review and update of the council's medium term financial strategy will be carried out in summer 2016, when full details of the Comprehensive spending review are known. This will be subject to a comprehensive consultation process.

## 2016/17 CONSULTATION ARRANGEMENTS

4. The proposals contained in the original approved 3-year budget framework were consulted on widely with the people of Bristol reaching significantly more people than any previous budget consultation. It is estimated that the promotional activity to raise awareness of the budget consultation reached an audience of over 50,000 people that in turn prompted approximately 10,000 views of web information and over 1,300 people to turn out in person to a public meeting. This led to a record response rate to the consultation (over 12 times the response in 2012) with nearly 3,900 people 'having a say' via paper and online surveys.
5. The approved financial framework was updated with some minor changes in February 2015, following a further period of 'light touch' consultation.
6. Consistent with the position adopted last year, there are no significant additional decisions anticipated at this stage as part of the budget consultation for 2016/17- other than the level of council tax. Accordingly a lighter touch consultation will again be undertaken on any proposed changes in respect of 2016/17 budget, the third and final year of the approved three year plan. A comprehensive consultation will take place when the Medium Term Financial Strategy is fully updated in the Summer of 2016.

## TIMELINE

7. The Mayor will begin his budget consultation for 2016/17 on 23rd November for a period of 6 weeks, consisting of:
  - (i) Public website consultation (hard copies will also be available)
  - (ii) Business and partner engagement (meeting to be arranged to take place on 23<sup>rd</sup> November)
    - Statutory consultation with businesses via presentations and discussions at scheduled meetings
    - Discussions with voluntary and community sector partners
  - (iii) Frequently asked questions and updates will be provided through the consultation
8. After the consultation closes, the results will be collated and analysed ready for consideration by Cabinet in January before a proposed budget is submitted to Full Council in February and published on the council website.
9. The timetable will be as follows;

Date	Activity
23 November 2015	Consultation on Mayor's budget proposals commences. Consultation is open for 6 weeks and ends 6 <sup>th</sup> Jan excluding statutory holidays
15 December 2015	Full Council approval of Council Tax Band D equivalent properties for 2016/17 (Taxbase)
October 2015 - January 2016	Scrutiny meetings, including business change scrutiny

	on 4 <sup>th</sup> January 2016 and, if required, again before decision on 12 <sup>th</sup> January when Cabinet submits budget to full Council
12 January 2016	Cabinet key decision– recommendation to Council for budget approval taking into account initial consultation feedback (further scrutiny meeting to take place)
16 February 2016	Final budget Full Council

### Consultation and scrutiny input:

**a. Internal consultation:**

- SLT
- Consultation team
- The Business Change and Resources Scrutiny Commission have considered the assumptions underpinning the budget. Further sessions are planned to review the budget following announcement of the Mayor's updated proposals.

**b. External consultation:**

N/A

### Other options considered:

Consultation is a statutory requirement for businesses only.

A wider public consultation was considered. However, extensive consultation was undertaken on the financial plans, leading up to the approval of the current three year 3-year budget and MTFS, which was also updated with minor changes in 2015.

2016/17 is the third and final year of that approved framework and other than the level of council tax, no significant changes are proposed.

### Risk management / assessment:

**Public sector equality duties:**

N/A as this is an information report. Any changes as a result of the budget proposals will be considered.

**Eco impact assessment**

N/A

### Resource and legal implications:

**Finance**

**a. Financial (revenue) implications:**

*Guidance:*

The revenue costs of the consultation will be contained within existing budgetary provision.

**Advice given by** Kevin Buckerfield, Interim Service Manager Corporate Finance  
**Date** 22 October 2015

**b. Financial (capital) implications:**

*Guidance:*

None

**Advice given by** Kevin Buckerfield, Interim Service Manager Corporate Finance

**Date** 22 October 2015

**Comments from the Corporate Capital Programme Board:**

N/A

**c. Legal implications:**

The report sets out the proposals for the Mayor's budget consultation for 2016/17. The proposals meet the public law duty to undertake proper public consultation particularly in relation to the requirement to set council tax, and the specific legal requirement to consult with business rate payers on its annual budget proposals. The proposals also comply with the Council's Budget and Policy framework requirements for consultation.

