

**CABINET - 16 JANUARY 2014**  
**Public forum questions & replies**

**A. WRITTEN QUESTIONS RELATING TO AGENDA ITEMS:**

***Re: agenda item 5 – 2014/15 budget and 2014/15 – 2016/17 medium term financial strategy***

A.5.1 Cllr Tess Green

A.5.2 Cllr Tim Kent

A.5.3 Cllr Christian Martin

***Re: agenda item 7 – Under-occupation charge: policy response for council tenants***

A.7.1 Cllr Anthony Negus

**B. WRITTEN QUESTIONS NOT RELATING TO AGENDA ITEMS:**

B.1 Cllr Rob Telford - subject: financial transaction tax

B.2 Cllr Daniella Radice - subject: tax collection / LEP governance

B.3 Cllr David Willingham - subject: impact of development in South Gloucestershire

B.4 Cllr Anthony Negus – subject: property function / restructuring

**Questions to the Mayor for the Cabinet meeting on 16<sup>th</sup> January 2014 from Cllr Tess Green**

1. The City Deal promised greater financial flexibility for Bristol and the LEP partners. Are there aspects of financial flexibility which were not included in the deal and which you have been requesting from the government and if so would these additional flexibilities have given you more scope to protect the most vulnerable of our citizens from the proposed revenue budget cuts?

**REPLY:**

**There are certainly many more financial reforms I would like to see Bristol pursue alongside our core city colleagues to help put us on a level playing field with cities around the world, most of whom have greater control of their own destinies. Following the successful City Deal, I have been working with the core cities to develop nine proposals to the Government**

**(see: [http://www.corecities.com/sites/default/files/images/publications/Competitive%20Cities,%20Prosperous%20People\\_%20Final%20Draft.pdf](http://www.corecities.com/sites/default/files/images/publications/Competitive%20Cities,%20Prosperous%20People_%20Final%20Draft.pdf))**

**which aim to reform a range of policy areas designed to both drive growth and protect the most vulnerable – primarily by building more houses, improving education and skills, and, in particular Core Cities Cabinet portfolio, combat energy poverty with greater municipal control of energy.**

2. What further financial flexibility will you be requesting in the future in order to protect vulnerable members of our communities from on-going reductions in City Council spending?

**REPLY:**

**As well as working with the Core Cities, I am also working as part of the Local Enterprise Partnership on the West of England's Strategic Economic Strategy, which alongside a number of proposed investments will also include a number of requests for enhanced flexibility through public sector reform. I and my fellow WoE leaders were in discussion with the City Minister Greg Clark and Lord Heseltine regarding this earlier in the week.**

**I am of course always interested to hear from councillors any proposals for enhancing the financial flexibility we have as a city.**

## QUESTION A.5.2

### Questions to the Mayor from Cllr Tim Kent

#### QUESTION A –

- 1) In preparing your budget proposals, what account of economic growth did you take when making assumptions about business rate income?

**REPLY:**

The budget assumptions have been based on the Bank of England's Agent's Summary of Business Conditions views on economic growth, updated in its December Review and indicates growth of between 0.5% and 1% with a comment that:

“many firms remained cautious about prospects and some continued to delay expenditure”.

- 2) How much allowance was made for successful appeals?

**REPLY:**

The value of known appeals at the present time is £9.5m of a total tax base of £205.442m of which around 40% could be successful. This equates to a rate of 1.9% of the tax base value of which the Council retains 49%. The assumption has therefore been taken that the potential 1% growth could be fully offset by appeals ( $1.9\% \times .49\% = 0.9\%$ ). The budget reflects the view that appeals in process are sufficient to offset any assumptions in the growth of the business rate tax base subject to the impact of growth in Enterprise Zones, which are pooled with in the Local Enterprise partnership.

We await the final guidance from Government as to how these appeals will be accounted for.

- 3) Without knowing at this stage how much such appeals are likely to amount to, how can you be sure that you have made the right assumptions about this very important source of income?

