AGENDA ITEM NO 16

BRISTOL CITY COUNCIL

CABINET

25 MARCH 2010

Report of: Strategic Director - Resources

Title: Medium Term Financial Plan

Ward: City Wide

Officer Presenting Report: Will Godfrey - Strategic Director (Resources)

Contact Telephone Number: (0117) 922 4420

RECOMMENDATION

Cabinet adopts the Medium Term Financial Plan (MTFP) for the period 1 April 2010 to 31 March 2013.

Summary

Every organisation needs to understand the financial context within which it is operating and plan accordingly.

The plan attached at appendix 1 to this report sets out the assumptions around financial planning for the period to 31 March 2013. It should be recognised that unlike previous iterations of the MTFP, this document has been prepared against a background of great uncertainty surrounding the public finances.

No clear indication of resources available to the council has been made for the period following 31 March 2011. So, it is likely that once the general election has taken place and a new comprehensive spending review has taken place, this document will need to be revised.

In light of the above the focus is upon the principles outlined rather than the detailed figures.

The significant issues in the report are:

- The assumptions made in preparing the strategy
- The principles outlined re financial management
- The strategy outlined to meet the current projected financing shortfall

Consultation

1. Internal

Strategic Leadership Team

Due to be discussed by Resources Scrutiny Commission- 26th March 2010

2. External

The issues contained within the strategy have been discussed at the External budget panel.

The strategy will also be shared with Grant Thornton, the council's external auditor.

Substantive Issues

3. The full document is presented at appendix 1 to this report. The key issues to highlight are:

- This strategy takes the 2010/11 budget as the base for future projections

- A number of key assumptions, such as inflation measures, have been highlighted at appendix 1 of the MTFP document.

- Reductions in capital grant of 5% per annum have been assumed, with the associated cost of undertaking prudential borrowing highlighted.

- As there is no detail available for the period post 31st March 2011, a number of assumptions have been made re revenue grant. These are: grant freeze, 2% reduction per annum, 5% reduction per annum.

- On the worst case scenario, the reduction in revenue grant identifies a financing shortfall of £35m by March 2013.

- A number of strategies to address this shortfall have been identified within the MTFP.

Risk Assessment

4. The MTFP has been developed against a high degree of uncertainty. It is unlikely any public expenditure spending review will be complete before the end of 2010. As such the figures presented should be seen as indicative.

Legal and Resource Implications

Legal

n/a

Financial

(a) Revenue

Included within the main MTFP document

(b) Capital

Included within the main MTFP document

Appendices:

1) Medium Term Financial Plan: April 2010 - March 2013

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
Background Papers:

Bristol City Council
Medium Term Financial Plan

Foreword by Barbara Janke, Leader of the Council

As Britain recovers from recession, councils up and down the country will be counting the cost. Here in Bristol we are looking to save around £30 million over the next three years.

However, these are times of opportunity, too. The City Council has radical plans to support the economy, give power back to communities and greatly reduce Bristol's carbon footprint.

In this document, the Council's Medium Term Financial Plan (MTFP) for the years 2010-13, the Liberal Democrat administration that I lead shows how these goals can be achieved. It includes projects we already have the money for and others – aspirations at this stage – that have yet to find funding.

Whichever political party wins the general election, huge cuts in public spending are inevitable. The announcement of the three-year financial settlement for councils across the country will not take place until after the election and this makes long-term planning extremely difficult.

We are determined our city will rise to the financial, environmental and social challenges ahead. Take climate change. The Council has pledged to reduce carbon emissions across the city by 40 per cent before 2020. Various initiatives are under way.

Protecting the city's sustainability will demand a large amount of investment from the Council. Some of this spending will effectively pay for itself – it's called "Invest to Save" – as the way the Council works and the buildings where we work become less carbon-costly.

You will see from the MTFP that money has been allocated to projects in our 20:20 plan for green and digital initiatives. This is for environmental schemes that will enable businesses and householders to reduce their carbon output and also for projects to prevent digital exclusion and make Bristol a more connected city.

We aim to increase recycling rates substantially, not only to reduce the city's carbon emissions but also to ensure that valuable funds are not wasted on landfill taxes. By improving the city's public transport, introducing ticket-less travel and encouraging greater uptake of cycling, we also hope to cut congestion and carbon emissions around the city.

When this administration took power last year, we started work straightaway on a radical plan to devolve power to communities and the Neighbourhood Partnerships that now run many local services. Power and budgets were formally transferred to the partnerships in February 2010. This project will continue to develop. We will be allocating more money to communities and looking at ways in which they can take on more of the services now run by the Council.

We have completed a feasibility study for a new swimming pool for East Bristol at the Brunel Academy and we intend to deliver this over the planning period. We plan to continue the refurbishment of Bristol South Pool and carry out feasibility studies for two new pools in Knowle and Shirehampton. Two new libraries will be built in Easton and Bishopston and a further new library is expected to open very shortly at Whitchurch.

We will be reviewing all our services to make sure they offer value for money and we will be looking always to make savings, freeing up spending for the services and amenities that our communities really want.

Bristol's economy will remain strong if we can attract new companies and businesses to the city. We will be continuing our drive to bring more inward investment, targeting creative media and smart green companies - key drivers out of recession.

Wherever possible, we will be looking at ways to support smaller businesses and jobs. Key to this is our partnership work. Promoting investment in local trade and industry, as well as a greater uptake of apprenticeships schemes and government employment initiatives are important priorities for us.

The situation is ever-changing and will be kept under constant review. This Medium-Term Financial Plan sets out our plans for the next three years. We will, of course, revisit and update this document as the picture changes.

Bristol City Council
Medium Term Financial Plan: April 2010 – March 2013

1) Introduction

1.1 The challenge facing Bristol City Council over the next three years is substantial. Nationally, the state of public finance is well documented, with a deficit of £178bn projected for 2009/10. Cuts in public spending are inevitable, whilst expectations from our citizens continue to rise.

