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Cabinet

Supplementary Information

Date: Tuesday, 3 October 2023

Time: 4.00 pm

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

Issued by: Amy Rodwell, Democratic Services
City Hall, Bristol, BS1 9NE
E-mail: democratic.services@bristol.gov.uk

Date: Wednesday, 27 September 2023

Decision Pathway – Report

PURPOSE: Key decision

MEETING: Cabinet

DATE: 03 October 2023

TITLE	**Medium Term Financial Plan and Capital Strategy**
Ward(s)	N/A
Author: Denise Murray	**Job title: Director of Finance**
Cabinet lead: Councillor Craig Cheney	**Executive Director lead: Stephen Peacock**
Proposal origin: Other	
Decision maker: Cabinet Member Decision forum: Cabinet	

Purpose of Report:

This report relates to the Medium Term Financial Plan and Capital Strategy. These are fundamental parts of the Council's financial planning process and together they set out the Council's strategic approach to the management of its finances and provide a framework for delivery of the Council's priorities.

The Medium Term Financial Plan and Capital Strategy are 'rolling' plans and this report covers the period 2024/25 to 2028/29 and 2024/25 to 2033/34 respectively.

In addition, this report also includes a supplementary estimate for the Children and Education Directorate for the current year 2023/24.

The recommendations within this report are proposed for consideration by Cabinet and, if endorsed, will then follow the decision pathway to Full Council for approval.

Evidence Base:

The rolling Medium Term Financial Plan (MTFP) and Capital Strategy are key parts of the Council's Policy and Budget Framework and financial planning process. They are both regularly refreshed to ensure they remain relevant and accurate. An updated outlook was presented to Cabinet in July 2023 regarding the current year 2023/24 and this report will be presented to Council in the Autumn for approval. The MTFP and Capital Strategy provide the financial and strategic context against which the Revenue budgets and Capital programme for the Council will be developed and then put forward to Full Council for approval as part of the annual budget setting process.

The Medium Term Financial Plan and Capital Strategy have been prepared in compliance with the relevant codes and, as good practice recommends, the financial planning assumptions are kept under constant review.

The refresh of the **Medium Term Financial Plan** considers the financial outlook for the Council over the next five years. It reflects the forthcoming legislative changes, the ongoing financial uncertainty due to continuing cost of living pressures and local government funding, delays to funding reforms, the financial impact of previous savings measures agreed and not delivered, emerging demands, pressures and opportunities.

This Medium Term Financial Plan identifies a cumulative peak funding gap of **£32.1 million** during the 2024/25 – 2028/29 period. This gap will need to be closed via a range of short and medium term interventions and will require budget reductions, income maximisation, transformation and savings to be delivered to ensure a medium term financially balanced position, including a balanced budget for the coming financial year 2024/25. The report also sets out principles for a robust reserves policy to ensure resilience over this period.

The Capital Strategy is an overarching document which sets the policy framework for the development, management and monitoring of the Council's capital investment. It is mandated by the Prudential Code.

The main purpose of the Capital Strategy is to ensure the Council's decision to invest in capital projects has undergone rigorous assessment, that it supports the delivery of our corporate objectives and focuses on the core principles that underpin the Council's capital programme. It details the high level approach and framework that will underpin the development of the 2024/25 to 2033/34 Capital Programme and sets out the framework for the development of the detailed programme. It outlines the key issues and risks that will impact on the delivery of the programme and the governance framework required to ensure the capital programme can be delivered and in a balanced way will support the delivery of the Council's objectives.

The Capital Strategy is integrated with the Medium Term Financial Plan and Treasury Management Strategy to ensure full account is taken of revenue implications and restrictions on capital resources i.e. the Minimum Revenue Provision (the notional repayment of principal) and debt financing costs incorporated into the Medium Term Financial Plan and the Treasury Management Strategy. The proposed changes to the strategy are predominantly to ensure Local Authorities' capital investment remains sustainable, affordable or minimises exposure to risks as appropriate when developing future capital programmes and provides greater clarity in relation to capital governance.

The Chartered Institute of Public Finance & Accountancy (CIPFA) Financial Management (FM) Code sets out the standards of financial management and governance for Local Authorities. The Medium Term Financial Plan and Capital Strategy are produced in compliance with the code. The strategies have been developed through analysis of relevant data sets and engagement with officers and members including a scrutiny task and finish group endorsed by the Council's Overview and Scrutiny Management Board.

A **Supplementary Estimate** for the Children and Education Directorate is also included within this report.

Cabinet Member

1. Notes the outlook and projections within the 5-year Medium Term Financial Plan and Capital Strategy
2. Recommends the Medium -Term Financial Plan for the period 2023/24 to 2028/29 to Full Council for approval.
3. Recommends the Capital Strategy for the period 2024/25 to 2033/34 to Full Council for approval.
4. Recommends the updated Reserve Policy (Annex 2) to Full Council for approval.
5. Recommends the Children and Education Supplementary Estimate to Full Council for approval.

Corporate Strategy alignment:
The Medium Term Financial Plan and Capital Strategy aim to ensure available funding and budgetary processes are aligned with corporate priorities.