Shahzia Daya, Interim Service Director: Legal and Democratic Services

**d. Land / property implications:**

N/A

**e. Human resources implications:**

N/A

# People Revenue Budget Briefing Business Change Scrutiny

14<sup>th</sup> December 2015

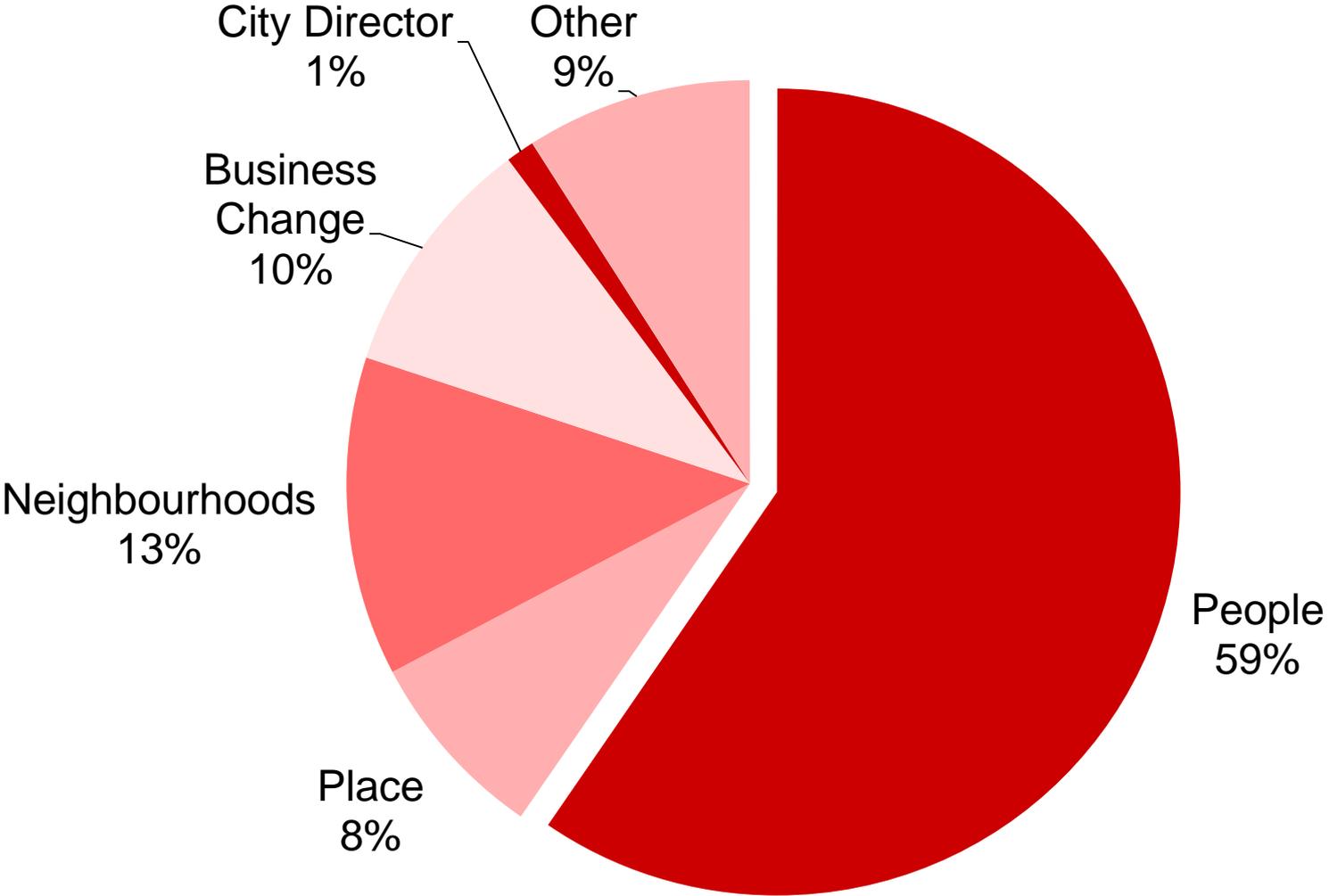
# Contents

- Breakdown of the Budget and Current Savings
- What does the future look like?
- What is the current position 2015/16?
- Further work in progress