**REPLY:**

The assumptions made are a best estimate based on the information available at this time. Should the economic recovery strengthen or weaken adjustments will be made to future years' assumptions.

#### QUESTION B –

- 1) Could you, please, detail the full extent of all the council's reserves AND all other funds held by the council?

**REPLY:**

**The Council's reserves are fully disclosed in the Council's Statement of Accounts as at 31 March 2013 and will be updated towards the end of the year as part of the Outturn Report. The key element of the Council's reserves is its General reserve which represents the amount of funds available for emergency use, all other reserves are either earmarked (set aside for specific purpose) or ring-fenced (not available to the General Fund). The General Reserve reflected a £7.9m balance at the end of 2013 but has been part utilised in 2013/14 (£1.9m) to support the overall Revenue Budget, leaving a projected balance at 31 March 2014 of £6.0m**

**I would be grateful if you define "other funds" in order to direct you to the relevant parts of the Council's Financial Statements**

- 2) Please list not only the amounts of each reserve, but also their purposes.

**REPLY:**

**The Council's financial Statements provide both the level and explanation for each of the type of reserve held by the Council. Earmarked Reserves are grouped by Directorate within the financial statements as per note 8 on page 41.**

- 3) What will be the cumulative total for reserves by the end of the budget period, in 2017?

**REPLY:**

**It is not possible to predict the overall level of reserves at that time due to uncertainty around the timing of the drawdown of earmarked reserves. The General Fund is projected to rise to £19m by the end of 2016/17 but this is very dependent on the delivery of the Mayor's savings proposals and no substantial reduction in other funding streams.**

- 4) In the report to Cabinet (item 11) it says: "Financial risks facing the council have increased over the past financial year, resulting in the current budget strategy of removing reliance on general reserves to fund ongoing revenue spending." Could you, please, detail the increase in financial risks that have led you to increase the reserves to a level many times higher than in previous years?

**REPLY:**

**The overall level of funding the Council receives from central Government is set to fall from £133m in 2013/14 to £60m in 2016/17 placing greater reliance on Business rates and Council Tax receipts to support the council's spending plans. Control over these income streams remains subject to Government policy and uncertainty at this time. As a result it is increasingly important that the Council has sufficient reserves to deal with exceptional events or major changes in funding to ensure it is able to deliver its services to the community it serves.**

- 5) This budget covers the election year of 2016, by which time you will have built up tens of millions of pounds of additional reserves. Can you understand why many people believe you are cutting frontline services to build yourself an election war chest?

**REPLY:**

**No. The increase in the General Reserve is in line with best practice to protect the Council from the financial consequences of exceptional events or major changes in funding as set out in the guidance provided by the Audit Commission.**

**QUESTION C -**

- 1) The budget proposals include a commitment to spend £3.5 million a year paying PFI unitary costs for Bristol schools that have become academies. Please break down this figure, showing how much is required not for loan repayments but for maintenance of school buildings – maintenance budgets over which the council has little control?

**REPLY:**

**The additional charges arise from a decision by Department for Education to disallow the cost of PFI contracts to be top-sliced from the Dedicated Schools Grant with effect from 2015/16. The PFI contracts entered into by the council in 2004 and 2006 were in advance of the concept of “Academies” moving outside the control of the Council.**

**The contracts are currently being reviewed to assess whether the contract obligations can be passed to the relevant academy. The “unitary charge” set within each of the PFI contracts represent the ongoing, averaged annual charge which is fully disclosed in the Councils financial statements.**

**The split between the cost of maintaining and financing the PFI arrangements are held in the detailed models used to assess the original contracts but are summarise in note 43 on page 79 of the financial statements.**

- 2) Do you agree that it's wrong to subsidise PFI academies and pay their maintenance costs while other schools in the city have to fund these costs themselves out of their own budgets?