City Benefits:
The Corporate Strategy is the Council's main strategic document and sets out the Council's contribution to the city as part of the One City Plan. The development of the financial framework represents the next stage

in the process of the Council's strategic financial planning process and enables the resource to be aligned in achieving the priorities within the strategy.
Consultation Details: The Medium Term Financial Plan and Capital Strategy have been subject to a range of internal consultation and engagement. This has included a Scrutiny Task and Finish Group endorsed by the Council's Overview and Scrutiny Management Board, Deputy Mayor and cabinet member with responsibility for City Economy, Finance & Performance and the Corporate Leadership Board. The external consultation method for obtaining stakeholders and the publics views of spending priorities, individual proposals to meet savings requirement and acceptable levels of Council Tax, will be considered as part of the preparation of the Council's budget for 2023/24. The Schools Forum is also to be consulted on any factors impacting on the Dedicated Schools Grant with a consultation due to commence in early October with all schools and wider stakeholders in relation to Schools Funding and indicative DSG Mitigations, respectively.
Background Documents: Financial Outlook Update Cyclical reports

Revenue Cost	**£ N/A**	**Source of Revenue Funding**	**N/A**
Capital Cost	**£ N/A**	**Source of Capital Funding**	**N/A**
One off cost ☐ Ongoing cost ☐		**Saving Proposal ☐ Income generation proposal ☐**	

Required information to be completed by Financial/Legal/ICT/ HR partners:
1. Finance Advice: The financial implications are set out in the Medium Term Financial Plan and Capital Strategy for the period 2024/25 to 2028/29 and 2024/25 to 2033/34 respectively.
Finance Business Partner: Jemma Prince, FBP - Planning and Reporting, 26 September 2023
2. Legal Advice: The Medium Term Financial Plan complies with the CIPFA Financial management code, and associated legislation and guidance. The code requires authorities to have a rolling multi-year medium-term financial plan consistent with sustainable service plans. The Code is evidence of compliance with statutory and professional frameworks. The aim of the plan is to give clear and understandable information to decision makers in a public context on the actions that are needed to ensure long-term financial sustainability and provides the framework against which the Council's annual budget should be formulated and set. The Capital strategy complies with the CIPFA Prudential code. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties. The code requires Authorities to produce a Capital Strategy. The strategy should cover capital expenditure, investments and liabilities and treasury management. The objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. It should enable procedures and risk appetite to be fully understood by all elected Members and allow Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.
Legal Team Leader: Nancy Rollason, 22 September 2023
3. Implications on IT: IT/Digital Services are supportive of the MTFP and Capital Strategy and are actively

working to support the Efficiency Principles through planned programme activity, with support/oversight from Finance colleagues.
IT Team Leader: Paul Day, Interim Head of IT Operations, 26 September 2023
4. HR Advice: The potential budget gap is significant so careful workforce planning will be needed because we wish to continue to avoid the need for compulsory redundancies. This may be aided by the rate of staff turnover, which has been higher in the past year than in previous years. Recruitment controls remain in place, and within the gift of Directors/Executive Directors. There are no plans to further tighten these at this stage, but this will be kept under on-going review. All staffing changes will continue to be undertaken in accordance with the Council's Managing Change Policy.
HR Partner: James Brereton, Head of Human Resources, 25 September 2023

EDM Sign-off	Denise Murray	26 September 2023
Cabinet Member sign-off	Councillor Craig Cheney	27 September 2023
For Key Decisions - Mayor's Office sign-off	Mayor's Office	27 September 2023

Appendix A – Further essential background / detail on the proposal A.1. Medium Term Financial Plan 2024/25 to 2028/29 A.2. Capital Strategy 2024/25 to 2033/34 A.3. Children and Education Supplementary Estimate	**YES**
Appendix B – Details of consultation carried out - internal and external	**NO**
Appendix C – Summary of any engagement with scrutiny	**NO**
Appendix D – Risk assessment	**NO**
Appendix E – Equalities screening / impact assessment of proposal Summary assessment – No Impact	**YES**
Appendix F – Eco-impact screening/ impact assessment of proposal Summary assessment – BCC's Environmental Impact Assessment has determined significant beneficial impacts from the proposal: Ongoing maintenance and delivery of the Zero Carbon Initiatives and Decarbonisation Fund outlined in the capital strategy are essential components of delivering the city's 2030 net-zero targets (ENV1).	**YES**
Appendix G – Financial Advice	**NO**
Appendix H – Legal Advice	**NO**
Appendix I – Exempt Information	**NO**
Appendix J – HR advice	**NO**
Appendix K – ICT	**NO**
Appendix L – Procurement	**NO**

Bristol City Council

Medium Term Financial Plan

2024/25 – 2028/29

Contents

1. Introduction

1.1. The Medium Term Financial Plan (MTFP) is a key part of Bristol City Council's (the council) policy and budget framework and financial planning process. It is an iterative and rolling 5-year plan which is currently covering the period 2024/25 to 2028/29. The purpose of the MTFP is to provide both a strategic framework to meet corporate priorities, taking a forward-looking approach to the management of the council's financial resources and to support the achievement of a sustainable budget over the medium term. It closely aligns with other key aspects of the financial planning process, including the council's Capital Strategy.

1.2. As a living document it is subject to frequent review and revision and builds on the mid-year financial outlook approved by Cabinet in July. It needs to be responsive to changing national factors, local priorities and conditions, and take account of emerging pressures, risks and opportunities to the council's financial position. It provides a forecast outlook and identifies any potential gap in the budget requirement, aids robust and methodical planning, seeks to protect the financial health of the council, considers the appropriate level of reserves that the council holds to mitigate current and longer-term risks and ensures sustainable services, so that financial resilience can be achieved.

1.3. It is important to understand that the MTFP does not constitute a formal budget. It provides the financial parameters within which budget and service planning should take place, to ensure the council sets a balanced budget. In accordance with Section 31A(11) of the Local Government Finance Act 1992, the final decisions on the overall Budget and Council Tax level are for Full Council and following the appropriate consultation and considerations, must be made by Council before 11 March 2024.