1.2 The recently adopted Sustainable City Strategy sets out the four outcomes all the people of Bristol want to see improve over the next 10 years:

- Reduce health and wealth inequality
- Raise the aspiration and achievement of our children, young people and families
- Make our prosperity sustainable
- Create a city of strong and safe communities

1.3 In addition the strategy identifies three main challenges that all partners across the city will seek to put at the core of all activity:

- Tackle climate change
- Deliver regeneration and more affordable housing
- Improve transport and digital connectivity

1.4 If Bristol City Council is to maximise its contribution, all activity needs to be evaluated within a clear and robust financial framework. In addition a fourth, internal challenge should be explicitly stated – the need to reduce our costs, whilst maintaining high quality services.

1.5 Whilst the detail of any cuts is as yet unknown, planning has to start now to deliver reductions in the cost base of the organisation, whilst seeking to provide resources for investment in those areas which deliver clear benefits in terms of savings and improvement in services.

1.6 The Medium Term Financial Plan (MTFP) sets out a strategic analysis of our financial position to ensure all service delivery and policy decisions are taken with a clear understanding of how initiatives can be financed. The future financial scenario will be difficult but should not constrain the ambition of the organisation and finance shouldn't be seen as the overwhelming driver for decision-making.

The vision for the MTFP can be expressed as follows:

> *"Creating a sustainable financial environment to secure the delivery of high quality public services for the people of Bristol during a period of public sector expenditure restraint."*

1.7 The MTFP is underpinned by three key assumptions for all decision-making over the planning period:

- The Council explicitly adopts a policy led budget process to ensure resources are allocated to priority actions.

- “Invest to Save” is adopted as the corporate basis for evaluating new initiatives. This will drive internal efficiencies and also the Council’s contribution to the local economy.
- All services must seek to improve value for money, measured objectively against national benchmarks. At worst, services should achieve average cost.

2) National Context and the identification of corporate principles

2.1 The development of the MTFP is taking place against the background of a severe worldwide recession.

2.2 In Bristol the impact of the recession has been significant, both on the local economy and the financial position of Bristol City Council. For instance the Housing Benefit caseload increased from 44,002 in October 2008 to 47,950 in October 2009. Income to the City Council from various sources, such as planning fees and land searches, has reduced during the same timeframe by around £400,000.

2.3 No details are available beyond 2010/11 in relation to government grants but for the purposes of this strategy assumptions will be made to facilitate financial planning.

Using financial year 2009/10 as a baseline the financial position of Bristol City Council is as follows:

Baseline Financial Position 2009/10

Area of Spend		£’000
General Fund Revenue budget		933,446
Less income (specific grants, fees and charges, rents, etc)		*568,625*
Net General Fund Revenue Budget		**364,821**
Housing Revenue Account		106,768
Less income (rents and charges)		*100,827*
Net Housing Revenue Account		**5,941**
Capital Programme		**172,129**
TOTAL NET PROJECTED EXPENDITURE		**542,891**
Financed by:		
Government Grant:	Revenue	186,712
	Capital	88,619
Locally funded:	Revenue (C Tax)	174,348
	Capital	24,262
Reserves & Balances:	Revenue	9,702
	Capital	2,000
Borrowing for capital programme		22,201
Capital receipts		35,047
TOTAL NET EXPENDITURE FINANCED		**542,891**

2.4 Appendix 1 sets out the financial assumptions underpinning the spending plans for the period covered by this plan.

2.5 Long term service planning and policy development needs to be conducted with a clear understanding of financial constraints. This will ensure expectations are managed proactively and resources are not wasted pursuing activities which do not match corporate priorities or which can't be properly financed within the constraints identified.

A number of key principles are set out below which will guide the strategic financial management of the Council over the planning period:

- Resources should clearly be aligned to priorities
- Securing Value For Money (VFM) should be a key consideration before committing any resources. Judgements on VFM should be made with reference to the new VFM strategy.
- External finance should be pursued where appropriate, provided there is a clear exit strategy.
- Capital investment should be targeted to revenue neutral activities and the criteria set out below adopted over the planning period.
- The Council should seek to adopt a consistent commissioning approach across all activities to secure the best outcomes for the people of Bristol.
- Over the 3-year period the Council will rigorously analyse all components of its business to ensure the cost of delivering services is comprehensively understood and reflects the agreed level of service provision.
- The primary focus of delivering efficiencies will be through the Transformation Programme.
- We will have a clearer focus on income generation. All charging policies will be reviewed to ensure income is maximised. Any new initiative should consider income generation as part of the initial business case to ensure ongoing net revenue costs are minimised.
- Effective evaluation of risks, in accordance with the Council's risk management policy, must underpin all financial management. This will be the responsibility of each Chief Officer.
- Chief Officers are responsible for ensuring services are delivered within the agreed budgets.

2.6 These principles should also be considered for partnership models with other organisations and communities in which organisational boundaries do not constrain the allocation and management of resources. The "Total Place" initiative, which seeks to make better use of the money across all public sector organisations, will be an important opportunity to help address the challenge of funding quality public services during a period when public expenditure will contract in real terms.

3) The Local Context

3.1 Like all authorities, Bristol City Council has faced significant financial challenges in recent years. Efficiency savings made since 2007 total £19.6m. The savings have been made against a background of a continuing desire to improve services. Over the same period additional investment of £15.3m has been made in areas such as community safety and recycling services, showing an ongoing commitment to improve outcomes for the people of Bristol.

3.2 Locally, the influence the Council can exert on some elements of our costs is limited. The cost of pensions is determined by the provisions set out in the statutory scheme. The Council currently participates in the national pay scheme and honours nationally agreed pay awards. It would be possible to consider leaving this scheme and introducing a local pay scheme. However, there would be a significant cost to introduce this change and recent evidence suggests this leads to higher pay awards, which would only increase pressure on revenue budgets.

3.3 The challenge will be for the Council to maintain ambitions to improve services and facilities across the city when financial resources are likely to be reducing. Section 6 below outlines some of the key ambitions for future investment.

4) Capital Financing

i) Investment to create assets for the long term use of the people of Bristol

4.1 In broad terms there are six strands of capital investment: Education; Adult Residential Care; Housing; Implementation of the Local Investment plan; Transport; and Sporting/Cultural facilities.

4.2 The current capital programme plans significant investment to improve primary schools, address the problems of the transport infrastructure and provide additional facilities to improve the cultural offer of the city.