**REPLY:**

**The Council is obliged to respond to the policy decisions of central government.**

## QUESTION A.5.3

### Questions to the Mayor for Cabinet from Councillor Martin

#### QUESTION A –

- 1) Could you, please, explain what is happening to the £500,000 that had been earmarked for the Portway park-and-ride?

**REPLY: The original budget allocated for this project is still intact and will be used for the development of the station at the Portway Park and Ride site.**

- 2) When will building work start on this project?

**REPLY: Working in partnership with Network Rail and First Great Western, it is anticipated that work to construct the new station will begin in 2015.**

#### QUESTION B –

- 1) Following your meeting in November to discuss the rail four-tracking project, is it true that the minister suggested local authorities would be asked to contribute to the funding of this national rail infrastructure scheme?

**REPLY: Bristol City Council are not aware of any request to fund national rail infrastructure projects.**

- 2) What have you done about this since?

**REPLY: I am in on-going dialogue with central government alongside our MPs to secure funding for this vital piece of city regional infrastructure.**

#### QUESTION C -

- 1) The Revenue Budget consultation has now been completed. Why was the Capital Budget not consulted on at the same time? Will there now be a consultation on the proposed expenditure in the Capital Budget?

**REPLY:**

**There is no statutory requirement to consult on the Capital Programme. However, the draft Capital Programme was provided to Resources Scrutiny Commission for their challenge at their December meeting and their comments were included in the programme. The Capital programme was then agreed by the Capital Programme Board shortly before the Christmas break, and made available to the public on 8<sup>th</sup> January 2014 for review and comment.**

2) The numbers who engaged in the budget consultation process this year went up as you have highlighted. The budget was published as a 3 year budget do you think that this influenced people to respond? Do you think that the frightening and dramatic published figure of £90million of cuts (a figure that has since been shown to have been an overinflated estimation) might have had a significant effect on the increase in responses to the consultation?

**REPLY:**

**Any fair observer would agree that the scale of the promotion and communication was far larger than in previous years including my direct involvement in many public facing events & Q&A sessions. This clearly had the major influence on a much higher level of public response than previous years.**

**The scale of the proposed savings and the extent of the draft proposals are likely to have influenced public interest and increased response but we have no evidence that whether it had been nearer to £90m or to £80m the quantity of cuts is of a serious order that results in cuts to some services.**

3) What communication methods/tools were used by BCC to advertise or publicise the consultation to Bristol residents? Did you personally get involved in encouraging responses? What do you think has been the cause of the increase in engagement and responses this year over and above any other year?

**REPLY: There were many public events throughout the six week consultation period and I was personally involved in each of them, answered numerous questions, and encouraged people to respond. The public events included 5 general public meetings, a specific equalities event (co designed with Voscur), 4 targeted meetings to specific groups, a Young Opinion meeting, Mayor's Question Time, Ask George web chat and 3 radio phone-ins.**

**The Neighbourhood Partnership team assisted with the organisation and running of public meetings in 4 parts of the city and wider dissemination of the consultation through their NP meetings.**

**Promotion of the consultation was through several channels. All the information was on the web and available in paper format on request, in all libraries and Customer Service Points. There were newsletters, e-bulletins and emails to over 40,000 people. Emails were sent periodically throughout the consultation period. Social media was used and the council's twitter account to raise awareness of the consultation.**

4) Will you consult as extensively with the electorate on next year's budget?



**REPLY: Yes it is my intention that we shall consult as we have done this year although whether the extent of my personal involvement can be sustained at that level will be dependent on my other mayoral commitments at the time, and more may be shared with the Deputy and Assistant Mayors.**

**Questions from Cllr Anthony Negus**

**Under-Occupancy Charge**

- 1) The Guardian reported on Friday (January 10) that, as the headline put it: "Bedroom tax loophole could exempt 40,000 wrongly identified as liable". We should be quite clear that responsibility for the error and any losses resulting belongs to the government and no one else. What is Bristol City Council's interpretation of this blunder by the Department of Work and Pensions and its probable implications both for our tenants and for the council itself?