2. Executive Summary

2.1. The MTFP underpins the council's financial planning process and outlines the potential 'funding gap' which is the difference between the changes in the core funding the council expects to receive, and the estimated cost of delivering agreed services over the same period, 2024/25 to 2028/29. The funding gap is generally as a result of funding failing to keep pace with local need, service demand, inflation and other financial pressures. One of the main objectives of the MTFP is to plan for the delivery of services within an uncertain external environment and to ensure the achievement of value for money.

2.2. Local government continues to operate in a challenging economic climate with global uncertainty, high levels of inflation combined with an increased demand for council services, against the context of constrained core funding. The local picture in Bristol reflects the national one. Our population is growing, people are generally living longer and the type of services that people need is changing. There are significant challenges facing the council, in particular inflationary pressures, care provider services for Adult and Children's social care, market stability and pricing issues in the independent sector, the increasing number and complexity of need of children with Special Educational Needs and Disabilities (SEND) and the challenges faced for some groups and communities which is resulting in an increase in temporary accommodation placements. These challenges are not new however, continue to be amplified without any real sign of abatement.

2.3. Nationally, council finances are in a critical state and there is growing concern with regard to the increasing number of councils reporting both overspends in the current financial year 2023/24 and significant estimated budget gaps in future financial years which provide a challenge to their financial sustainability. The Local Government Association has identified a funding gap of £5 billion for local authorities to keep services at their present level until 2026.

2.4. A Local Government Finance Policy Statement 2023/24 to 2024/25 was published by the government in December 2022, setting out their intentions for local government funding in 2023/24 and 2024/25. This statement coupled with local knowledge is the context underpinning many of the core funding assumptions in this annual refresh of the MTFP.

2.5. Based upon the available information and assuming no additional government support is forthcoming, the council's budget gap is set to continue to grow. **The General Fund** base case (most likely) forecast including known financial pressures and indicative funding, results in a **peak funding gap of £32.1** million over the period of the MTFP with £17.8 million attributed to 2024/25 as summarised in the table below.

Table 1: Summary Financial Outlook

General Fund Overview	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
Original Budget (Approved by Council)	501.934	511.288	523.045	536.786	536.786
Total Emerging Pressures	29.003	41.912	48.021	49.748	64.975
Council Budget Requirement	530.937	553.200	571.066	586.534	601.761
Total Funding	(513.174)	(544.651)	(538.917)	(554.414)	(570.100)
Budget (Surplus)/Deficit	17.762	8.549	32.149	32.119	31.660

2.6. During the planning process for the 2024/25 financial refresh of the MTFP, directorates have identified further emerging risk and opportunities for mitigation and/or maintaining within "Business as Usual". As such these are not assumed in the forecast gap above and will continue to be reviewed and validated as the annual budget is developed. When considering the sensitivity of the service risks and core funding changes, by revising the forecast to best and worst case of these factors, the position could vary **between £4.7 million and £81.2 million by 2028/29**.

2.7. Recognising the challenge of bridging the estimated budget gaps for the period 2024/25 to 2028/29, whilst at the same time seeking to ensure that the council's revenue budget is robust, resilient and sustainable, the budget strategy will need to build on the savings programmes approved in the prior year and develop a protective budget resilience strategy closely aligned to a sufficient and flexible level of reserves which combined should improve financial resilience and help mitigate risks highlighted within this report.

2.8. There is already a total of £17.7 million of savings planned over the medium term through the 2023/24 budget and the delivery of the identified savings on a recurrent and sustainable basis will be critical. Transformation will remain a key pivot for the council to use to enable this, with the top-4 priority programmes being further developed to address both improvement of outcomes and value for money. However, even with service transformation it is clear that in the absence of additional government funding the council will need to explore further areas, challenging high cost service expenditures and maximisation of external incomes, or expectations of what can be delivered will have to reduce.

2.9. The **Housing Revenue Account (HRA)** includes all expenditure and income incurred in managing the council's housing stock and, in accordance with government legislation, operates as a ringfenced account. The total resources available to the HRA is forecast at around £851 million over the period 2024/25 to 2028/29, with 99.3% of this being derived from rent and service charges to tenants.

2.10. Since all housing priorities are funded through the HRA, any variations in the rental income stream will directly impact upon the level of resources that are available for the mitigation of cost pressures and delivery of housing priorities. Throughout the life of this plan, resources will be directed towards key priority areas which include requirements around fire and electrical safety; damp and mould; and the provision of additional and replacement housing stock.

2.11. The planning assumption is that **Public Health,** as a ringfenced account will operate on a principal of self-funding, as such it will seek to contain the additional costs and any new burden. Risk remains in that should additional Public Health funding not be forthcoming, the service may be unable to absorb the full impact of the pay offer and inflation. This could lead to a depletion of ringfenced reserves over the medium term and a need to re-consider the service offer.

2.12. The **Dedicated Schools Grant** (DSG). On 20 July 2023, the Minister of State for School Standards made a written statement setting out information on the schools, high needs and central school services national funding formulae (NFF) for 2023 to 2024. Final allocations and high needs block allocations will be published in December and we estimate that the likely level of funding for Bristol in 2024/25 **will be £435.89 million** (excluding early years block).

2.13. In line with national trends, the key pressure anticipated in the MTFP for **Dedicated Schools Grant** (DSG) relates to the high needs block, which provides funding in relation to pupils with additional and special educational needs and disabilities. The assumptions and risks associated with the projections for this funding block and plans to address the overspend are set out in further detail in the main body of the report.

2.14. The DSG ended the financial year 2022/23 with a cumulative deficit of £39.7 million and is forecasting an unmitigated deficit of £136.7 million by 2028/29. The council in conjunction with partners is progressing into the first delivery phase of the long-term mitigation plan, developed with the support of the Department for Education, Delivering Better Value (DBV) SEND. Mitigation projections from these workstreams and other funding contributions being explored indicate that the DSG could achieve annual sustainability by 2026/27 and make good progress in contributing to a mitigated deficit at a value of circa £30.0 million at the end of this MTFP period.