4.3 Funding for investment arises from a number of sources:

- government grants and borrowing allocations
- grants for specific projects from other bodies such as the RDA and the Lottery funds
- capital receipts
- S106 development agreements
- Revenue contributions (predominantly for structural maintenance programmes)
- Private Finance Initiative
- Prudential borrowing

4.4 We already know the government grant allocation until March 2012. However this plan shows the impact of a 5% reduction in capital resources as this is likely to be reduced as central government seeks to reduce its overall budget deficit. This assumption is made because it is easier to realise immediate savings on projects, which in many cases haven't already started. The assumption is also made that capital grants are reduced by 10% in 2012/13.

4.5 The table below shows the assumed level of capital grant over the planning period, with the revenue impact of prudential borrowing if current investment aspirations are maintained:

	2010/11 #	5% reduction	2011/12 #	5% reduction	2012/13
	£'000	£'000	£'000	£'000	£'000
Govt Grant	55,470	2,774	47,402	2,370	42,662
Cumulative reduction		2,774		5,144	7,514
Prudential Borrowing to meet gap		277		514	751

= these allocations have already been agreed by government but could be subject to change

4.6 The capital receipts programme has been successful in providing funding to support discretionary capital investment. However, recent market conditions have reduced the level of receipts significantly, to the point where it would not be prudent to commit further capital expenditure financed from the 'expectation' of a capital receipt.

4.7 For some time now the Council has adopted a strategy of selling assets to finance the capital programme. Whilst this strategy has merit it does narrow the options available. So over the planning period three further strategies will be considered:

1. We will actively investigate the transfer of assets to local community groups, as long as this does not incur any future financial liability. This will support the emerging neighbourhood partnerships and ensure assets are managed by the people who use them most frequently.

2. We will seek to use the balance sheet value of the Council to greater effect. This will be done through initiatives such as Local Incentive Backed Vehicles, where private sector investment is securitised on the assets of the local authority.

3. Where appropriate we will seek to invest in land and building of strategic importance to delivering priority outcomes or which generate additional income to support service delivery.

4.8 The clear message is a significant squeezing of capital resources over the period of this plan.

4.9 To date, resources have in effect been "ringfenced" to directorates without an overall assessment of corporate priorities. This approach is unlikely to be sustainable in the medium term. This plan therefore assumes the introduction of the single capital pot to ensure resources go to priority investment areas. Three key principles will guide activity over the planning period:

1. No new additional projects should be added without a corresponding identification of reduction in current capital commitments.

2. Any additional capital resources should be targeted to projects which do not add ongoing revenue cost.

3. The Council will adopt the single capital pot methodology to ensure resources are allocated to areas of highest priority.

4.10 The Council should also seek to attract as much external funding as possible by working with partner agencies.

ii) Investment /Borrowing Strategy to support capital programme

4.11 Where it is appropriate in relation to market conditions, the Council will invest money to generate resources to support expenditure and also borrow money to support investment. This borrowing is either repaid through government grant or supported by prudential borrowing.

4.12 At the end of November 2009, the Council had outstanding debt of £350m and investments of £170m. The total net cost to the Council for servicing this debt was £16m in 2009/10.

4.13 Uncertainty over future interest rate movement increases the risk associated with Treasury activity. Long term rates may rise over the medium term, although Bristol has taken a cautious approach and has suspended long term borrowing in favour of funding its capital programme from cash balances.

4.14 A review of this strategy has recently taken place. This confirmed the appropriateness of the approach adopted since 2008 but also identified some opportunities to maximise the contribution of our borrowing strategy to the overall financial strategy of the Council. These initial market opportunities have been pursued and future activity will take place where appropriate.

4.17 The current capital programme is attached at Appendix 2 to this report.

5) Housing Revenue Account

5.1 *Implications of the reform of the subsidy system:*
The draft Determination, published in December 2009, suggested that the 2010/11 process for rent setting and subsidy will be the same as previous years. However, currently out for consultation is a suggestion to radically change the way the subsidy system could work, including the potential 'buy out' from subsidy whilst staying within local authority ownership. Current proposals are likely to have a positive impact on the Council's housing revenue account. However, as no decisions have been made, current plans are based on a "business as usual" approach.

5.2 *Assumptions on rent levels :*
We have to set our rents following the Government rent restructuring guidelines in order to avoid subsidy penalties with all rents across the social housing sector converging at a given date in the future for similar properties (known as the target rent). The formula set by the Government allows us to increase rents by a maximum of RPI plus 0.5% plus £2 p.a. based on the September 2009 RPI in order to move our rents up towards their target rents. RPI for September 2009 was negative 1.4%. Given this negative RPI we have remodelled the rents based on the draft determination which has led to a 2.34% rent increase.

5.3 *Assumptions on priority issues re stock management*
Capital investment is driven by our 30 year Business Plan which in turn is determined by our Stock Condition Survey. Changes may occur after the Business Plan is set and this has been the case this time. For example, additional monies are now planned to be put into the adaptions budget to reduce the backlog of repairs and make the standard similar to that of the private sector. Also additional capital financing and expenditure of £6m are now included for building new council housing. As a result the proposed capital budget is £4m higher than the previous business plan target and now is £47m.

6) Revenue Spending Plans

6.1 As outlined in the introduction to this plan, the main focus of debate will be the ongoing management and decision-making that surrounds the day to day service delivery to the 420,000 residents of the city.

6.2 Spending plans are impacted by legislative changes, such as increased responsibilities around safeguarding children, ongoing costs associated with running the organisation, such as pay awards and pension costs, and the priorities outlined by the Council administration.

6.3 The recent Queen's speech and 2009 PBR add even further pressures upon budgets in the short term. For instance, the Personal Care at Home Bill is likely to add costs from October 2010. Although some funding will be provided by central government, this new initiative will increase pressure on adult social care budgets.