# Breakdown of the Budget

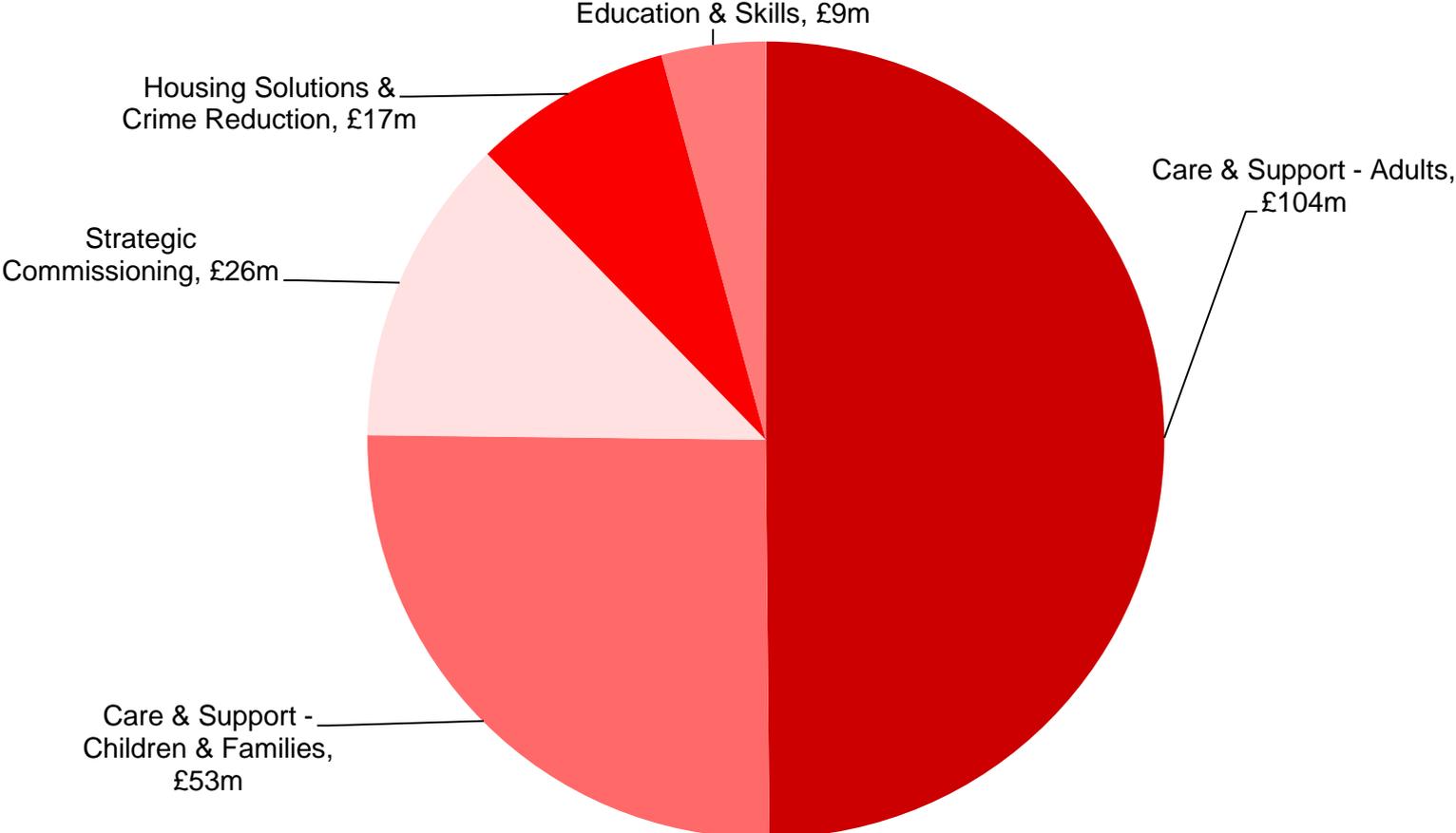
# Council Net Revenue Budget



People



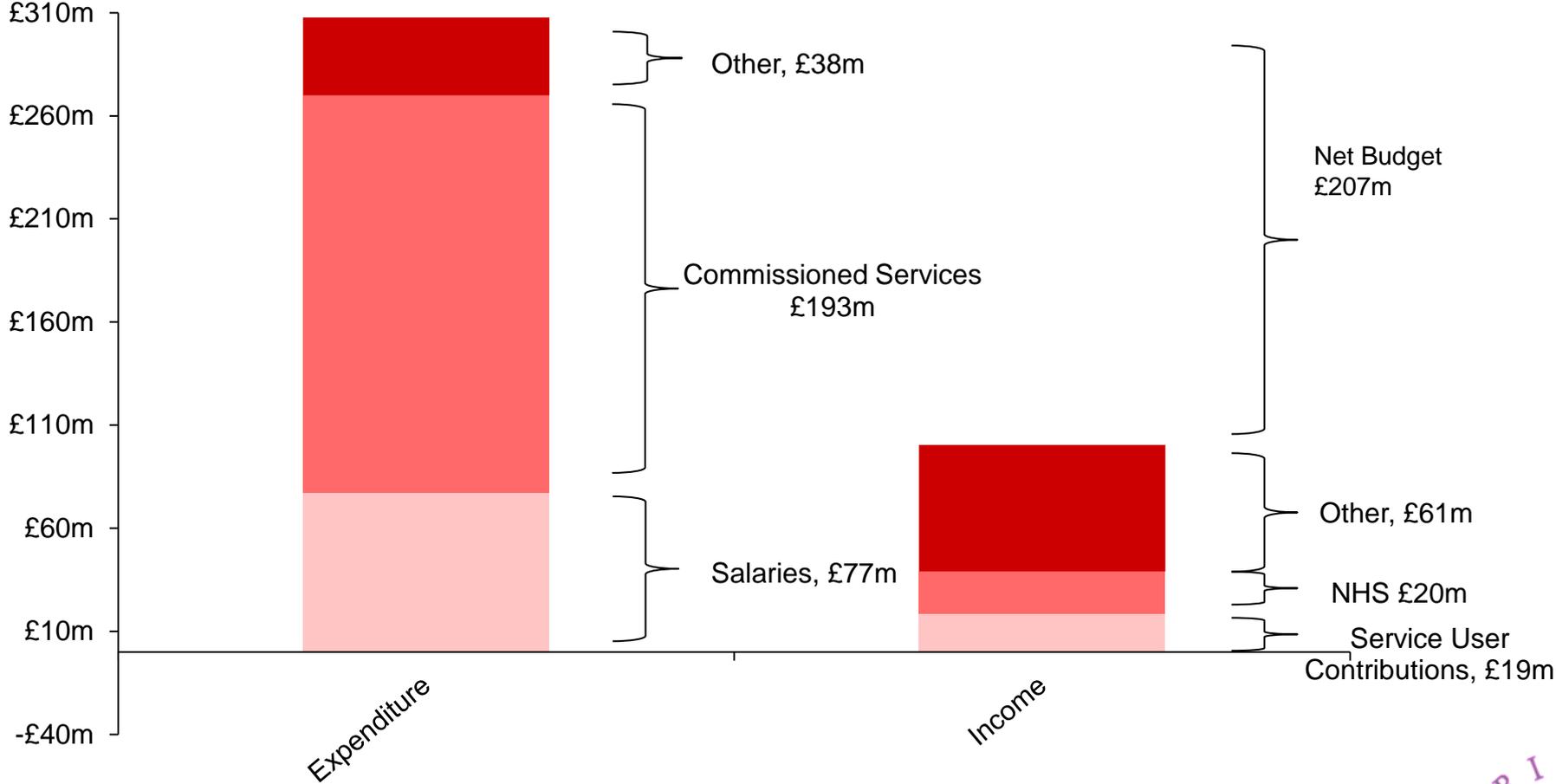
# People Revenue Budget 2015/16



# People Revenue Budget 2015/16

Service	Internal Recharges/ Income £'m	Expenditure £'m	Net Budget £'m
Strategic Commissioning	7.513	(33.566)	(26.177)
Care & Support – Adults	42.512	(146.682)	(104.170)
Care & Support for Children & Families	6.147	(59.258)	(52.903)
Education & Skills	18.278	(27.329)	(8.831)
Housing Solutions & Crime Reduction	22.139	(38.882)	(16.837)
People – Management	3.935	(1.878)	1.848
<b>Total</b>	<b>100.524</b>	<b>(307.595)</b>	<b>(207.070)</b>

# What we spend and how it is funded



# People Revenue Savings – 2012 - 2016

Description	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	£000	£000	£000	£000	£000	£000
Children's First	(2,530)	(2,168)	(3,014)	(83)	0	(7,795)
Health & Social Care Transformation	(1,370)	(2,298)	(890)	(700)	(100)	(5,358)
Medium Term Financial Plan	(6,082)	(7,520)	(1,885)	(3,275)	(818)	(19,580)
Trading with Schools	0	0	(473)	(700)	(400)	(1,573)
<b>Category Management</b>						
Home Care	0	0	(207)	(2,760)	(1,783)	(4,750)
Residential Care	0	0	(1,240)	(1,103)	(1,635)	(3,978)
Other	0	0	(111)	0	0	(111)
<b>Grand Total</b>	<b>(9,982)</b>	<b>(11,986)</b>	<b>(7,820)</b>	<b>(8,651)</b>	<b>(4,736)</b>	<b>(43,175)</b>

*Note: The above doesn't include council wide staff reorganisation savings*



**What does the future looks like?**

# Ernst & Young (EY) Financial Diagnostic

- January and March 2015 EY undertook a 12 week financial diagnostic focusing on Care and Support Adults and Childrens
- The diagnostic identified a **£15m** budget pressure by 2017/18
- It also identified circa £18m of savings opportunities that could support both mitigation of rising demand and contribute to the council overall savings

# Root Causes of Budget Pressure

## Increased Demand

- Demography (increased life expectancy and rising child population)
- Legislative changes (Deprivation of Liberty standard, Care Act)
- Proximity to specialist Children's health care provision (complexity of Children's placements)
- Increased need for and use of bed and breakfast accommodation

## Supplier Influence

- Shortage of supply of residential placements
- Constrained market for externally support accommodation

# People Current Work Programmes

## Care and Support - Adults

- ⑩ Recommissioning of Home Care, Residential Care and Community Support Services
- ⑩ Increased integration with Health Care through Better Care Bristol
- ⑩ Investment in provision of new Dementia Care Homes and Extra Care Housing
- ⑩ Implementation of three tier model in Adult Social Care

## Care and Support - Children and Families

- ⑩ Remodelling of Children in Care and Care & After teams
- ⑩ Embedding of Early Help and Intervention