2.15. A Statutory Instrument (SI) is in place that allows all DSG deficits to be carried over in a separate dedicated account, to allow councils with the short-term flexibility needed to implement changes to move High Needs to a sustainable position. The SI is time-limited and is due to end in March 2026. It should however be noted that there is no statutory undertaking to underwrite this deficit and no clarity has been provided by the DfE about how, when and if this will be funded in the longer term. The council therefore would have to ensure there are adequate usable reserves to cover any DSG deficit and a clear plan for sustainability when preparing the council's accounts if the period of the SI is not extended by government beyond 2026.

2.16. While revenue budget expenditure is concerned with the day-to-day running of services our **Capital Programme** is concerned with investment in the physical assets required in Bristol as a place; to maintain the essential infrastructure and attractive environment that we know is important to the people who live, work and visit the city.

2.17. The Capital Strategy 2024/25 to 2033/34 sets out a framework for funding and investment decisions in respect of capital assets, in the context of our vision and priorities and available financial resources. As a rolling strategy with an annual refresh, it sets out the long-term context in which capital expenditure and investment decisions are made. In addition to the budgetary impact, it considers both risk and reward and impact on the achievement of priority outcomes.

2.18. Capital investment decisions have implications for the Revenue budget, in relation to:

- The revenue costs of financing capital, including prudential borrowing
- The ongoing running costs and/or income generated by new capital assets such as buildings

2.19. The adequacy of **Reserves** is a key consideration in assessing the council's resilience, coupled with the need to be continually alert to the risks and uncertainty to which the council could be exposed. This is a crucial factor in ensuring the financial sustainability of the council over the medium term. The current council policy aims to retain general reserves of at least 5% - 6% of the net revenue budget requirement (subject to the assessment of risks), in order to cover any major unforeseen expenditure. Based on the forecasted level of reserves of £28.5 million (5.37% and representing 20 days of turnover) for 2024/25, the indication is that to remain at this minimum level with the increasing net budget requirement over the medium term diluting the reserve percentage and turnover ratio, the council will need to uplift the reserve by at least £1.0 million for each year of the MTFP.

2.20. The updated reserve policy setting out the current level of general and earmarked reserves and the management and governance of the funds to increase stewardship, transparency and reporting is attached at Annex 2.

2.21. The council continues to drive for delivery focused on the key areas of tackling poverty and inequality, addressing climate change and ensuring value for money, in partnership with residents and other organisations. The council will need to ensure investment and disinvestment decisions are driven by our strategic priorities and do not undermine the council's financial resilience and sustainability.

2.22. The council will need a budget funding strategy that meets service demand in a sustainable manner; leveraging external income, maximising locally generated income, applying capital intelligently to both improve and reduce revenue costs, and leaning into opportunities around transformation and innovation, to provide ongoing resilience against a backdrop of continuing economic uncertainty.

2.23. In recent years, the council has demonstrated its ability to rise to such challenges and this MTFP sets out our approach to meeting the funding gap in a sustainable manner and providing resilience to manage uncertainties brought about by sustained adverse economic and financial factors.

3. Governance

3.1. Local government finance in the UK is governed by primary legislation, regulation and professional standards as supported by statutory provision and the Chartered Institute of Public Finance & Accountancy (CIPFA) Professional Financial Management Code. The purpose of the Code is to provide a solid foundation to manage the short, medium and long term finances of the organisation; to manage financial resilience, to meet unforeseen demands on services and to manage unexpected shocks in financial circumstances and to place long term sustainability of local services at its heart.

3.2. The council is compliant with the standards outlined in the code (the supporting Financial Management Standards are summarised in Annex 1), which provides assurance of the council's effectiveness in its prudent use of public resources, financial management, adherence to legislative requirements in our jurisdictions and evidence of good governance. Development of the MTFP is an iterative process. Regular review is required to ensure it reflects most recent information and captures emerging issues. elected members, scrutiny and senior management are engaged in the process through a series of regular briefings, to scope, inform and review the plan.

3.3. The transition from high-level planning principles, to detailed budgets that align with the council's priorities, is shaped by elected members with support and advice from senior management. As proposals develop, engagement is extended to a wider range of partners including citizens, staff, Schools Forum and trade unions. Consultation feedback is considered as part of the finalisation of the annual budget proposals.

4. Council Priorities

4.1. The council's Corporate Strategy 2022 - 2027 lays the foundation for delivery of the vision for Bristol including the key priorities to be delivered over the medium term. It consists of **7 high level strategic themes** and 32 priorities that are the most important in achieving the council's vision. As seen in the figure below they are all underpinned by **5 building blocks** and the values and behaviours that guide how the council will work.

Figure 1: Corporate Strategy at a Glance

4.2. The Corporate Strategy links with other key strategies and contributes to the delivery of the long-term One City Plan and shared vision for the city. The MTFP and Capital Strategy sit alongside and seek to complement the Corporate Strategy (medium term) and the council's contribution to the One City Plan (long term), setting out a framework to ensure the council lives within its means and targets available resources to the priority areas and regulatory obligations that may arise over the medium term.