6.4 Locally a number of key priorities have been identified for investment over the planning period. These are outlined below with associated revenue and capital costs:

	2010/11		2011/12		2012/13	
	Rev	Cap/One off	Rev	Cap/One off	Rev	Cap/One off
Investment	£m	£m	£m	£m	£m	£m
Green capital	0.5		0.5		0.5	
Climate change	0.5		0.5		0.5	
Continue free swimming			0.3		0.3	
Brunel Academy Pool			0.2	6.2	0.2	
Develop Arena						4.0
Residential futures				1.0		
Capital requirement				7.2		4.0
Rev/Prudential Borrrowing Cost	**1.0**	**-**	**1.5**	**0.5**	**1.5**	**0.8**

These costs are included in the MTFP projections included at Appendix 3.

6.5 In addition to these priorities, a number of other ambitions have been identified for further consideration over the planning period. The indicative capital costs and associated revenue costs are outlined in the table below:

Investment Ambition	Indicative Capital Cost £m	Indicative Revenue Pressure p.a. (inc Prudential Borrowing) £m
Swimming Pools : *Redcatch Park, South Bristol, Oasis Academy*	20	2
Colston Hall Stage 2	30	3
Green Initiatives: *Wind Turbine project, Climate Change fund, Energy Company*	20	2*

- Some income is likely to be generated to offset the cost of borrowing. These will be evaluated on a case by case basis.

6.6 Delivering these ambitions would require the commitment of additional capital investment of £71m over the planning period and add annual revenue cost of £7.1m to cover costs of borrowing and operational costs.

6.7 The projections included at Appendix 3 do not take account of these costs, as a number of these projects have yet to reach full business case. The delivery of these ambitions will be dependent upon the necessary capital resources being found, either from external sources or from a reappraisal of internal priorities.

6.8 Some of these projects e.g. the Green initiatives could be progressed on an "invest to save" basis. This would have cashflow implications which would need to be examined on a case by case basis to evaluate the most appropriate course of action.

6.9 The commitment to devolve greater control over budgets to neighbourhood partnerships will also develop across the planning period. The costs incurred to support these structures, will be covered by reductions in central costs driven through the Transformation Programme.

6.10 Whilst the scale of reductions in public expenditure is not yet clear, three scenarios have been outlined for the planning period:
Upper – Freeze in government grant from the 2010/11 base
Central – 2% grant reduction from the 2010/11 base
Lower – 5% grant reduction from the 2010/11 base.

6.11 Appendix 3 sets out the detailed implications of each of these scenarios. The table below identifies the impact of each scenario on each directorate budget using the 2010/11 proposed budgets as the base for future projections.

Projected Directorate Budgets for period of MTFP - based on available funding

	2010/11	2011/12			2012/13		
		Upper	Central	Lower	Upper	Central	Lower
Directorate	£m	£m	£m	£m	£m	£m	£m
CYPS	83.6	81.1	80.8	79.4	80.1	79.2	76.6
City Dev	49.1	47.6	47.5	46.6	47.1	46.5	45.1
N' hoods	71.2	69.1	68.8	67.6	68.3	67.5	65.2
HASC	153.6	148.9	148.5	146.0	147.2	145.6	140.7
Dep CX	5.7	5.5	5.5	5.4	5.5	5.4	5.2
Resources	3.2	3.1	3.1	3.0	3.1	3.0	2.9
Transformation	8.2	8.0	7.9	7.8	7.9	7.8	7.5
Sub Total	374.6	363.3	362.1	355.8	359.2	355.0	343.2
Central costs/growth	23.3	40.4	37.5	37.5	49.5	45.9	45.9
TOTAL	397.9	403.7	399.6	393.3	408.7	400.9	389.1
Variance from base		-11.3	-15.4	-21.7	-15.4	-23.2	-35.0

From a balanced budget position in 2010/11, these assumptions produce budget gaps throughout the planning period as shown below:

	2011/12	2012/13
	£m	£m
Grant Frozen (Upper)	11.3	15.4
2% reduction (Central)	15.4	23.2
5% reduction (Lower)	21.7	35.0

7) Proposed Way forward/ Strategic Issues

7.1 All organisations must operate on a sustainable financial basis. Assuming a worse case scenario, spending reductions of 5% per annum from our current level will be needed to balance the budget by April 2012.

7.2 We have set out below five strands of activity we will adopt to meet the gap.

1. *The Council needs a better understanding of its cost base.*
   A new value for money strategy has been developed which will guide future activity. This is based upon agreed levels of service delivery across the Council associated with a much clearer understanding of our costs relative to our main comparator group – the other core cities.

   The strategy over the planning period will be to target areas of above average cost.

2. *Transforming how we do our business.*
   By 2012/13 the current programme of work is projected to deliver savings of £6m. Beyond this period, even greater savings will accrue as the impact of new ways of working etc. take full effect and initial investment is "paid back".

To make lasting and sustainable impact upon the financial sustainability of the Council, the culture of “status quo” has to be challenged. In particular significant opportunities for ongoing savings can be found by:

- Ensuring more effective commissioning and procurement practices are in place.
- Managing major contracts such as waste collection and disposal more effectively to generate service improvements at no additional cost.
- Actively seeking to develop joint delivery activities in areas such as transactional and support services, with other public sector bodies across the city.

3. *More effective decision-making.*
Tools need to be introduced to ensure budgets do not simply support the status quo, but actively challenge current practice. This is likely to result in service redesign, e.g. greater personalisation in activities such as adult social care.

4. *Staffing costs.*
These account for around 40% of total costs. Whilst we recognise service delivery is dependent upon maintaining a quality, highly motivated workforce we also recognise the need to consider how we can minimise these costs.

5. *Adopting the “Total Place” initiative.*
We need to make sure more effective working arrangements are developed with other public sector organisations across the city. In particular this should be focused on areas of greatest cost, such as adult social care, where opportunities with Bristol PCT and the surrounding unitary authorities are being explored.

7.3 By effectively managing these five strands of activity it is estimated that savings of £30m could be achieved over the planning period. This is analysed further in the table below:

Savings to be achieved by March 2013

Activity	Target saving £m
Improved VFM including review of workforce	15
Transformation efficiencies	5
Procurement/commissioning	5
“Total Place” initiatives	2
Service redesign to priorities	3
Total Projected Savings	**30**

8) Conclusions

8.1 This Medium Term Financial Plan has set out the challenges facing Bristol City Council over the next few years.

8.2 It also identifies a number of ways the identified budget gap can be addressed which continues to provide investment in services.

