

Cabinet

Supplementary Information



Date: Tuesday, 12 July 2022

Time: 4.00 pm

Venue: The Council Chamber - City Hall, College Green, Bristol, BS1 5TR

6. Reports from scrutiny commission

published as supplements in relation to:

(Pages 2 - 3)

- Item 17 – received from Overview & Scrutiny Management Board (OSMB)
- Item 20 – received from the Finance Task and Finish Group

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Overview & Scrutiny Management Board (OSMB) statement to Cabinet submitted on behalf of all OSMB members

Heat Networks and City Leap

(with reference to Cabinet agenda item 17 – Transfer of heat network assets from Bristol City Council to Bristol Heat Networks Limited)

OSMB held an online meeting on 4th July 2022 to consider the latest position about City Leap, particularly, the proposed transition of Bristol Heat Networks Ltd (BHNL) assets to become part of a new City Leap joint venture company part owned by Vattenfall.

We support Bristol's decarbonisation and work underway to achieve this.

We consider Bristol's heat network assets to be public investments (by national and local government) for which a proper and realistic value needs to be assessed and sought. Whether operational assets or those intended for future connections, they have value beyond solely the capital cost of installation, including the revenue generation potential from current and future connections.

We also considered the changing risk environment for heat networks, most notably, the incoming OFGEM regulation of the sector. We were pleased to hear that BHNL customer relationships and practice adheres to the Heat Trust standards and that compliance with any future regulatory measures is built into the agreement with Vattenfall.

However, the Cabinet report was not available in time for OSMB to consider, and we received a presentation consisting of a few slides, although we held a Q&A with officers. We had previously been told that the report would be available for our consideration, right up to the day of our meeting.

We consider overview and scrutiny to be part of the Council's assurance process and our inability to review and consider key documents means that we have been unable to properly fulfil this role.

Our assumption is that Cabinet will want to ensure scrutiny is provided with the documents and time to consider them that we require. The assurance we mention is not only for BCC internal consumption, but also for the wider city.

Cllr Tony Dyer

Chair of OSMB on behalf of all OSMB members

Scrutiny Finance Task & Finish Group statement to Cabinet

12 July 2022

Financial outlook

(with reference to Cabinet agenda item 20 – Financial outlook update report)

Task & Finish Group members thank officers for providing them with an early and informative update and briefing on the financial planning and budget process for the year ahead, including an update on in-year pressures and on funding, expenditure and financial planning assumptions.

This early work sets a helpful base for the further detailed analysis and financial planning work and discussions to come in the year ahead.

The seriousness of the challenge faced by the administration in addressing the scale of additional in-year and future budgetary pressures is recognised, noting that, on a national basis, councils are facing the very significant impacts caused by the current cost of living and economic crisis. This includes the particular impact of inflation in the key areas of transport, energy, temporary accommodation and the effect on existing contracts, and the impact of interest rate increases. Forecasting, assumptions and anticipated impacts will need to be kept under very close review as the budget planning process is taken forward.

Through the Finance task & finish group, scrutiny members will participate positively in the process and will be giving careful consideration to particular areas that may benefit from our scrutiny through 'deep dives'. There may, for example, be merit in reviewing whether a changed approach (taking into account data and evidence of approaches taken by other authorities) may be appropriate in future years in relation to the Council Tax Reduction Scheme (given the assumptions around CTRS working age caseload). It will also be prudent to investigate and look to maximise 'invest to save' opportunities moving forwards, for example in relation to temporary accommodation - different approaches in key areas could reduce financial pressure on the authority in the longer term. It is recognised that 'invest to save' options/proposals will require careful and detailed assessment and will inevitably require potentially difficult decisions to be made about re-allocating resources and re-prioritising expenditure plans.

It is already clear that, with restricted options available to the council to raise additional revenue, it will be imperative that government gives additional help to enable the council to continue to operate without cutting vital services.

Cllr Geoff Gollop

Chair of Finance Task & Finish Group on behalf of the T&F Group members