4.3. A robust MTFP will seek to ensure:

- Sufficient provision is available for a balanced budget to be achieved in all five years of the MTFP

- An alignment of expenditure to the strategic priorities contained in the Corporate Strategy

  i. **Children and Young People -** City where every child belongs and every child gets the best start in life, whatever circumstances they were born in to.
  ii. **Economy and Skills** - Economic growth that builds inclusive and resilient communities, decarbonises the city and offers equity of opportunity.
  iii. **Environment and Sustainability-** Decarbonise the city, support the recovery of nature and lead a just transition to a low carbon future.
  iv. **Health, Care and Wellbeing** - Tackling health inequalities to help people stay healthier and happier throughout their lives.
  v. **Homes and Communities** - Healthy, resilient and inclusive neighbourhoods with fair access to decent, affordable homes.
  vi. **Transport and Connectivity -** A more efficient, sustainable and inclusive connection of people to people, people to jobs and people to opportunity.
  vii. **A Development Organisation** - From city government to city governance: creating a focussed council that empowers individuals, communities and partners to flourish and lead.

- The making of suitable provisions for general reserves and known liabilities
- Building sufficient risk / contingency allocations into budget plans.
- Making plans for capital financing that are appropriate, timely, cost effective and affordable across the life of the asset.
- Principles are adopted for how we spend, save and invest that drive value for money and safeguard public money.

Implications for Financial Planning

The MTFP needs to reflect the revenue funding requirements of the Corporate Strategy. This will include, where applicable, the financing requirements of capital investment needed to deliver the priorities. Funding solutions will not always mean a revenue budget allocation or the inclusion of a sum in the capital programme. In developing a financial strategy to support policy delivery there will be a need to draw on support from external partners and look at innovative ways in which the council can deliver solutions, this may include the use of earmarked reserves set aside to support change and to proactively seek external funding.

4.4. The themes, priorities and principles above are also used to set the framework for performance monitoring and guide the alignment and development of affordable and sustainable annual service and business planning across the council.

5. Financial Outlook

The financial outlook considers the implications of the following on both the demand for services and likely resourcing levels over the next 5 years:

1. National Economic Context
2. New Legislative and Policy Change
3. Local Government Funding
4. Service Benchmarking

National Economic Context

5.1. There are a number of international, national and regional factors that influence the MTFP, and the decisions and forecasts that form it. As well as the local socio-economic context (including Bristol's' current and projected population, economy and labour market, and levels of deprivation), the economy is a key driver.

Economy

5.2. Cost of Living – the council's and city's economic and fiscal position is clearly impacted by the wider national and international economic context. The United Kingdom's (UK) cost of living crisis started in 2021, when prices for many essential goods increased faster than household incomes, resulting in a fall in real income. Global and local factors have contributed to this. Global factors include (but are not limited to): cost of living crisis, the energy crisis and rising energy prices, a supply chain crisis and Russia's invasion of Ukraine in 2022. Local factors, some unique to the UK, include high inflation, labour shortages (in part caused by the UK's exit from the EU), and energy, food and fuel. Household incomes have not kept pace with rising prices.

5.3. Office for Budget Responsibility forecasts. Previous analysis of data provided by the Office for Budget Responsibility (OBR) showed that the economy was being adversely affected by the cost-of-living crisis and the impacts of the war in the Ukraine. This was further confirmed in the March 2023 Economic and Fiscal Outlook, when the OBR forecasted UK real GDP to grow by only 0.2% in 2023/24, before returning to more normal growth of 2.1% in 2024/25, 2.4% in 2025/26, 2.1% in 2026/27 and 1.8% in 2027/28.

5.4. Also at this time, the OBR forecast that Consumer Price Index (CPI) inflation would average 4.1% in 2023/24 falling from an average of 9.9% in 2022/23 and then continue to fall to 0.6% in 2024/25 and 0.0% in 2025/26, before beginning to climb to 0.8% in 2026/27 and 1.7% in 2027/28.

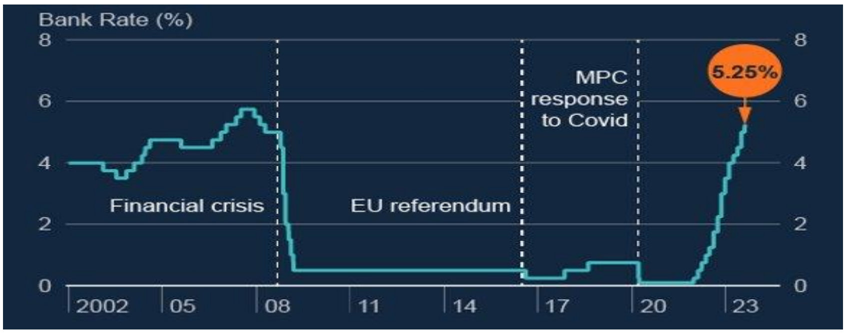
5.5. The Bank of England has responsibility for controlling the annual inflation rate and thereby ensuring price stability. Last year inflation was recorded as having reached a 30 year high at 11.1%. Actual CPI in 2023 stood at 6.7% in the 12 months to August 2023. This level of inflation remains above the Bank of England's target of 2.0%.

Figure 2: 12 Month Inflation [Bank of England Monetary Policy]

5.6. To reduce inflation and bring stability to the rate, the Bank of England increased the bank interest base rate over a series of steps from 2.25% this time last year to 5.25%. The market is predicting that this base rate might be close to a peak, with indications of a 0.25% or 0.5% further rise by the end of 2023, before starting to reduce.

5.7. The outlook has changed, with inflation rates having risen steeply and then having not fallen at the pace previously anticipated, which impacts not only on the council's own expected future costs of supplies, but also on local business finances, meaning there has been little economic growth seen (as evidenced by employment rates) and viability and the cost of living for our residents continues to be a clear challenge. This ultimately leads to potential increased fuel and food poverty being seen and greater demand still on council services such as Temporary Accommodation.

