

North Somerset Council

Report to the Transport, Climate and Communities Policy and Scrutiny Panel

Date of Meeting: 20 July 2023

Subject of Report: Finance report – Medium term financial plan (MTFP)

Town or Parish: All

Officer/Member Presenting: Melanie Watts, Head of Finance

Key Decision: N/A

Reason: The recommendations within this report are not decisions of the Executive.

Recommendations

That the Panel;

- a) Takes the opportunity to review and discuss the proposed arrangements being put in place in respect of preparing the council's Medium Term Financial Plan (MTFP) for the period 2024-2028 as detailed throughout the report, and
- b) Provides feedback on the specific areas of; policy and scrutiny activity to support the MTFP process, and improving communication and engagement within the MTFP process so that they can be shared with the Executive for consideration.

1. Summary of Report

This report summarises the council's proposed timeline and process to ensure delivery of the medium term financial plan for the period 2024 to 2028 and draft revenue budget for the 2024/25 financial year and provides an opportunity for the Panel to discuss and consider how the communication and engagement aspects of the Plan should be delivered and also how the MTFP process should be aligned with the policy and scrutiny function.

2. Policy

The council's MTFP process is an integral feature of its overall financial processes, ensuring that resources are planned, aligned, and managed effectively to achieve successful delivery of its aims and objectives. The revenue and capital budgets should be set within the context of the council's Corporate Plan which outlines the key priorities for the district.

3. Details

3.1. MTFP context and strategic planning considerations

- 3.1.1. There are a range of strategic issues to consider when developing the council's MTFP as these could shape and influence parts of the process as well as specific

outcomes. Some of these issues are noted below and will be explained in more depth within future MTFP reports that will be submitted to the Executive;

- Understanding the local context, noting that elections have recently taken place and a new administration has been elected for the four-year period to 2027,
- Alignment with the corporate plan, noting that this is currently being refreshed following the elections and therefore policies and priorities could change during the period of the MTFP,
- Understanding the national context, noting that a general election will take place during the MTFP period and this could influence both the national policy / regulatory agenda, as well as the council's future funding levels,
- Understanding the economic position, as this could influence a range of financial factors and core assumptions that underpin MTFP forecasts.

3.2. Proposed reporting timeline

- 3.2.1. The Executive have a responsibility to recommend an annual budget to council for their consideration before the start of the following financial year.
- 3.2.2. Council have a legal duty to consider this budget, along with any other alternative budget that may be presented to them, so that they can approve a budget for the following year that is balanced in terms of how much it would like to spend on delivering its services, compared to how much income it thinks that it will receive.
- 3.2.3. This duty also requires Council to approve the relevant council tax bandings for the area that will be paid by residents and these actions must be completed by no later than 11 March of the preceding year.
- 3.2.4. Officers have assessed these responsibilities and aligned them to dates within the annual municipal calendar which sets out when the various committees and panels are scheduled to meet. This formal reporting timeline has been used to provide a structure for the developing the MTFP timeline, which will culminate in final decisions being made by the Executive and Council within the required timescales.
- 3.2.5. Shown at Appendix 1 is the proposed MTFP timeline indicating the reports that are planned to be shared with the Executive and Council up to February 2024, along with an indication of the information that could potentially be included within those reports. As the MTFP is a complex process and is dependent upon a lot of external factors and information, it should be noted that the final reports and contents may change over time as the MTFP process is refined and areas developed in more detail.

3.3. Policy and scrutiny activity

- 3.3.1. The council is aware that policy and scrutiny activity forms an essential part of the overarching governance arrangements in terms of developing policies and supporting decision-making although recognises that there are different ways that this can be delivered for specific areas of work.
- 3.3.2. Developing the council's MTFP is a complex matter as it cuts across all of the directorate structures, individual executive portfolios and also specific funding arrangements however, that complexity also applies to how policy and scrutiny

activity is carried out because the MTFP would also cut across all of the current Panels who represent their own individual services areas.