8.3 Difficult decisions need to be made over the next few years and this plan provides the strategic context within which these decisions should be made.

Appendix 1: Financial Assumptions for the planning period

1) Revenue Grant from Government

   Figures are modelled on three scenarios:

   Upper - Revenue grant is frozen over the period
   Middle – 2% annual reduction
   Lower – 5% annual reduction

2) Capital Grant

   Capital grant falls by 5% in each year.

3) Inflation

   Contracts with third parties:
   - 2010/11 – 1%
   - 2011/12 – 2.5
   - 2012/13 – 2.5%

   No inflation will be provided within service budgets to cover increases in expenditure on supplies and services, such as office equipment. Any increase will be absorbed to promote more efficient management of resources.

4) Pay pressures/Pension

   Pay: 1% provided each year = £2m annual cost

   Pension: 2010/11 - £1.6m
   2011/12 - £4.6m
   2012/13 - £7.6m

5) Council Tax

   A 1% increase in council tax raises approximately £1.7m.
   The assumed council tax increases over the planning period are set out below:

   2010/11 – 2% 2011/12 - 2% 2012/13 - 2%

   Some commentators have speculated about a council tax freeze in future years. If this were implemented the additional pressure on revenue budgets would be as follows:
   2010/11 - £3.4m 2011/12 - £6.8m 2012/13 - £11m

SUMMARY CAPITAL PROGRAMME 2010/11 AND LATER YEARS **Appendix 2**

DEPARTMENT	PROJECTED SPEND £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
HEALTH & SOCIAL CARE	11,182	5,871	2,365	2,946
BUSINESS TRANSFORMATION	4,395	825	1,980	1,590
CHILDRENS SERVICES	132,237	65,156	44,069	23,012
NEIGHBOURHOODS - HRA	139,866	53,136	43,656	43,074
NEIGHBOURHOODS - GENERAL FUND	15,592	5,913	4,838	4,841
CITY DEVELOPMENT	81,412	39,524	25,787	16,101
TOTAL PROGRAMME	**384,684**	**170,425**	**122,696**	**91,564**

Proposed financing of capital programme

	£'000	£'000	£'000	£'000
BORROWING	*51,908*	20,172	17,256	14,480
UNSUPPORTED BORROWING	*8,790*	8,790	0	0
GOVERNMENT GRANTS	*186,127*	87,527	56,402	42,198
OTHER GRANTS	*13,679*	8,379	5,300	0
CAPITAL RECEIPTS	*44,181*	18,740	16,180	9,261
REVENUE	*75,661*	26,539	23,777	25,345
DEVELOPERS CONTRIBUTIONS	*1,500*	0	1,500	0
OTHER	*2,838*	278	2,280	280
TOTAL	***384,684***	**170,425**	**122,696**	**91,564**

NEIGHBOURHOODS - GENERAL FUND **Appendix A**

THREE YEAR CAPITAL PROGRAMME - 2010/11 ONWARDS	PROJECT COST	2010/11	2011/12	2012/13
EARMARKED	£'000	£'000	£'000	£'000
Committed Projects before 31.3.10				
Mainstream & One-Off	730	730		
New Projects - 2010/11 Starts				
Neighbourhoods - GF schemes				
Private Sector Renewal (HRA Capital Receipts)	725	725		
Private Sector Renewal (DFG -Disabled Facilities Grant)	1,000	1,000		
Private Sector Renewal (Regional Capital Allocation)	1,148	1,148		
Enabling Receipts (HRA)	1,615	1,615		
HRA transfer of land Capital contribution - Phase 1	400	400		
Childrens Play	169	169		
Pathes & Fences	48	48		
Toilets	47	47		
Cems & Crems	31	31		
Capital Project Aspirations 2011/12				
Neighbourhoods - GF schemes				
Private Sector Renewal (HRA Capital Receipts)	725		725	
Private Sector Renewal (DFG -Disabled Facilities Grant)	1,000		1,000	
Private Sector Renewal (Regional Capital Allocation)	1,200		1,200	
Enabling Receipts (HRA)	1,615		1,615	
Childrens Play	171		171	
Pathes & Fences	48		48	
Toilets	47		47	
Cems & Crems	31		31	
2012/13				
Neighbourhoods - GF schemes				
Private Sector Renewal (HRA Capital Receipts)	725			725
Private Sector Renewal (DFG -Disabled Facilities Grant)	1,000			1,000
Private Sector Renewal (Regional Capital Allocation)	1,200			1,200
Enabling Receipts (HRA)	1,615			1,615
Childrens Play	172			172
Pathes & Fences	49			49
Toilets	48			48
Cems & Crems	32			32
TOTAL CAPITAL PROGRAMME	15,592	5,913	4,838	4,841

THREE YEAR CAPITAL PROGRAMME - 2010/11 ONWARDS	PROJECT COST	2010/11	2011/12	2012/13
EARMARKED	£'000	£'000	£'000	£'000
FUNDING				
Committed projects before 31.3.10				
Capital Fund & expected capital funding streams	730	730		
New Projects - 2010/11				
Neighbourhoods - GF schemes - Source of funding				
HRA - Land Transfer	400	400		
HRA Capital Receipts - Private Sector Renewal	725	725		
HRA - Enabling Receipts	1,615	1,615		
Disabled Facilities Grant	1,000	1,000		
Regional Capital Allocation (PSR)	1,148	1,148		
Capitalised Revenue	295	295		
Future Funding Aspirations				
2011/12				
Neighbourhoods - GF schemes - Source of funding				
HRA Capital Receipts - Private Sector Renewal	725		725	
HRA - Enabling Receipts	1,615		1,615	
Disabled Facilities Grant	1,000		1,000	
Regional Capital Allocation (PSR)	1,200		1,200	
Capitalised Revenue	298		298	
2012/13				
Neighbourhoods - GF schemes - Source of funding				
HRA Capital Receipts - Private Sector Renewal	725			725
HRA - Enabling Receipts	1,615			1,615
Disabled Facilities Grant	1,000			1,000
Regional Capital Allocation (PSR)	1,200			1,200
Capitalised Revenue	301			301
TOTAL FUNDING	15,592	5,913	4,838	4,841