Figure 3: Interest Rates [Bank of England Monetary Policy]



5.8. Since the council approved the current budget and five-year outlook in February 2023 the background context has continued to evolve. The world economy continues to change, inflation and interest rates while appearing to be dropping from historic highs cannot as yet be viewed as stable and are not yet in line with government target levels.

5.9. Interest rate increases have repercussions for public finances. Future government debt becomes more expensive, which could put a further squeeze on public spending and future restrictions on local government borrowing.

5.10. The council currently makes use of internal borrowing from reserves and balances to fund new capital expenditure although the requirement to borrow (known as the Capital Financing Requirement) is set to increase by around £91 million and £375 million for the General Fund and HRA respectively over the next 5 years, putting pressure on the council to take on Public Works Loans Board (PWLB) external debt. The increases in borrowing rates illustrated above are around 1.5% higher than those used in the MTFP in the earlier period moving to 2% higher in the later years. As reserves are utilised, reducing the availability for internal borrowing, this could have a material impact on capital financing.

5.11. The internal borrowing referenced above relates to the council's Treasury Strategy to defer borrowing while it has significant levels of liquid treasury investments, £116 million at March 2023 arising from cash backed reserves, balances and working capital. Deferring borrowing reduces the "net" revenue interest cost of the authority as well as reducing the council's exposure to counter party risk for its investments.

5.12. Over the life of the MTFP the council's subsidiary companies will equally be affected by interest rate rises over the life of the MTFP, possibly by as much as £2.9 million for loans from the council which have not yet been drawn down, though this is set to increase as further loans are approved when housing developments are progressed by Goram Homes. This may impact on project viability and profit / returns to the council. These changes have yet to be factored into the MTFP assumptions below.

New Legislative and Policy Change

5.13. The government's current legislative programme of legislation includes a wide range of proposals. These relate to devolution, planning, council tax, education, energy, housing, and health. It also includes measures on business rates, public procurement, and local audit.

- Levelling Up & Regeneration Bill
- Renters Reform Bill
- Social Housing Regulation Bill
- Schools Bill
- Energy Security Bill
- Transport Bill
- Draft Mental Health Act Reform Bill
- Non-Domestic Rating Bill
- Procurement Bill
- Draft Audit Reform Bill
- UK Infrastructure Bank Bill
- Strikes Bill

5.14. These pieces of legislation were covered in the financial outlook (July 2023) and as such have not been covered in this refresh.

5.15. This programme of legislation is progressing through the final stages in parliament. Proposals include risk-mitigation measures potentially giving the Secretary of State powers to intervene in a local authority, and a breadth of measures around reforms of the planning system as well as new powers for local authorities around commercial and residential empty premises.

Early Years Funding Consultation

5.16. Following consultation in July 2022 there have been updates to the early years funding formulae and maintained nursery school supplementary funding during 2023/24. The funding alignments averaged at between 3.4%-4% increases, significantly below inflation and demand pressures being seen. Further changes and funding updates to early years provisions coming in for 2024/25 around 2 year old funding are anticipated in the autumn of 2023.

Local Enterprise Partnerships (LEP's) back into local authorities

5.17. Following the initial announcement in the Spring Budget government undertook an information gathering exercise and as a result has confirmed its decision to withdraw central government core funding from LEPs from April 2024 and to transfer LEP functions to Local Authorities (LA's) where appropriate and where they are not already delivered by Combined Authorities (CA's). The March 2022 LEP Integration Guidance sets out the process. Government will provide some revenue funding (details to be confirmed) to LA's and CA's in 2024/25 to support them to deliver functions currently delivered by LEP's. Future year's funding will be subject to future Spending Review decisions.

5.18. The government intends to pursue an ongoing legislative programme. The legislative agenda is to run to autumn 2023, with the government setting out its fresh agenda in the first King's Speech on 7 November 2023.

Local Government Funding

5.19. The government's spending plans for the years 2022/23 to 2024/25 were set out in the Comprehensive Spending Review 2021. However, as outlined in the MTFP 2023/24 refresh and annual budget, the government has modified its plans for adult social care, further clarified its plans for local government expenditure and funding revisions and announced a new policy on childcare with significant funding changes for the early years sector.

5.20. A Local Government Finance Policy Statement 2023/24 to 2024/25 was published by the government on 12 December 2022 setting out the government's intentions for local government funding in 2023/24 and 2024/25. The outline of the government's intentions for 2024/25 included:

- The local government finance reforms such as the Fair Funding Review and the business rates reset, will not be implemented in this Spending Review period
- Core council tax will be allowed to increase by up to 3% and the adult social care precept by up to 2% in 2024/25 before being subject to a local referendum
- The major grants included in the 2023/24 Core Spending Power will continue as in 2023/24, including the social care grants
- Revenue Support Grant will be uplifted in line with the Baseline Funding Level, which normally increases in line with the increase in the Small Business rates multiplier
- Business Rates Pooling will continue into 2024/25
- Adult Social Care funding was confirmed as set out in the Autumn Statement 2022 for both 2023/24 and 2024/25
- Council Tax second home premium - delayed (see section 6.12 and 6.13)

5.21. In the Spring Budget (March 2023), the Chancellor outlined the measures in the budget intended to further the achievement of three of the five priorities set out by the Prime Minister in late 2022:

- Halving inflation by the end of 2023
- Growing the economy
- Getting debt to fall as a share of GDP