## Housing Options & Crime Reduction

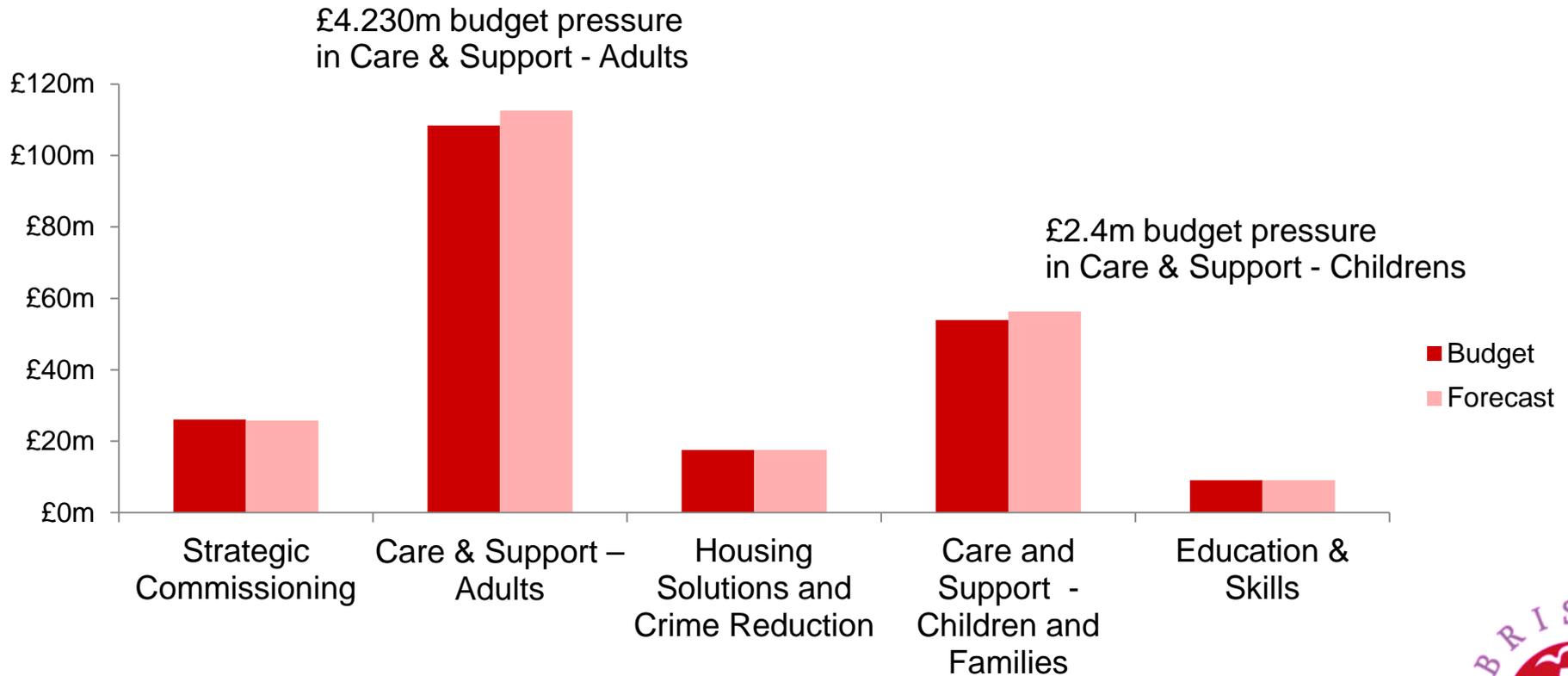
- ⑩ Investment in Property fund to provide 80 affordable housing options
- ⑩ Extending incentives to private landlords to house social tenants

**What is the current position?**

# 15/16 Performance Against Budget

People Directorate have £8.651m planned savings during 15/16

Budget £'m	Forecast Outturn £'m	Variance £'m
214.637	220.947	6.310





## Further Work in Progress

- More sophisticated benchmarking with core cities and statistical neighbours
- Pursuing action to mitigate this years position
- Detailed development of savings options for longer term
- Further work to understand cost pressure of welfare reforms and National Living Wage
- Implications of Comprehensive Spending Review



# Business Change Budget Review

## 14<sup>th</sup> December 2015

Business Change

Finance

Slide 1



**BRISTOL**  
2015 EUROPEAN  
GREEN CAPITAL

# Agenda

- Context:
  - Current revenue budget position
  - Planned Budget Savings
- Looking to the Future:
  - A Sustainable Business Plan
  - Co-hort 4 – Applied Programme

# Business Change Revenue Budget 2015/16

Service	Expenditure £000's	Less Income £000's	Equals Net Rev Budget £000's
ICT	13,794	(5,248)	8,546
Legal	11,509	(5,077)	6,432
Human Resources	6,735	(1,346)	5,389
Finance	7,326	(1,536)	5,790
Citizen Services	204,171	(195,403)	8,768
Policy Strategy & Communications	7,228	(2,569)	4,659
Change Programme	20,866	(25,307)	(4,441)
<b>TOTALS</b>	<b>271,629</b>	<b>(236,486)</b>	<b>35,143</b>

# Business Change Budget Reductions

The savings below are those agreed as part of the 3 year MTFs framework. In addition to these, Business Change supports the delivery of the Change Programme savings of £64m (gross). Cohort 4 of the Applied Programme is targeted at delivering savings for 2016/17 of £4-6m

Budget Reductions £000's	2015/16	2016/17	TOTAL
Cross Cutting Reductions in Support Serv Costs	400	200	<b>600</b>
Human Resources	20	394	<b>414</b>
Finance	200		<b>200</b>
ICT	329	1,300	<b>1,629</b>
<b>TOTALS</b>	<b>949</b>	<b>1,894</b>	<b>2,843</b>