3.3.3. Whilst there are some benefits from having detailed discussion on the MTFP considered by each of the individual Panels, the council recognises that this is likely to involve a lot of duplicated effort and may result in a silo'd approach, rather than being able to form a council-wide position if the council were able to develop a more cohesive and integrated policy and scrutiny process to support the MTFP as a whole.

3.3.4. This report aims to open a discussion to gather ideas and suggestions that could be taken into account to support the latest MTFP process. The discussion should cover the different elements of the Panels, i.e.

- **policy activity** – for example, this should provide members with an opportunity to help shape and feed into the MTFP process by being asked for their views and opinions, being given choices and options, and to gather information by asking questions;
- **scrutiny activity** – for example, this should provide members with an opportunity to discuss and share views on activity or decisions that have been made throughout the process;

3.3.5. The report is actively looking to gather information from the Panel so that officers can better understand how policy and scrutiny activity should be progressed – to help prompt discussions the following questions have been suggested;

- **what** – what areas or information from the MTFP would the Panel want to focus activity on? E.g. £-values, core assumptions, impacts on specific services, underlying processes, decisions etc
- **who** – who should be involved in the process, i.e. policy and scrutiny panel chairs, groups leaders, groups, all members?
- **how** – how should this be delivered, i.e. through a series of formal meetings, informal workshops, in-person meetings, virtual events. Also think about the medium for information, i.e. written reports, power points, questionnaires etc
- **when** – when should meetings be held, and how often? We will need to plan ahead and agree dates

3.4. Communication and engagement activity

3.4.1. The council is also aware that communication and engagement also forms an important part of developing its future budget plans as these decisions have the ability to make a real impact on the lives of residents and businesses who live and work within our communities.

3.4.2. Traditionally this has been a difficult area to address and the council is committed to making improvements and so would like to openly discuss how this could be achieved in the future so that all residents are aware of the council's budget plans and have an opportunity to feed into them.

3.4.3. It is important to understand that there may be different phases to this activity, with some of the initial focus being on the council sharing and informing, before moving into gathering information and ideas, understanding local priorities and also developing choices within budget plans. Similar to section 3.3 above, some prompts have been provided to help support discussions of the Panel;

- **who** – both who do we want to engage with and who should be involved in the process, i.e. residents, businesses, other stakeholders?
- **how** and **when** this activity should be delivered to ensure the maximum benefits.

4. Consultation

The government, through its legislative framework, clearly expects that local authorities will be able to demonstrate that they have in place mechanisms to ensure that 'representatives of local people' are being appropriately informed, consulted or involved in services, policies or decisions that affect or interest them.

There are many aspects of service delivery which impact on our residents, customers and other stakeholders and members of the public, and so we recognise that it is our responsibility to ensure that any changes we make to them through the budget, need to be considered and consulted upon. Failure to do so adequately could result in aspects of the budget being subject to legal challenge. This report is a key part of the council recognising its duty and taking steps to ensure that suitable provision is put into place.

5. Financial Implications

There are no specific financial values contained within this report.

6. Legal Powers and Implications

The Local Government Act 1972 lays down the fundamental principle by providing that every local authority shall make arrangements for the proper administration of their financial affairs, although further details and requirements are contained within related legislation. The setting of the council's budget and the resultant council tax levels for the forthcoming year is an integral part of the financial administration process. The council manages its financial affairs through a detailed financial monitoring and reporting framework and also through the development and approval of the MTFP.

7. Climate Change and Environmental Implications

When setting budgets for the year ahead the council is aware that it must reflect the financial impacts that environment and climate change issues could have on its plans. Whilst there are many ongoing aspects relating to this within the council's individual services and budget lines, this report aims to provide focus on the framework and policies which will drive future budget decisions, rather than focus on the specific plans at this time.

8. Risk Management

In setting the revenue and capital budgets for the year ahead, the council must consider the known key risks that may affect its plans. Whilst many of the council's risks are likely to be financial in nature or lead to financial outcomes, the council recognises that there are inherent risks associated with the proper administration of its financial affairs, although these risks are lowered when transparent workplans and timelines are publicly shared and subject to scrutiny. This report helps to mitigate this risk.