**REPLY:**

**We will be working to identify those tenants that are affected by this legislation and taking steps to correct their awards. In terms of resourcing, the limited number of likely cases and ease with which we can correct means that there should not be notable issues. The DWP intend to amend the regulations so this 'loophole' is likely to be for a short time term which means further rework at a future date.**

**In the case where there were no existing arrears, it is likely that recovery action will only just be starting for many tenants and we already work closely with Housing Associations in sharing information and we have already had a few queries regarding this matter.**

- 2) According to the report, "The error affects working age tenants in social housing who have occupied the same home continuously since 1996". Does the council have records showing which tenants have occupied the same home continuously since 1996?

**REPLY:**

**The oversight in the drafting of the under-occupation charge regulations affects tenants 'who have been continuously in receipt of Housing Benefit prior to 2<sup>nd</sup> January 1996' rather than as stated in point 2. This would limit the numbers exempted considerably. Those of pensionable age would not be affected by under-occupation so only working age tenants would be affected.**

**The council is able to identify those that have been in receipt of Housing Benefit continuously from 1996 in the case of Housing Association tenants and December 1999 for council tenants. Other indicators, such as Council Tax Benefit awards, would go some way to corroborating awards and we will also be asking tenants to declare for anything prior to December 1999.**

- 3) Again, according to the report, there are serious possible implications for the Emergency Fund, which it is our duty to protect for the benefit of vulnerable people. The report says:

“It is believed that some tenants who may now be deemed exempt will have received hundreds of pounds in emergency discretionary housing payments (DHPs) since April to help them cope with the shortfall in their income caused by the bedroom tax. They will have their housing benefit refunded, but will not be obliged to repay the DHP cash, which may result in some actually gaining hundreds of pounds in cash.”

What will you do to try to ensure that the limited resources of the Emergency Fund are protected?

**REPLY:**

**It is anticipated that those affected and who have been made an award for Discretionary Housing Payment (DHP) will be low in number. We will monitor the size of the ‘overpayments’ as cases come through and we understand the scale of the issue.**

**Many of those helped with DHP will have been made one off payments from last year’s budget (2012/13) through a proactive exercise. If these payments are recovered, they cannot be reused for this year.**

## QUESTION B.1

### Questions from Cllr Rob Telford

May I firstly apologise that these questions are not directly related to agenda items, although they ARE directly related to the wider implications of local government finance and our Mayor's/Council's current budget process.

#### Question 1

The Financial Transaction Tax – or Robin Hood Tax (RHT) – would roll out the current tax on the purchase of shares to other financial assets, such as bonds and derivatives. This could raise as much as £20 billion of additional revenue a year potentially providing a new source of funding for local councils. The FTT would also help encourage traditional longer term approaches to investment as opposed to extremely short-term, speculative behaviour that characterised the conditions that led to the financial crisis. Changing such behaviour is necessary to create a more responsible and stable financial system going forward.

At least 11 European countries – including France, Germany, Italy and Spain – are moving ahead with a broad based FTT (incorporating shares, bonds and derivatives), and from next year will be raising an estimated EURO37bn (£30bn) per year between them.

At the time of writing, 37 UK councils had signed up to give our national government a push in the right direction. You can read which ones here: <http://robinhoodtax.org.uk/bringrobinhome>

Does the Mayor support a financial transaction tax in the UK and will he put Bristol City Council on the map as the 38<sup>th</sup> council?

#### **REPLY:**

**This is not something that I have given a huge amount of thought to being a matter of national policy and one over which as a city we have no control. However, I shall be willing to discuss the potential implication of such a tax although my main focus is to create more investment and jobs in the city by whatever legal and decent means are open to me.**

#### Question 2

Would the Mayor be able to write to the Prime Minister, Deputy Prime Minister, Leader of the Opposition, Chancellor and Shadow Chancellor of the Exchequer, and Secretary of State for Communities and Local Government stating this council's support for extending FTTs; and write to all local MPs outlining the Council's position?