# Business Change Budget Review

## Financial Pressures and Strategy

### Financial pressures across the Business Change Directorate

ICT	Democratic Services	Citizen Services	Support Services Generally
<ul style="list-style-type: none"> <li>Ongoing Revenue costs to maintain improved ICT infrastructure</li> <li>Reductions to Revenue Support Grant</li> </ul>	<ul style="list-style-type: none"> <li>Move to 4yearly election cycle</li> </ul>	<ul style="list-style-type: none"> <li>Reductions to Revenue Support Grant</li> <li>Changes in Welfare Benefits</li> </ul>	<ul style="list-style-type: none"> <li>Reductions in Central Government Funding</li> </ul>

### Business Change Strategy

Council Cross Cutting Efficiencies	Reduce Waste & Increase Efficiency (Cohort 2 &4)	Sell transactional services & Professionalise Services	Trade Professional Services
------------------------------------	--	--	-----------------------------

# The 'Business Change' value proposition is changing...

Our 2015 Directorate plan value proposition is evolving:

## We are Business Change

Our goal is to make the Council a modern, progressive organisation that helps to achieve the best outcomes for the people and the City of Bristol

We do this by driving change across the organisation:  
**so services pursue strategies that are effective and innovative,**  
**we get the best from the money we collect and spend,**  
**we give our staff the leadership, skills and technology they need,**  
**we connect people, and work with them to transform what we do.**

Buying and selling

Council consolidating current position through selling or buying services

Commissioning and contracting

Council redefining needs and commissioning services

40% cost reduction, technical, social and political changes driving new approaches

Merging and sharing

Council merging with other organisations and driving economies of scope and scale

Co-producing and Localising

Council re-designing services and distributing budgets and assets to the community

Business Change

Finance

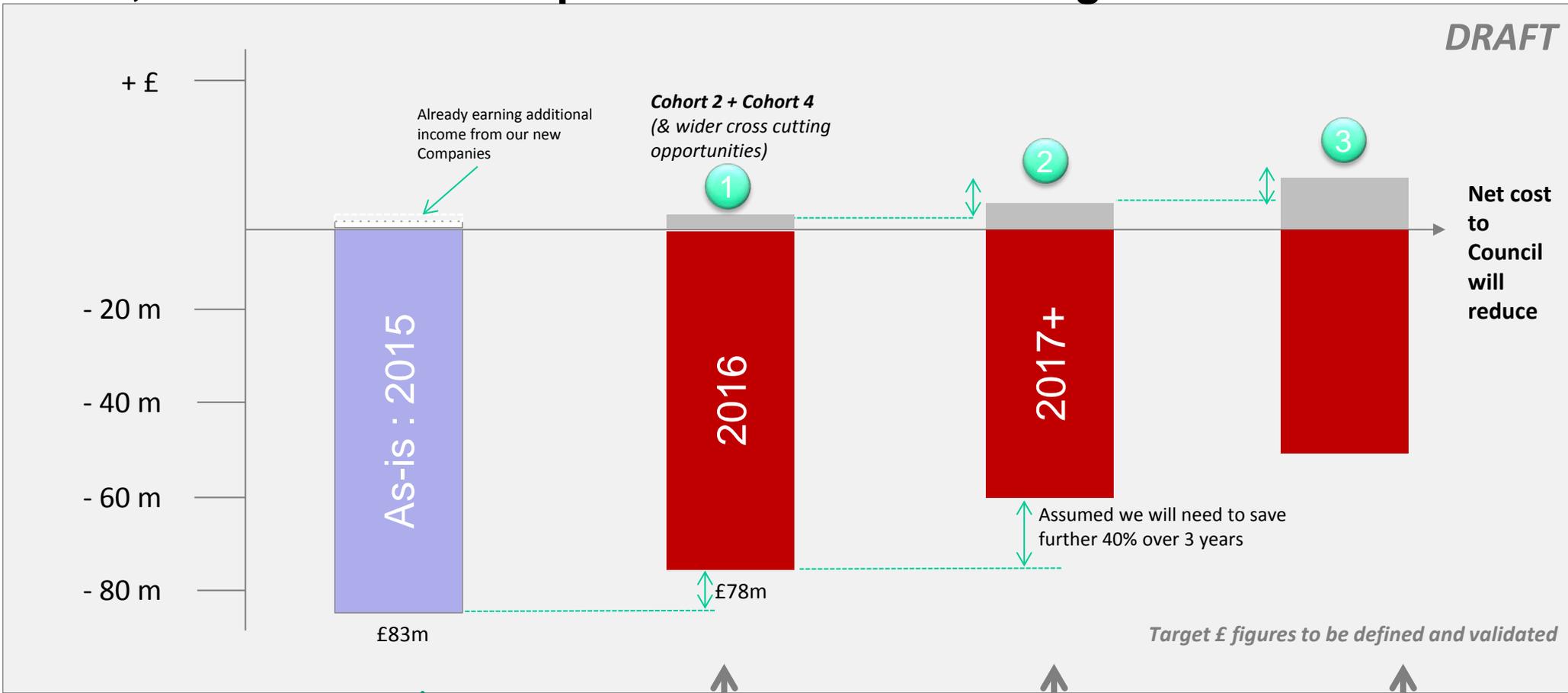
Slide 7



**BRISTOL**  
2015 EUROPEAN GREEN CAPITAL

# Our proposed trajectory for Business Change – get the basics right first, and then build the professional services organisation

DRAFT



Our value proposition and service offering will evolve over time.

