



Agenda Item no: 4

Bristol City Council

Minutes of Business Change and Resources

Scrutiny Commission

15th September 2014 at 9.30 am

Members Present:-

Labour

Liberal Democrat

Conservative

Green

Councillor Brain (A) Councillor Breckels (P) Councillor Mead (P) Councillor Rylatt (P)	Councillor Campion-Smith (P) Councillor Kent (P)	Councillor Hiscott (P) Councillor Weston (A)	Councillor Malnick (P)

(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, Mike Allen Finance Business Partner, Ian Bell Place Planning Manager, Romaine de Fonseca Policy Advisor/Scrutiny, Steve Gregory Democratic Services officer.

1. Apologies for Absence

Apologies were received from Councillors Brain and Weston and they were substituted by Councillors Pearce and Alexander respectively.

2. Public forum

None received.

3. Declarations of interest

None declared.

4. Minutes

The Minutes of the Business Change & Resources Scrutiny Commission meeting on 14th August 2014 were agreed as a correct record and signed by the Chair.

5. Action sheet

The Action sheet was noted subject to –

- (i) final up to date version of the 2014/15 budget being completed and placed on the Council's website still to be done;
- (ii) best practice and timings update for final publication of the 2015/16 budget to be provided.

For both (i) and (ii) the Service Director Finance confirmed that progress would be checked and an e-mail communication sent round to Commission Members once the work had been finalised.

6. Whipping

None declared.

7. Chair's business

None reported.

8. Bristol Arena Funding

The Commission received a report of the Finance Business Partner regarding the proposed £90m funding arrangements for the Bristol Arena Project which had been approved by Council on 18 February 2014 as part of the Capital Programme.

The Commission asked questions about the process and the following points were made and/or clarified –

- Car parking income could not be relied on given the relatively high capital costs to build the car park and the lower income targets, which could not include day time use as this was against current planning policy;
- The £90m overall cost of the Project did not include the capital cost for an off-site car park. A transport assessment was underway. Alternative car parking and transport solutions could include greater use of park and ride and the Council's proposed metro bus project;
- Additional floors or underground levels could be provided to increase car parking provision, subject to additional capital costs, or if external car park sites were used then a proportion of that cash flow income could be put toward the Arena costs;

- On-site parking of 250 spaces would be provided, including provision for disabled visitors;
- Coach access was important and with the possibility of limited car parking the Commission emphasised the importance of more work being done to ensure access issues were fully evaluated by the Council's transport team. It was noted that the non-financial aspects would also be scrutinised by the Place Scrutiny Commission;
- The procurement process should look at finding assurances for providing a living wage for employees associated with the Project;
- Additional sources of finance for the Project could include advertising revenue and other innovative income generators from the Operator;
- The Arena Project needed to be seen in context as the building itself accounted for approximately half of the Arena Island site, the other half of the site was also secured for redevelopment and it was hoped that business rate income would be a major source of funding for this part of the development;
- The risk of the Project needed to be compared with the risk of doing nothing as business rate income and other revenue sources would generate further investment potential for the whole site;
- Concern about how risk, which the Council was taking, was evaluated led members of the Commission to request a report detailing the finance models used to assess risk regarding the City Deal. The complexity of the models was not always easy to assimilate so members were offered a pre-meeting training session to enable clearer understanding of the methods used. This was welcomed by the Commission;
- Funding for the Arena Island site is yet to be agreed. The council is likely to benefit from the redevelopment of the Arena Island site and business rates collected would be pooled in the LEP's Economic Development Fund which the council is able to borrow against. With regard to internal fitting of the Arena, the Commission was advised that the net costs of this would be borne solely by the Operator including a mid-life refit which with a 25 year lease was to the advantage of the Operator;
- Design of the building was being put out to competition to ensure the highest quality potential subject to overall cost to the Project. The building was likely to be rated as BREEAM very good or excellent;
- One of the economic advantages of the Project was considered to be the retention of spending within the City as opposed to spending in other arenas/cities;
- Concern was expressed that a significant proportion of the businesses attracted to the site might comprise low skilled, low paid, low tech economic activity rather than the anticipated high tech, high earning companies;
- Commercial sponsors were being sought to enhance income potential and were still to be defined, although businesses associated with tobacco, and 'pay day' loans would be excluded. The Operator would oversee this process.

Resolved - (i) that the report and the comments made above be noted;

(ii) that a report be brought back about the potential funding gap from car parking income;

(ii) that a report be brought back to the Commission regarding the funding for the Arena Island site;

(iv) that a report detailing the finance models used to assess risk regarding the City Deal be brought back to the Commission preceded by a training session to enable clearer understanding of the methodology used;

(v) that a brief report be brought to the Commission about the cash flow profile of the Project.

9. Pupil Places Capital Investment Need

The Commission received a report of the Service Director (Finance) about the capital investment implications arising from the School Organisation Strategy which required a need to provide additional early years, primary and special school places to 2017 and beyond. A funding gap of £64m had been identified regarding the financing of the additional places.

The Commission was informed that all actions to address the funding gap were currently underway.

The Commission asked questions about the process and the following points were made and/or clarified –

- Consideration be given to exploring provision of crèche facilities at schools for working parents. The Commission was informed that the Council continued to explore existing surplus land and buildings for school provision and associated uses;
- Actions for resolving the funding gap included accessing further central government grants and reducing costs wherever possible;
- With regard to asset selling the Commission was informed that decisions to retain buildings were a finely balanced judgement between retention for potential future use and current costs of maintaining underused or empty buildings;
- It was noted that there was a disparity between the cost of primary and secondary school places and asked that comparisons be looked at to help reduce costs of primary places which for the Council were significantly higher compared to the national average;
- The Commission was informed that funding gaps had occurred in previous financial years and that a solution had been found. Current figures would need to be updated to better reflect the current situation as they were based on data from last year;
- Funding from Community Infrastructure Levy (CIL) sources could be considered;

- Greater use of existing assets to generate income should be looked at as part of the overall solution to the funding gap.

Resolved - (i) that the report and the comments made above be noted;

(ii) that consideration be given to exploring sources of funding including CIL, income from school buildings, cost savings;

(iii) that a report/update be brought back to the Commission on the current situation on the funding gap, at its meeting in January 2015.

10. 2013/14 Finance Outturn

The Commission received a report of the Service Director (Finance) in respect of the Council's overall financial performance for the 2013/14 financial year. An update was given citing that there were eleven compulsory redundancies but the Commission was asked to recognise that this was within the context of approximately 700 job losses in total.

Resolved - that the report be noted.

11. Quarter 1 2014/15

The Commission received a report of the Service Director (Finance) giving an update on the Council's revenue and capital budgets, based on the first quarter of the 2014/15 financial year.

Members asked questions and the following points were clarified –

- New capital programme items would primarily be funded from grants;
- Collection rates for business rates and council tax would be reported at the next meeting of the Commission when considering the budget item;
- Offset from car parking income was not currently affected by any new central government proposals but this would continue to be closely monitored;
- The £3m potential overspend was being closely monitored and it was anticipated that this risk would have been mitigated by or before year end;
- An apparent £350k cut to the bus subsidy was actually for 2015/16 and not this financial year;
- Demand pressures on spending would not necessarily translate into cuts in spending as innovative and rigorous solutions would first be sought;
- CIL options could be further explored.

Resolved - that the report be noted.

12. Work Programme

The Commission noted the current Work Programme. The Chair asked members if they had any specific questions for the October meeting to let him know as soon as possible. Budget setting was cited as being important for further consideration.

(Meeting ended at 12.40 pm)

CHAIR