#### **REPLY:**

I have many asks of the Prime Minister and others and do not want to divert attention from Bristol's immediate needs by what I fear would be perceived as being a political campaign.

Question 3

What more can be done (in a broad strategic sense) to bring more funding into local government?

**REPLY:**

**There is a growing lobby for core cities in the UK to be more like our continental and American cities with powers to raise taxes at a local level. Example might include a hotel room tax. I am giving greater priority to the consideration of alternative income streams for the city in 2014. At present the Council increasingly relies on the income raised by fees and charges, Council Tax and Business rates albeit the last two remain subject to central government policy changes. All feasible ideas coming from members of Council and the public will be given proper consideration.**

## QUESTION B.2

### Questions from Cllr Daniella Radice

Q1:

Given that there is a £35 billion tax gap in this country between tax that **should** be collected and tax that **is** collected and that we are suffering from a £90 million cut to our revenue budget. Could the Mayor commit to bringing this state of affairs to the attention of Coalition government ministers as a matter of urgency.

#### REPLY:

The Government does not need me to point this out to them, but the reality is, while every effort is being made to close this tax gap in practice, successive governments have failed to collect what will always remain a huge challenge in practice. I shall and do take any opportunities to press our case.

Q2:

The West of England LEP is currently consulting on its economic strategy, which includes its governance proposals. LEP decisions are taken by a board consisting of business leaders (unelected) and the four Leaders of the four Local Authorities. Given the relative populations of the local authorities (approximately 200,000 for each of N.Somerset, S.Glos and BANES and 400,000 for Bristol), the people of Bristol have half the level of representation in comparison to the other local authorities. Could the Mayor tell us what he is doing about the democratic deficit of the LEP?

#### REPLY:

**This is a point well made - proportional representation on the LEP Board... It is certainly something I have been very aware of, and is a well-timed point to raise, as governance is clearly a key issue as part of the Strategic Economic Plan's development. Clearly success will be built upon a strong a stable partnership between our four local authorities and clear democratic accountability. Recent experience is that the LEP is working cohesively and effectively which is important as we bid for the current competitive round of government support for the Strategic Economic Strategy.**

### QUESTION B.3

#### **Impact of development in South Gloucestershire – questions to the Mayor from Cllr David Willingham**

Q1 Could the Mayor please confirm what discussions are being had with the Local Planning Authority of South Gloucestershire Council to ensure that s106 and/or CIL payments are made to Bristol City Council by the developers of sites just across municipal boundary, but which will cause increased traffic congestion and air pollution along the A38 corridor?

**REPLY: Firstly I should make clear that discussions between neighbouring local planning authorities are a non-executive function rather than a function exercised by myself as Mayor or the Cabinet. However, I can confirm that discussions are being held with South Gloucestershire Council concerning the level of Section 106 contribution (SGC has not adopted CIL) that is required from the developments to mitigate the highway impacts that will arise from the development (known as the Cribbs Patchway New Neighbourhood or CPNN). These will include payments to encourage the choice of sustainable modes of transport: buses, cycling and walking.**

Q2 Could the Mayor please confirm what modelling of the potential impact of these “dormitory” developments will be done on the signalised junctions of the A38 from the Zetland Road junction to the municipal boundary?

**REPLY: Modelling work is being done to assess the impact of the CPNN on traffic flows along the major routes affected by this development, including the A38.**

Q3 Could the Mayor either provide figures, or confirm that an assessment will be done, of the traffic impact of the proposal major developments in SGC on the following junctions:

- 1) A38 Gloucester Road with Filton Avenue
- 2) A38 Gloucester Road with B4052 Ashley Down Road

**REPLY: I can confirm that an assessment will be done on the traffic impact on these two junctions.**

Q4 Could the Mayor please confirm whether Bristol City Council will be asking for s106 and/or CIL from the proposed major developments in SGC to improve any of the signalised junctions on the A38 in Bishopston ward, and if so how much?