5.22. The Key local government announcements in the 2023 Spring Budget included:

- Providing over £4.1 billion by 2027/28 to fund 30 hours per week of childcare free for working parents with children over 9 months of age
- From April 2024 working parents of 2 year olds will be able to access 15 hours extending to all those children over 9 months by September 2024
- From September 2025 all parents will be able to access 30 hours of free childcare for children over 9 months of age
- Childcare regulations will increase the staff to child ratio from 1:4 to 1:5 from September 2023 on a voluntary basis
- Providing an additional £204 million in 2023/24 to pay an increased hourly rate for childcare from September 2023 rising to £288 million in 2024/25
- Providing an additional £289 million to increase 'wrap-around' care at schools beyond school hours and rolled out nationally in 2024/25 and 2025/26
- Paying the childcare costs element of Universal Credit in advance rather than in arrears and increasing the maximum amount to £951 for one child and £1,630 for 2 children
- Providing an additional £8.1 million for the next two years to about half of local authorities for young people leaving residential care, giving them accommodation and practical and emotional support
- Providing £63 million of funding for public swimming pool providers to help with immediate cost pressures and make facilities more energy efficient
- Providing £100 million of support to local charities for on-the-ground assistance to those falling outside of official support networks
- Creating 12 new Investment Zones across the country with £80 million in support
- A third round of the Levelling Up Fund will proceed later 2023 with a further £1 billion committed to the fund
- A consultation was announced on bringing the activities of Local Enterprise Partnerships back into local authorities.

5.23. The government signalled their intent to proceed with the modified revaluation adjustment for the implementation of the 2023 revaluation, with the methodology and adjustments to tariffs and top-ups published alongside the provisional Local Government Finance Settlement.

5.24. Adjustments will subsequently be made to account for compiled rating list data for the 2023 list as at 1 April 2023 and for Outturn Business Rates data for 2022-23 at the 2024-25 Local Government Finance Settlement, with the final adjustment at the 2025-26 settlement. The government will keep the revaluation adjustment under review.

5.25. 2024-25 new funding stream, subject to successful delivery of the Extended Producer Responsibility for packaging (EPR) scheme; where local authorities can expect to receive additional income from the scheme relevant to their waste collection services has been delayed.

Service Benchmarking

5.26. Benchmarking helps to identify whether the cost of delivering council's services can be lower or higher than comparable councils, therefore raising the prospect that scrutiny that might find additional opportunities for savings or in the alternative better outcomes for the level of investment. The following benchmarking has been reviewed and highlights areas where focus can be applied to identify high cost services in comparison to our peer authorities.

5.27. Comparative analysis between Bristol and other councils, based on being either statistically analogous, or having similar geographical or economic characteristics, can provide the council with insight into its position on a range of measures or risks and can highlight key areas where additional scrutiny can be targeted to drive out improved value for money.

5.28. The following outlines some key findings when comparing Bristol with a group of similar councils. For example, Bristol's core spending power (total service expenditure) per head is average in comparison to all metropolitan and unitary authorities and 'low' in comparison with statistical near neighbours, as can be seen in the figure below.

Figure 4: Overview Comparison of the Council's Expenditure with Comparator Councils

Service line	Unit	Metros & Unitaries max	NN max	Bristol	NN min	Metros & Unitaries min	Metros & Unitaries context	NN Context
TOTAL ADULT SOCIAL CARE	/aged 18+	626.66	507.98	488.51	400.49	313.75	Very High	High
TOTAL CENTRAL SERVICES	/head	350.40	214.14	38.77	-3.99	-3.99	Low	Low
TOTAL CHILDREN SOCIAL CARE	/aged 0-17	2,243.15	1,449.51	962.80	757.88	52.85	Average	Low
TOTAL CULTURAL AND RELATED SERVICES	/head	197.66	88.47	62.30	28.13	11.27	Very High	Average
TOTAL EDUCATION SERVICES	/aged 0-18	4,482.25	4,342.93	2,455.45	1,682.30	1,130.01	Average	Average
TOTAL ENVIRONMENTAL AND REGULATORY SERVICES	/head	677.45	211.21	98.60	69.56	28.05	High	Very High
TOTAL HIGHWAYS AND TRANSPORT SERVICES	/head	221.92	122.49	25.28	-24.92	-197.91	Low	Low
TOTAL HOUSING SERVICES (GFRA only)	/head	197.42	127.92	64.07	23.55	-72.78	Very High	Very High
TOTAL OTHER SERVICES	/head	73.09	73.09	43.34	-22.13	-53.87	Very High	Very High
TOTAL PLANNING AND DEVELOPMENT SERVICES	/head	157.23	59.39	28.61	3.62	-1.67	High	Average
TOTAL PUBLIC HEALTH SERVICES	/head	161.95	133.71	112.15	59.67	34.05	High	High
TOTAL SERVICE EXPENDITURE	/head	2,977.54	1,993.48	1,467.91	1,352.87	1,061.95	Average	Low

5.29. Within the comparisons there is however variation where Bristol is identified as being 'high' or 'very high' on our spend in comparison to others, with key areas of note including:

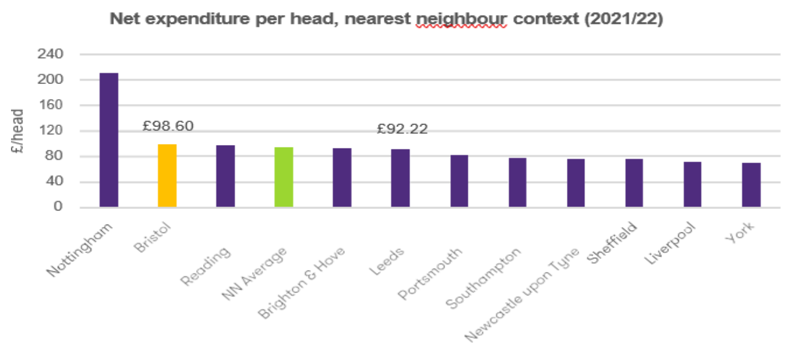
- General Fund housing identified as 'very high' cost with all comparators and is second to highest compared to near neighbours

- The proportion of council spend is high on Adult Social Care (4th highest when ranked compared to statistically near neighbours)

- Other areas that indicate there may be scope to focus on high cost and opportunity around what others may be doing differently to enable Bristol to achieve improved cost per head include:
  - Environmental and regulatory services
  - Planning and development services
  - Cultural and related services
  - Public Health services

5.30. Taking one of these areas, 'Environmental and regulatory services', this service has net expenditure per head at £98.60 which when compared to Leeds, a comparable core city, £92.22 could be considered high and therefore would warrant further investigation.