There are some basics we must get right first.

- 1 Streamline services and build self-serve capability – both staff and citizens
- 2 Develop a competitive cost base and service offer
- 3 Build the professional services organisation

Business Change

Finance

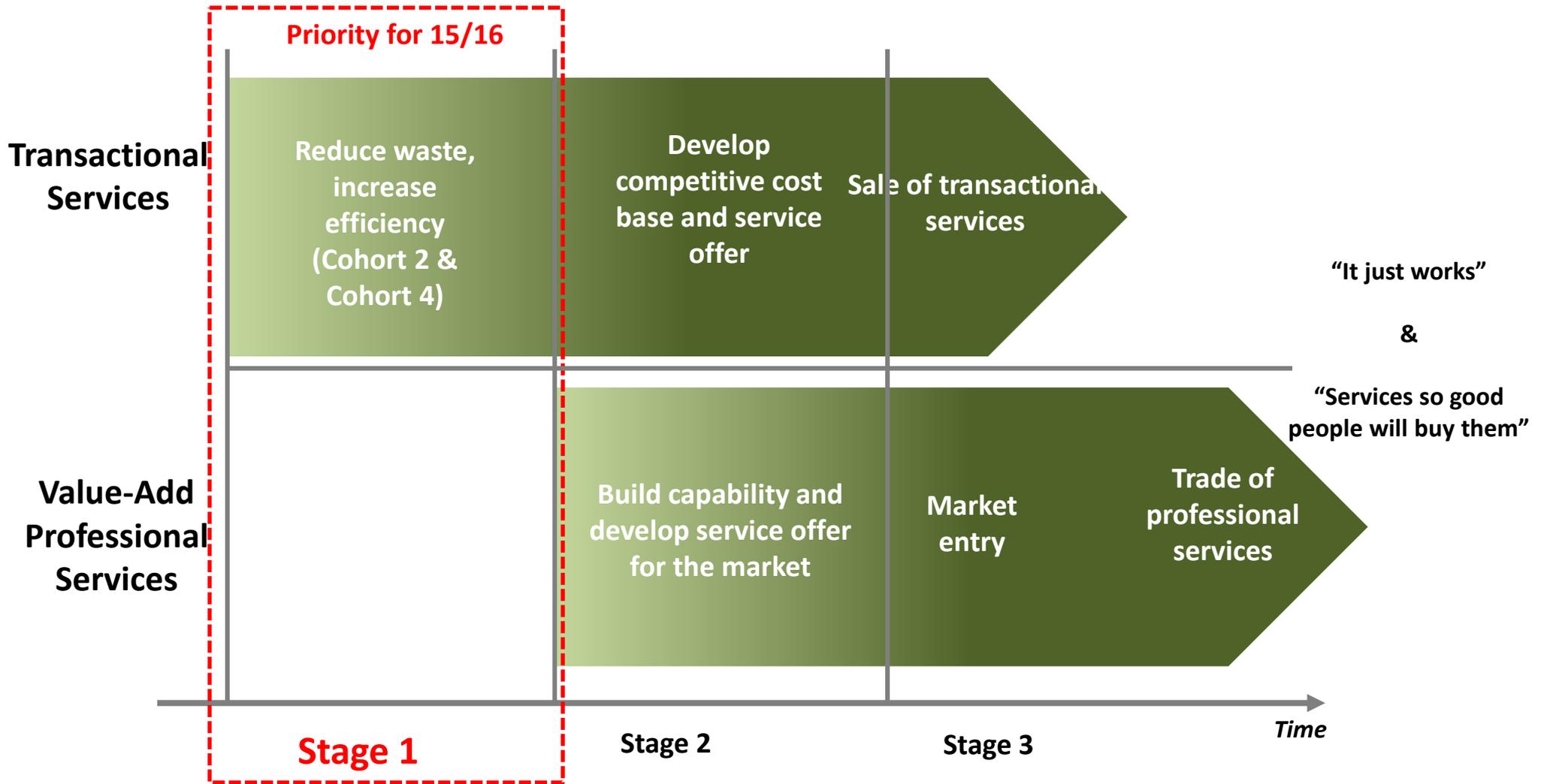
Slide 8





# 1

**Efficiency stage: Cohort 2 & 4 will deliver savings primarily through reducing internal waste , process automation, digitisation and channel shift.**



**Key changes:** Enhanced online provision for customer and employee self-service, improved F2F and telephone access for those that need it, process automation, technology improvements including integration