**REPLY: Current discussions with SGC are focussed on the impact of a planning application that will comprise part of the overall CPNN. This application is being considered by the Development Control North Committee on Wednesday 15<sup>th</sup> January, in its role as local planning authority, and the S106 contributions being sought as part of the proposed comments on that application (SGC are the decision making authority in this case) focus on the A4018 corridor. That is the state of play at this stage, however I understand that further modelling work is being done that, as stated above, will consider**

**the impact of the whole CPNN on the Bristol highway network. If it is concluded from the modelling that improvements will be required to the signalised junctions on the A38 in Bishopston ward then this will be factored into future negotiations with SGC.**

Q5 Could the Mayor please confirm whether Bristol City Council has put any pressure on the Local Planning Authority of South Gloucestershire Council to seek s106 and/or CIL contributions towards improvements to the railway infrastructure on the Henbury Loop and Filton Bank in relation to developments in South Gloucestershire that will increase the strain on Bristol's transport infrastructure?

**REPLY: The response given to Question 4 sets the background to this response. The modelling results will inform the content of future discussions with SGC on Section S106 contributions.**

Q6 Could the Mayor please confirm whether Bristol City Council has put any pressure on the Local Planning Authority of South Gloucestershire Council to seek s106 and/or CIL contributions towards improvements in the provision of cross-boundary bus services in relation to developments in South Gloucestershire that will increase the strain on Bristol's transport infrastructure?

**REPLY: The response given to Question 4 sets the background to this response. The modelling results will inform the content of future discussions with SGC on Section S106 contributions.**

Q7 Could the Mayor please confirm whether Bristol City Council has put any pressure on the Local Planning Authority of South Gloucestershire Council to seek s106 and/or CIL contributions towards improvements in the provision of cross-boundary dedicated Cycling Infrastructure, such as Concorde Way, in relation to developments in South Gloucestershire that will increase the strain on Bristol's transport infrastructure?

**REPLY: The response given to Question 4 sets the background to this response. The modelling results will inform the content of future discussions with SGC on Section S106 contributions.**



## QUESTION B.4

Property Restructuring – Question from Cllr Anthony Negus

Q1. Will the mayor confirm that all of the re-organisation of the Property functions agreed at Cabinet in January 2012 has been carried out in accordance with the agreed programme?

**REPLY:**

**The re-organisation agreed has been carried out – the creation of our Strategic Property function with the transfer to that of the pre-existing Corporate Property, Building Practice and Facilities Management departments, now led by our Service Director - Strategic Property.**

Q2. Can he advise, in addition to the appointment in 2012 of the present Service Director for Strategic Property and the resignation of the Strategic Director, the extent of the re-structuring of this department foreseen as essential to securing a core skilled team to deliver the City Deal and the Bristol Public Property Board and maximise the benefits from the Workplace programme.

**REPLY:**

**In response to Q2, 3 and 4: Departmental organisation is a matter for the City Director, and I have forwarded your questions to the City Director.**

**The vision and principles in the Cabinet report from January 2012 were broad and general. Their scope reaches far beyond the role of Strategic Property. Our property management has proceeded in accordance with these. There are numerous decisions and objectives that are much more specific than these. We have subsequently worked to develop further the effectiveness of our property management. Continued development of that work is directly reflected in the current budget proposals for the next three years.**

Q3. Is he satisfied with the progress to date and the way in which this reorganised service is working?

**REPLY: see above**

Q4. If he is not, can he give the reasons for the delay in not fitting this City with a Property department that is fit for purpose, as agreed by this Council, to carry out the key roles associated with the high-profile Government and LEP initiatives that he has roundly supported.

**REPLY: see above**