

Overview and Scrutiny Management Committee

Meeting held 19 October 2017

**PRESENT:** Councillors Chris Peace (Chair), Ian Auckland, Penny Baker, John Booker, Denise Fox, Douglas Johnson, George Lindars-Hammond, Pat Midgley, Josie Paszek, Mick Rooney, Ian Saunders, Steve Wilson and Andrew Sangar (Substitute Member)

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**1. APOLOGIES FOR ABSENCE**

1.1 An apology for absence was received from Councillor Cliff Woodcraft (with Councillor Andrew Sangar attending as his substitute).

**2. EXCLUSION OF PUBLIC AND PRESS**

2.1 No items were identified where resolutions may be moved to exclude the public and press.

**3. DECLARATIONS OF INTEREST**

3.1 There were no declarations of interest.

**4. MINUTES OF PREVIOUS MEETING**

4.1 The minutes of the meeting of the Committee held on 20<sup>th</sup> July 2017, were approved as a correct record.

**5. PUBLIC QUESTIONS AND PETITIONS**

5.1 There were no questions raised or petitions submitted by members of the public.

**6. MEDIUM TERM FINANCIAL PLANNING**

6.1 The Committee received a report of the Director of Finance and Commercial Services, attaching a report of the Executive Director, Resources, on the Medium Term Financial Analysis (MTFA) 2018/19 to 2022/23, which had been considered by the Cabinet, at its meeting held on 19<sup>th</sup> July 2017. The report set out details of the forecast financial position of the Council for the next five years, and recommended the approach to budgeting and financial planning that would be necessary to achieve a balanced budget position over the medium term.

6.2 The report was supported by a presentation from Marianne Betts, Director of Finance and Commercial Services, on the revised approach to documenting Medium Term Financial Planning (MTFP) 2018/19 to 2022/23.

6.3 Ms Betts referred to the proposed reporting structure in terms of the Medium Term Financial Analysis (MTFA) and the Medium Term Financial Strategy (MTFS), and

reported on the key messages with regard to the budget planning process and the reporting with regard to the MTFA, including details relating to the assessment of the corporate gap and the portfolio gap. She reported on the proposed MTFS reporting, including the approach to balancing the corporate and portfolio gaps, an overview in terms of the Council's reserves and key dependencies in respect of the budget planning process. Ms Betts concluded by stating that the key aim was to develop a financial strategy that was linked to enabling the Council's priorities.

6.4 Members of the Committee raised questions, and the following responses were provided:-

- Financial analyses were generally based on assumptions, and this was particularly pertinent in the current unsettled economic climate. If there were any material changes in terms of the economic climate that were deemed likely to affect the Authority, any financial forecast would have to be reviewed. The next major Government financial announcement was the Autumn Budget, expected on 22<sup>nd</sup> November 2017, therefore a further review would be dependent on the nature of this. Whilst consideration could be given to including figures based on the likely effects of major economic drivers, such as Brexit, it was considered that, unless there was a clear statement, it would be difficult to include in the forecast numbers, so it was agreed a general position on the potential macro-economic impacts on the Council should be included in the future MTFS as a minimum.
- Assumptions in terms of contributions from the Better Care Fund and the Clinical Commissioning Groups had been included in the forecast.
- Whilst it was accepted that the South Yorkshire Pension Fund (SYPF) had received notification from its Actuary that the Fund may swing into surplus in the medium-term, contribution rates by admitted bodies, including the City Council, were set over a three-year period by the Actuary, and he had indicated that there was no opportunity for any interim changes. The next review of contribution rates would take place in 2019, and take effect from 2020/21. The Actuary had also cautioned that the currently forecast improvement in the Fund was subject to considerable uncertainty and fluctuation. Consequently, the Council could not yet use this potential improvement as an assumption on which to build its financial strategy. Any decisions regarding investment in terms of the SYPF were not the responsibility of the Council, therefore this could not be included in the Strategy.
- The amount of the Council's current reserves which had not been earmarked, stood at approximately £12.6 million, which was deemed to be the minimum assessed level of reserves for an Authority the size and scale of Sheffield. This money was classed as a safety net, to be used only in exceptional circumstances. The Authority did not agree with the Government's proposal with regard to local authorities borrowing from each other's reserves in order to invest. The Authority had not received any approach from any other local authorities, nor had any decisions been made with regard to the Authority approaching other local authorities.