NEIGHBOURHOODS - HRA

Appendix A

THREE YEAR CAPITAL PROGRAMME - 2010/11 ONWARDS	PROJECT COST	2010/11	2011/12	2012/13
EARMARKED	£'000	£'000	£'000	£'000
Committed Projects before 31.3.10				
HCA New build scheme - Phase 1	5,980	5,980		
New Projects - 2010/11 Starts				
Main Capital programme -				
HRA - Investment in Stock	81,094	22,112	28,414	30,568
HRA - Investment in blocks	20,869	8,888	7,117	4,864
Capitalised works	13,307	4,391	4,743	4,173
Disabled adaptation	7,660	2,845	2,375	2,440
HRA - Other - Priority stock (PRC's & Prefabs)	2,284	2,284		
HRA - other - Misc.	3,486	1,450	1,007	1,029
Other schemes	500	500		
Strategic development	625	625		
Miscellaneous	2,085	2,085		
Recharge from other services	1,976	1,976		
TOTAL CAPITAL PROGRAMME	139,866	53,136	43,656	43,074
FUNDING				
Committed projects before 31.3.10				
Unsupported borrowing	2,990	2,990		
HCA grant	2,990	2,990		
New Projects - 2010/11				
Borrowing	4,000	4,000		
Major Repairs Allowance - Grant	19,269	19,269		
Capital Receipts (RTB)	750	750		
Capital Receipts (Other)	1,660	1,660		
Capital Receipts (Garage sites)	1,400	1,400		
Revenue	20,077	20,077		
Future Funding Aspirations				
2011/12				
Major Repairs Allowance - Grant	19,996		19,996	
Capital Receipts (Other)	4,180		4,180	
Capital Receipts (RTB)	721		721	
Revenue	18,759		18,759	
2012/13				
Major Repairs Allowance - Grant	20,516			20,516
Capital Receipts (Other)	2,050			2,050
Capital Receipts (RTB)	741			741
Revenue	19,767			19,767
TOTAL FUNDING	139,866	53,136	43,656	43,074

CHILDREN, YOUNG PEOPLE & SKILLS (CYPS)

Appendix A

THREE YEAR CAPITAL PROGRAMME - 2010/11 ONWARDS	PROJECT COST	2010/11	2011/12	2012/13
EARMARKED	£'000	£'000	£'000	£'000
Committed Projects before 31.3.10				
Mainstream & One-Off	75,291	55,055	20,236	
New Projects - 2010/11 Starts				
Main Capital programme -				
Primary				
Whitehall Primary	4,000		4,000	
St Barnabas Primary School (Formerly New Redland / Cotham Ward)	500			500
May Park Primary	5,150		2,000	3,150
St Bonaventures	300	300		
Other				
Temporary Classroom Accommodation	800	800		
KS3/4 Bristol North Pru	1,000	500	500	
General Repairs	500	500		
Contingency	200	200		
Risk Management	82	82		
Extended Schools	1,010	1,010		
Devolved formula capital grant	6,137	6,137		
School access initiative schemes	572	572		
Capital Project Aspirations				
2011/12				
Basic Need	4,176		4,176	
Modernisation	2,086		2,086	
Primary Capital	3,624		3,624	
Risk Management	83		83	
Extended Schools	655		655	
Devolved formula capital grant	6,137		6,137	
School access initiative schemes	572		572	
2012/13				
Basic Need	3,326			3,326
Modernisation	2,811			2,811
Primary Capital	5,777			5,777
Risk Management	84			84
Extended Schools	655			655
Devolved formula capital grant	6,137			6,137
School access initiative schemes	572			572
TOTAL CAPITAL PROGRAMME	132,237	65,156	44,069	23,012
FUNDING				
Committed projects before 31.3.10				
Capital Fund & expected capital funding streams	49,901	37,993	11,908	
New Projects - 2010/11				
Borrowing Approvals (DCSF)				
- Basic Need	6,926	6,926		
- School Access Initiative	572	572		
- Modernisation	3,360	3,360		
- Primary Capital Prog Grant	7,276	7,276		
- Devolved Formula - Standards Fund Grant	6,137	6,137		

CHILDREN, YOUNG PEOPLE & SKILLS (CYPS)

Appendix A

THREE YEAR CAPITAL PROGRAMME - 2010/11 ONWARDS EARMARKED	PROJECT COST £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
- Extended Schools Grant	1,010	1,010		
Revenue - ex-risk management	82	82		
Future Funding Aspirations				
2011/12				
Borrowing Approvals (DCSF)				
- Basic Need	6,926	1,800	5,126	
- School Access Initiative	572		572	
- Modernisation	3,811		3,811	
- Primary Capital Prog Grant	7,277		7,277	
- Extended Schools Grant	655		655	
Risk Management	83		83	
Devolved formula	6,137		6,137	
2012/13				
Borrowing Approvals (DCSF)				
- Basic Need	6,926		4,000	2,926
- School Access Initiative	572			572
- Modernisation	3,811			3,811
- Primary Capital Prog Grant	7,277		4,500	2,777
- Extended Schools Grant	655			655
Risk Management	84			84
Devolved formula	6,137			6,137
2013/14				
Borrowing Approvals (DCSF)				
- Basic Need	3,400			3,400
- Primary Capital Prog Grant	2,650			2,650
TOTAL FUNDING	132,237	65,156	44,069	23,012

CITY DEVELOPMENT (CD)