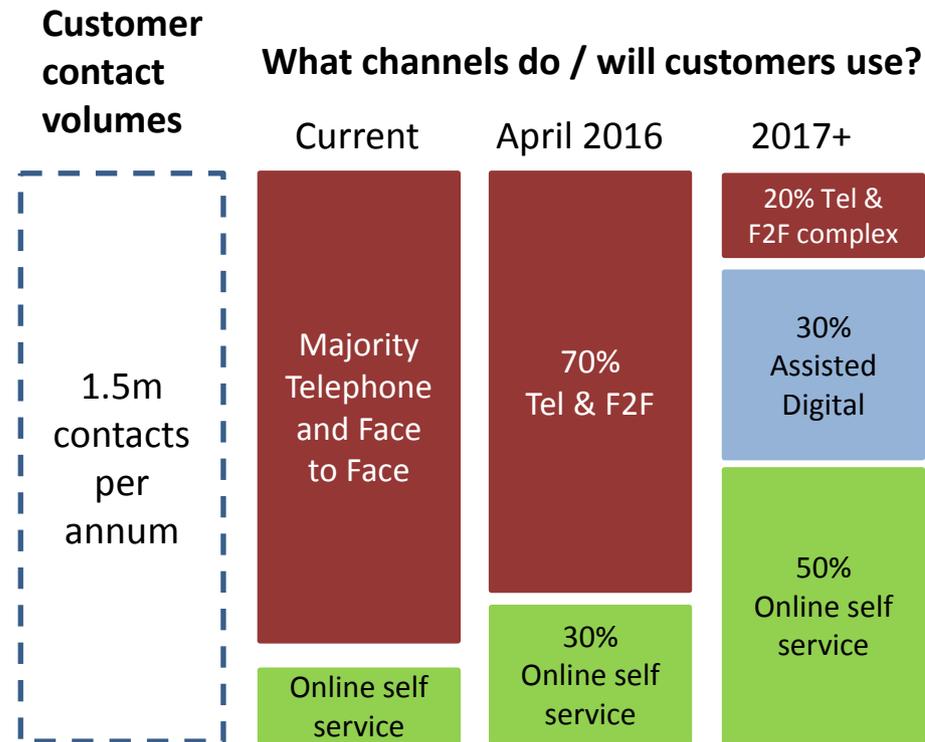
**Outcomes delivered:** Channel shift to digital services (internally and externally), decreased resource requirements to manage contact, simplified and automated processes.

# 1

## Efficiency stage: Cohort 2 & 4 will deliver savings primarily through reducing internal waste , process automation, digitisation and channel shift.

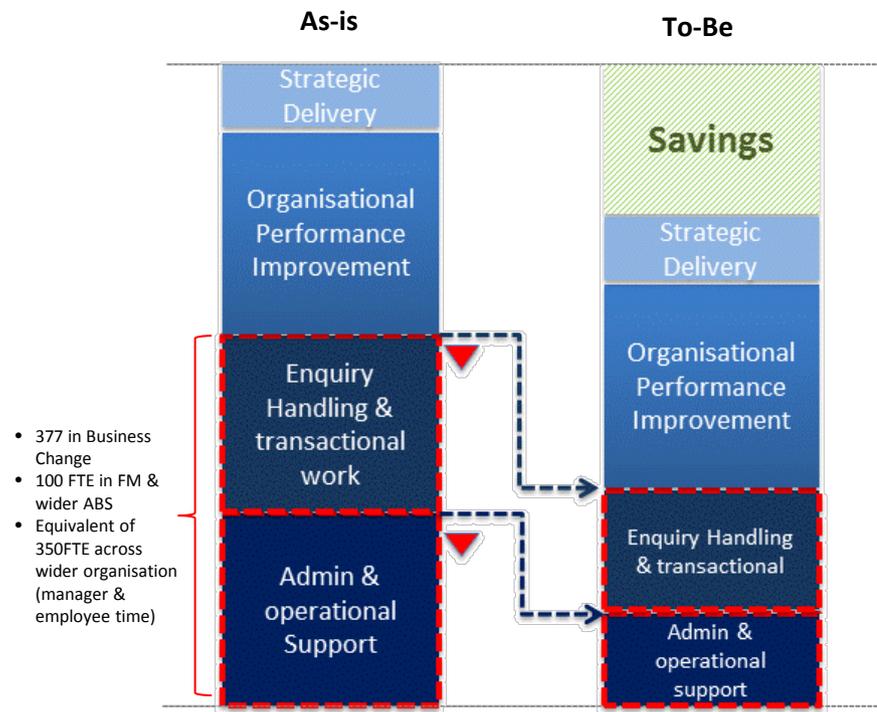
### Cohort 2: Citizen Services

Citizen Services Target Operating Model leads us to a position where more customers are self serving and we need fewer resources to manage customer contact.



### Cohort 4: Internal, transactional support processes

Cohort 4 work will take us to a place where we are efficient, and have reduced our costs – ultimately contributing to the Council’s overall savings objectives.



**Key changes:** Enhanced online provision for customer and employee self-service, improved F2F and telephone access for those that need it, process automation, technology improvements including integration

**Outcomes delivered:** Channel shift to digital services (internally and externally), decreased resource requirements to manage contact, simplified and automated processes.