- Officers regularly liaised with colleagues in the other Core Cities, with regard to their respective financial positions. Sheffield's position was more stable than some of the other Core Cities, mainly as a result of past, prudent decisions made with regard to its budget planning process. However, all the Core Cities have been under sustained financial pressure since 2010.
- The MTFS could include, within the appendices, a range of scenarios to present a range of eventualities, with the broad approach to the Council's MTFS and the key assumptions made, being clearly articulated in the body of the document.
- The MTFS sets out the Council's latest financial forecast at, and across, a specific point in time.
- It was accepted that the budget needed to be set in context with the Council's priorities. The Authority was aware, as part of its economic growth plan, as to what was required in order to improve the City's economic position. Income generated from the receipt of business rates was one such factor, and this would continue to be factored into the Strategy.
- It was accepted that the MTFS planning approach should look at the Council budget as a whole, and not just the revenue budget position. It should, for example, include details on capital expenditure. Also, the intent of the MTFA and MTFS was not to articulate a budget position statement (which was dealt with through budget monitoring processes), but to provide a medium-term view of how the Council could financially enable achievement of the Council's priorities, and to what extent.

6.5 RESOLVED: That the Committee:-

- (a) notes the contents of the report now submitted, the information reported as part of the presentation and the responses to the questions raised;
- (b) endorses the revised approach to documenting the Council's Medium Term Financial Planning 2018/19 to 2022/23; and
- (c) thanks Marianne Betts for attending the meeting, making the presentation and responding to the questions raised.

**7. PRESENTATION TOPICS FOR THE JANUARY 2018 COUNCIL MEETING**

7.1 Members discussed the presentation topic for the Council meeting on 3<sup>rd</sup> January 2018, which had been agreed as the Annual Report of the Director of Public Health, as well as the wider issue regarding the purpose and structure of such Council meetings.

7.2 RESOLVED: That the Committee:-

- (a) notes the information now reported, together with the comments now made;

and

- (b) arising from the discussion, agrees that (i) due to the nature, and level of information, this be the only presentation at this Council meeting, (ii) for such Council meetings to be productive, the format of such meetings be arranged more like the existing Scrutiny Committee meetings, and with the officers making the presentations being tasked with one or a number of actions arising from the meeting and (iii) arrangements be made for members of this Committee to have sight of the Annual Public Health Report, at its meeting to be held on 16th November 2017, in order to look at possible lines of questioning.

## **8. ISSUES TO RAISE FROM OTHER SCRUTINY COMMITTEES**

- 8.1 The Policy and Improvement Officer submitted a report attaching the draft Work Programmes of this, and the four standing Scrutiny and Policy Development Committees.
- 8.2 The Chairs of the Scrutiny and Policy Development Committees provided an update in terms of their respective Committee's work.
- 8.3 The Committee noted the contents of the report now submitted, together with the updates provided by the Chairs.

## **9. WORK PROGRAMME 2017/18**

- 9.1 The Policy and Improvement Officer submitted a report attaching the Committee's draft Work Programme for 2017/18.
- 9.2 The Chair suggested that there should be a pre-meeting, for 30 minutes, prior to each public meeting of the Committee commencing.
- 9.3 RESOLVED: That the Committee:-
  - (a) approves the draft Work Programme 2017/18 as set out in the report now submitted; and
  - (b) agrees that pre-meetings be held for 30 minutes prior to each public meeting of the Committee.

## **10. DATE OF NEXT MEETING**

- 10.1 It was noted that the next meeting of the Committee would be held on Thursday, 16<sup>th</sup> November 2017, with Members meeting at 1.00 pm for a 30 minute pre-meeting, and with the public meeting commencing at 1.30 pm.