9. Equality Implications

There are many aspects of service delivery which impact on our residents, customers and other stakeholders and members of the public, and so we recognise that it is our responsibility to ensure that any changes we make to them through the revenue budget, need to be considered and consulted upon. Failure to do so adequately could result in aspects of the budget being subject to challenge. All future changes to the council's budget as a result of the MTFP process will be shared publicly and supported by an Equalities Impact Assessment.

10. Corporate Implications

The Corporate Plan and MTFP, along with the supporting financial monitoring processes and performance management framework are vital tools to help align effort across the organisation and ensure that core services are all focused on delivery to agreed community and organisational priorities.

With continuing financial pressures and rising demands for services, it is essential that the councils' limited resources continue to be prioritised and allocated in line with the identified priorities that will be developed through the upcoming refresh of the Corporate Plan.

11. Options Considered

The council is legally required to set a balanced budget for the year ahead and to implement a robust financial framework to ensure that spending is aligned to available resources and this paper helps to provide an organisation focus on achieving that objective by providing detailed plans and timelines.

Author:

Melanie Watts, Head of Finance melanie.watts@n-somerset.gov.uk 01934 634618

Appendices:

Appendix 1 Proposed timeline showing reports to be considered by the Executive and Council

Appendix 2 Proposed timeline and content for the TCC policy and scrutiny panel reports

Background Papers:

Executive report – February 2023, MTFP & Revenue Budget 2023-2026

Council report – February 2023, Council Tax Setting 2023/24

APPENDIX 1 – PROPOSED MTFP TIMELINE ALIGNED WITH THE MUNICIPAL CALENDAR

Executive	06/09/2023	18/10/2023	06/12/2023	07/02/2024
Report type:	Information	Information	Information	Decision
Report purpose:	Refresh / rollover MTFP for 2024-2028	Progress update report - to be aligned with corporate plan refresh	Progress update report	Submission of 2024/25 Revenue Budget to Council for approval
	Scene setting re broader context, challenges and opportunities; sharing core assumptions for resources and spending plans	Include details about specific spending pressures and £ impacts	Present draft balanced budget for 2024/25 along with list of savings plans	Directorate budget allocations for 2024/25 along with final list of savings plans
	Also share range of updated budget gaps for scenarios and MTFP timeline	Include savings strategies being considered over 4 year period	Share updated budget gap 2025-2028 and progress	Reminder of updated budget gap 2025-2028
Report purpose:	-	Share draft principles linked to the council's Capital Strategy	-	Submission of 2024/25 Capital Strategy to Council for approval
Report purpose:	-	-	-	Approval of Fees & Charges for 2024/25
Council	19/09/2023	14/11/2023	09/01/2024	20/02/2024
Report type:	-	-	Information	Decision
Report purpose:	-	-	Update resources from LG Finance Settlement and Taxbase;	Approve 2024/25 Revenue Budget and Council Tax increase / bandings
Report purpose:	-	-	-	Approve 2024/25 Capital Strategy

APPENDIX 2 – PROPOSED TIMELINE AND CONTENT FOR TCC P&SP MEETINGS

TCC Scrutiny Panel		20/07/2023	30/11/2023	29/02/2024
Report type:		Information	Information	Information
Report purpose:		<p>MTFP scene setting to provide high level overview of the process and timeline;</p> <p>Discussion opportunity to feed into how the P&S activity should be undertaken this year;</p> <p>Discussion opportunity to feed in how engagement activity could be undertaken to support the budget setting process</p>	<p>Progress report update covering financial forecasts and assumptions as well as scrutiny activity and engagement activity (nb some aspects will be driven by the outcomes of information gathered from previous meeting)</p> <p>Will also provide an opportunity to feed specific ideas and proposals into the MTFP process over the 4-year period</p>	<p>Look back and review of policy, scrutiny and engagement activity supporting the MTFP and discussion opportunity to inform future plans;</p>