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Cabinet

Supplementary Information

Date: Tuesday, 2 November 2021

Time: 4.00 pm

Venue: The Council Chamber - City Hall, College Green, Bristol, BS1 5TR

6. Reports from scrutiny commission

2. Resources Scrutiny Commission Report

(Pages 2 - 4)

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Resources Scrutiny Commission Submission to the 2nd November 2021, Cabinet Meeting.

Finance Task and Finish Group Update Report.

The Group met on one occasion for an introductory briefing and on 5 separate occasions for meetings.

Members wanted to put on record our thanks to Denise Murray (Director of Finance), Michael Pilcher (Chief Accountant), Glen Hammons (Senior Finance Business Partner) and the Finance Team for their openness, professionalism, and clarity on such complex issues, and to Cllr Craig Cheney (Designated Deputy Mayor with responsibility for Finance, Governance and Performance) for supporting this level of openness and engagement.

Officers talked Members through the underlying pressures and assumptions within the Medium-Term Financial Plan (MTFP) and the thinking behind the Capital Strategy and associated documents.

We have specific comments as follows:

Medium-Term Financial Plan (MTFP):

Inevitably Members expressed concerns about the size of the gap, and the pressures created by so many uncertainties in the planning stages of developing the budget. Given the decline in Government funding, Members also recognised the pressures officers are under to repeatedly deliver savings. The comments that follow are based on views expressed by the Group which are intended to be constructive.

The gap was made to look worse by increasing reserves by £5m (over and above the already increased level) and aiming for maximum borrowing to ensure that interest was at 10% of net Revenue Budget. Members indicated they wished to have more information on both these aspects of the MTFP.

Members noted that there was significant uncertainty about some in-year savings for the current year. If these cannot be realised, it must raise concerns about the achievability of additional future savings

Dedicated Schools Grant (DSG)

Concern was expressed about the growing deficit and in particular questions of whether the Special Educational Needs and Disabilities (SEND) costs can be accurate with so many (Education Health and Care Plans) EHCPs outstanding. Also, questions of whether the MTFP itself allows for staffing costs to remedy the EHCP delays which would impact on the General Fund. We note there has been an historic underfunding of SEND.

Social Care

The published document does not provide as much information on Social Care spending pressures as members of the group received in briefings, but we believe that 50% of the gap is attributable to social care. We understand that the pandemic has made this position worse, but it reflects a trend that had already been well established pre-pandemic. We ask if all the options for use of technology and best practice to maximise efficiency in service delivery have been utilised and whether there is any more opportunity for invest to save by accelerating changes in the way

services are delivered.
There were also comments on the different demographic groups now requiring social care support and how this may affect pressures on current allocations in budget.

Comments on Capital Strategy

Members welcomed the clarity of the Capital Strategy, and the new plan on capital projects. This was seen as a positive way of aiming to deliver capital projects on time as well as on budget. It was felt that the reduction of slippage was important as it improves efficiency and should reduce maintenance costs.

Members did have a number of comments. The split of projects is between:

- Invest to grow
- Invest to maintain
- Invest to save
- in the ratio 73:18:9

We think the headings and the percentage splits need further consideration which may lead to re-prioritisation.

Firstly, in terms of the Climate Emergency, we would like to see an indication of the proportion that will contribute to decarbonisation, and secondly the proportion that will contribute to tackling the effects of climate change e.g. floods and heatwaves. We consider those to be key parameters and potentially more important than the Grow, Maintain, Invest headings. We would like to know the proportion relating to decarbonisation and proportion on mitigation adaptation with a commentary of whether it was considered satisfactory.

It was also suggested that it would be helpful if in future years if there was a parallel carbon budget attached to each project and departmental budget.

Given the financial pressures we were surprised the level of spend on 'Invest to save' and 'Invest to maintain' projects are so low. Surely priority should be given to more projects that cut costs. For example, spend on technology to improve social care efficiency, spend on accommodation to reduce temporary housing costs or funding extension for foster carers to enable them to take more children could all contribute to reducing costs.

We also note that commercialisation no longer features in the MTFP. We recognise this may not be an appropriate term but we do believe this area needs to be prioritised and alternative ways of delivering services need to be explored as a matter of urgency. We are disappointed that there is no apparent attempt to highlight activities that should develop a mechanism for investing in innovation or service delivery that could lead to more effective cost recovery.

Members also questioned whether there was sufficient capacity within the officer teams to develop and introduce ways of dealing with the ever-increasing challenges faced by the Council.

In Conclusion

We recognise that we cannot fully do justice to the massive amount of work that has gone into this report and that it is impossible for us to grasp and comment on all the many complex issues

that the MTFP has to deal with, especially as the full implications of the Budget announcement and further government announcements are still to emerge.