Appendix 2

THREE YEAR CAPITAL PROGRAMME - 2010/11 ONWARDS EARMARKED	PROJECT COST £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Committed Projects before 31.3.10				
Mainstream & One-Off	35,380	24,648	10,450	282
New Projects - 2010/11 Starts				
Project Development				
Design & delivery of Integrated Street scene - Improvements to: Park St., Colston environs, East St. & King St.	1,000	500	500	
Major scheme development	4,300	1,650	1,650	1,000
Bristol Showcase Projects	7,100	2,300	2,400	2,400
Public Transport Infrastructure	2,000	600	700	700
Safety Engineering	3,400	1,100	1,100	1,200
Urban Traffic Management & Control (UTMC)	2,200	600	600	1,000
Smarter Travel Choices	3,900	1,200	1,300	1,400
Maintenance	10,437	3,116	3,238	4,083
Capitalised R & M (spend authorised by Corporate Property)	3,177	3,177		
Conservation/ E.I.P/ Engineering Design	538	128	130	280
Asbestos remediation works	505	505		
Capital Project Aspirations				
2011/12				
Capitalised R & M (spend authorised by Corporate Property)	3,209		3,209	
Asbestos remediation works	510		510	
2012/13				
Capitalised R & M (spend authorised by Corporate Property)	3,241			3,241
Asbestos remediation works	515			515
TOTAL CAPITAL PROGRAMME	81,412	39,524	25,787	16,101

CITY DEVELOPMENT (CD)

Appendix 2

THREE YEAR CAPITAL PROGRAMME - 2010/11 ONWARDS EARMARKED	PROJECT COST £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
FUNDING				
Committed projects before 31.3.10				
Capital Fund & expected capital funding streams	35,380	24,648	10,450	282
New Projects - 2010/11				
Borrowing Approvals (LTP)	3,514	3,514		
Grant	5,947	5,947		
Specific Bids & scheme Monies - Integrated Transport (Safety Camera & Conjestion Delivery Plan)	838	278	*280*	*280*
Capitalised Revenue	1,161	1,161		
Capitalised R & M	3,177	3,177		
Revenue contribution to Asbestos works	505	505		
Future Funding Aspirations				
2011/12				
Borrowing Approvals (LTP)	3,697		3,697	
+ SCP grant	6,723		6,723	
Capitalised Revenue	1,176	294	882	
Capitalised R & M	3,209		3,209	
Revenue contribution to Asbestos works	510		510	
2012/13				
Borrowing Approvals (LTP)	3,771			3,771
+ SCP grant	6,857			6,857
Capitalised Revenue	1,191		36	1,155
Capitalised R & M	3,241			3,241
Revenue contribution to Asbestos works	515			515
TOTAL FUNDING	81,412	39,524	25,787	16,101

BUSINESS TRANSFORMATION (BT) **Appendix A**

THREE YEAR CAPITAL PROGRAMME - 2010/11 ONWARDS	PROJECT COST	2010/11	2011/12	2012/13
EARMARKED	£'000	£'000	£'000	£'000
Committed Projects before 31.3.10				
Mainstream & One-Off	4,395	825	1,980	1,590
TOTAL CAPITAL PROGRAMME	4,395	825	1,980	1,590
FUNDING				
Committed projects before 31.3.10				
Capital Fund & expected capital funding streams	4,395	825	1,980	1,590
TOTAL FUNDING	4,395	825	1,980	1,590

HEALTH & SOCIAL CARE (HSC)

Appendix A

THREE YEAR CAPITAL PROGRAMME - 2010/11 ONWARDS	PROJECT COST	2010/11	2011/12	2012/13
EARMARKED	£'000	£'000	£'000	£'000
Committed Projects before 31.3.10				
Mainstream & One-Off	9,964	5,465	1,959	2,540
New Projects - 2010/11 Starts				
Main Capital programme -				
Minor works	54	54		
Health & Safety projects	35	35		
Disability access	20	20		
Care Home standards	100	100		
Office Modernisation	15	15		
Mental Health investment	182	182		
Capital Project Aspirations				
2011/12				
Social Care	224		224	
Mental Health investment	182		182	
2012/13				
Social Care	224			224
Mental Health investment	182			182
TOTAL CAPITAL PROGRAMME	11,182	5,871	2,365	2,946
FUNDING				
Committed projects before 31.3.10				
Capital Fund & expected capital funding streams	9,964	5,465	1,959	2,540
New Projects - 2010/11				
Capital Grant - Personal Social Services	224	224		
Capital Grant - Mental Health	182	182		
Future Funding Aspirations				
2011/12				
Capital Grant - Personal Social Services	224		224	
Capital Grant - Mental Health	182		182	
2012/13				
Capital Grant - Personal Social Services	224			224
Capital Grant - Mental Health	182			182
TOTAL FUNDING	11,182	5,871	2,365	2,946

Provisional Medium Term Financial Plan - 2010/11 - 2012/13 - no grant reduction

Directorate	Note no.	2010/11 £'m	2011/12 £'m	2012/13 £'m
Children, Young People and Skills		83.6	83.6	83.6
City Development		49.1	49.1	49.1
Corporate				
- Deputy Chief Executive		5.7	5.7	5.7
- Resources		3.2	3.2	3.2
- Transformation		8.2	8.2	8.2
Health and Adult Social Care		153.6	153.6	153.6
Neighbourhoods		71.2	71.2	71.2
		374.6	374.6	374.6
Unavoidable growth, HSC, Waste	3,4		2.1	4.6
		374.6	376.7	379.2
Other budgets:				
Unallocated pensions		2.7	2.7	2.7
Net capital financing costs	1	17.5	19.0	20.0
Levies		1.0	1.0	1.0
Inflation of 1% on pay each year	2		1.9	3.8
zero % increase on supplies, 2.5% on contracts from 11/12	2		3.8	3.8
Employers pension costs	2		3.0	6.0
Other contingencies and provisions	8	2.1	4.0	4.0
Total spend		**397.9**	**412.1**	**420.5**
Financed from:				
Formula grant	5	166.9	166.9	166.9
Area based grant		47.9	47.9	47.9
Share of collection fund deficit		(1.0)		
One-off resources	6	4.7	3.2	1.7
Council tax	7	179.4	185.7	192.2
		397.9	**403.7**	**408.7**
Budget gap			**8.4**	**11.8**
Identified Transformation Savings			(0.3)	(0.7)
Potential Prudential Borrowing Costs, current capital programme/loss of grant			2.2	3.0
Potential Prudential Borrowing Costs, other prioirities			0.5	0.8
Political Priorities (Green capital/Climate change included above)			0.5	0.5
Budget gap after political priorities			**11.3**	**15.4**

Notes:

1 Includes provision for an accumulated capital funding gap of £40m (delayed receipts)

2 Inflation 2% 11/12 and 12/13. Employer's pension increases as per the last triennial valuation £2m from 11/12 (continuing at a higher rate after the next valuation - equivalent to 22% by 2013/14), increased NI contributions as per PBR 08, and an additional £1m pa for energy prices

3 Includes provision for demographic growth (£1.8m pa) and Residential Futures (-£1.3m 11/12)

4 Includes provision for the waste management strategy (£1.2m, £0.7m) and the Healthplex (£0.4m 11/12)

5 Government grant not increasing after the 2010/11 settlement

6 Includes revenue performance reward grant (LAA1) of £3m over two years

7 Includes council tax increases of 2% in11/12 and12/13 and 1.5% increase in tax base in 11/12 and 12/13 (up from 0.5%)

Provisional Medium Term Financial Plan - 2010/11 - 2012/13 - 2% grant reduction

Directorate	Note no.	2010/11 £'m	2011/12 £'m	2012/13 £'m
Children, Young People and Skills		83.6	83.6	83.6
City Development		49.1	49.1	49.1
Corporate				
- Deputy Chief Executive		5.7	5.7	5.7
- Resources		3.2	3.2	3.2
- Transformation		8.2	8.2	8.2
Health and Adult Social Care		153.6	153.6	153.6
Neighbourhoods		71.2	71.2	71.2
		374.6	374.6	374.6
Unavoidable growth, HSC, Waste	3,4		2.1	4.6
		374.6	376.7	379.2
Other budgets:				
Unallocated pensions		2.7	2.7	2.7
Net capital financing costs	1	17.5	19.0	20.0
Levies		1.0	1.0	1.0
Inflation of 1% on pay each year	2		1.9	3.8
zero % increase on supplies, 2.5% on contracts from 11/12	2		3.8	3.8
Employers pension costs	2		3.0	6.0
Other contingencies and provisions	8	2.1	4.0	4.0
Total spend		**397.9**	**412.1**	**420.5**
Financed from:				
Formula grant	5	166.9	163.6	160.3
Area based grant		47.9	46.9	46.0
Share of collection fund deficit		(1.0)		
One-off resources	6	4.7	3.4	2.4
Council tax	7	179.4	185.7	192.2
		397.9	**399.6**	**400.9**
Budget gap			**12.5**	**19.6**
Identified Transformation Savings			(0.3)	(0.7)
Potential Prudential Borrowing Costs, current capital programme/loss of grant			2.2	3.0
Potential Prudential Borrowing Costs, other prioirities			0.5	0.8
Political Priorities (Green capital/Climate change included above)			0.5	0.5
Budget gap after political priorities			**15.4**	**23.2**

Notes:

1 Includes provision for an accumulated capital funding gap of £40m (delayed receipts)

2 Inflation 2% 11/12 and 12/13. Employer's pension increases as per the last triennial valuation £2m from 11/12 (continuing at a higher rate after the next valuation - equivalent to 22% by 2013/14), increased NI contributions as per PBR 08, and an additional £1m pa for energy prices

3 Includes provision for demographic growth (£1.8m pa) and Residential Futures (-£1.3m 11/12)

4 Includes provision for the waste management strategy (£1.2m, £0.7m) and the Healthplex (£0.4m 11/12)

5 Government grant reducing by 2% pa from the 2010/11 settlement

6 Includes revenue performance reward grant (LAA1) of £3m over two years

7 Includes council tax increases of 2% in11/12 and12/13 and 1.5% increase in tax base in 11/12 and 12/13 (up from 0.5%)

Provisional Medium Term Financial Plan - 2010/11 - 2012/13 - 5% grant reduction

Directorate	Note no.	2010/11 £'m	2011/12 £'m	2012/13 £'m
Children, Young People and Skills		83.6	83.6	83.6
City Development		49.1	49.1	49.1
Corporate				
- Deputy Chief Executive		5.7	5.7	5.7
- Resources		3.2	3.2	3.2
- Transformation		8.2	8.2	8.2
Health and Adult Social Care		153.6	153.6	153.6
Neighbourhoods		71.2	71.2	71.2
		374.6	374.6	374.6
Unavoidable growth, HSC, Waste	3,4		2.1	4.6
		374.6	376.7	379.2
Other budgets:				
Unallocated pensions		2.7	2.7	2.7
Net capital financing costs	1	17.5	19.0	20.0
Levies		1.0	1.0	1.0
Inflation of 1% on pay each year	2		1.9	3.8
zero % increase on supplies, 2.5% on contracts from 11/12	2		3.8	3.8
Employers pension costs	2		3.0	6.0
Other contingencies and provisions	8	2.1	4.0	4.0
Total spend		**397.9**	**412.1**	**420.5**
Financed from:				
Formula grant	5	166.9	158.6	150.6
Area based grant		47.9	45.5	43.2
Share of collection fund deficit		(1.0)		
One-off resources	6	4.7	3.6	3.1
Council tax	7	179.4	185.7	192.2
		397.9	**393.3**	**389.1**
Budget gap			**18.8**	**31.4**
Identified Transformation Savings			(0.3)	(0.7)
Potential Prudential Borrowing Costs, current capital programme/loss of grant			2.2	3.0
Potential Prudential Borrowing Costs, other prioirities			0.5	0.8
Political Priorities (Green capital/Climate change included above)			0.5	0.5
Budget gap after political priorities			**21.7**	**35.0**

Notes:

1 Includes provision for an accumulated capital funding gap of £40m (delayed receipts)
2 Inflation 2% 11/12 and 12/13. Employer's pension increases as per the last triennial valuation £2m from 11/12 (continuing at a higher rate after the next valuation - equivalent to 22% by 2013/14), increased NI contributions as per PBR 08, and an additional £1m pa for energy prices
3 Includes provision for demographic growth (£1.8m pa) and Residential Futures (-£1.3m 11/12)
4 Includes provision for the waste management strategy (£1.2m, £0.7m) and the Healthplex (£0.4m 11/12)
5 Government grant reducing by 5% pa from the 2010/11 settlement
6 Includes revenue performance reward grant (LAA1) of £3m over two years
7 Includes council tax increases of 2% in11/12 and12/13 and 1.5% increase in tax base in 11/12 and 12/13 (up from 0.5%)