Figure 5: Environmental and regulatory services benchmarking (2021-22 data)



5.31. A typical measure of a council's 'resilience' is the measure of its total spend on social care (adding Adult and Children's Social Care spend together), Adult Social Care expenditure is already very high but Children's social care expenditure while lower proportionally based on 2021 data is rising proportionally. Further details can be found in the discussion of 'resilience' in the section below.

5.32. Other findings in the comparative analysis included that savings opportunities could potentially open up if the council reduced spend by one ranking level in the list of comparable councils. This can be explored further during the upcoming council budget process where greater detailed comparative scrutiny of other services such as temporary accommodation, waste and public health will be undertaken.

5.33. Income comparisons (see figure below) show the council's Council Tax collection rate would be considered low compared to the near neighbour group and the same is to be said of non-domestic rates collection (see figure below), where Bristol is found to have the second lowest collection rate at 91.25% compared with 97% collected by York. It should be noted, however, that the latest data on which comparisons were performed is for 2021-22, therefore performance was still influenced by temporary pandemic policies.

Expectations for 2023-24 will be a collection rate of in year at least 94%. Benchmarking of income beyond council tax and business rates is planned.

Figure 6: Council Tax Collection Rate Benchmarking (2021-22 data)

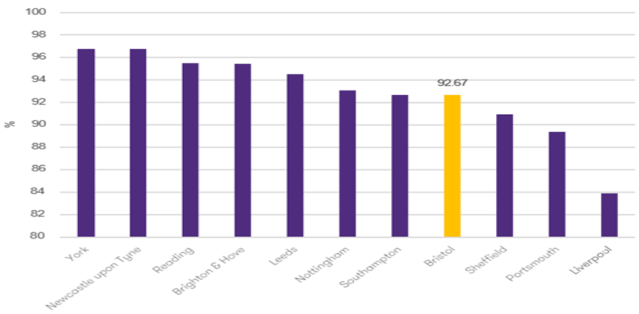
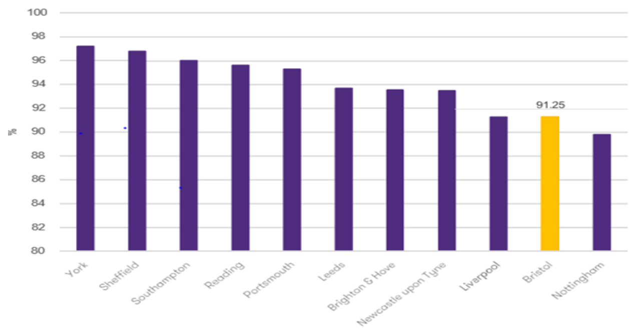


Figure 7: Non-Domestic Rates Collection Benchmarking (2021-22 data)



6. Five Year Financial Outlook

The financial outlook provides the indicative funding envelope that facilitates the development of service plans and budgets, that will allocate resources in a manner that will enable effective mitigation of risks and deliver key commitments as outlined in the council's Corporate Strategy.

General Fund Revenue

6.1. The budget approved by Council in February 2023 outlined a 3-year balanced position across the five years. The net budget over the medium term is inclusive of new savings and efficiencies totalling £43.9 million (pre-optimism bias) and for the main part (92%) impact financial years 2023/24 and 2024/25 financial years. The table below outlines the indicative funding envelope requirement of £501.9 million 2024/25 to £536.8 million 2027/28 underpinning the council's medium term budget upon which additionality is being built.

Table 2: Previous Summary of General Fund Revenue Budget for the MTFP Period

2023/24	Description	2024/25	2025/26	2026/27	2027/28	2028/29
Budget £m		Proj'n £m	Proj'n £m	Proj'n £m	Proj'n £m	Proj'n £m
425.033	**Base budget Carried Forward**	**483.523**	**501.934**	**511.288**	**523.045**	**536.786**
15.545	Pay Award	6.990	5.880	5.972	5.870	-

28.043	General Contract & Other Corporate Pressures	18.964	2.288	4.146	5.665	-
43.588	**Total Inflationary Pressures**	**25.954**	**8.168**	**10.118**	**11.535**	**-**
7.498	Adult, Communities & Public Health	3.572	1.251	1.186	1.196	-
23.975	Children and Education	2.028	1.398	1.484	1.527	-
2.114	Resources	(0.058)	-	-	-	-
5.111	Growth & Regeneration	0.024	0.010	0.030	0.030	-
38.698	**Total Service Pressures**	**5.566**	**2.659**	**2.700**	**2.753**	**-**
82.286	**Total Pressures**	**31.520**	**10.827**	**12.818**	**14.288**	**-**
(26.241)	Savings	(14.109)	(1.973)	(1.061)	(0.547)	-
2.445	Optimism Bias	1.000	0.500	-	-	-
(23.796)	**Total Savings**	(13.109)	(1.473)	(1.061)	(0.547)	-
483.523	**Baseline Costs**	**501.934**	**511.288**	**523.045**	**536.786**	**536.786**
	One-off Costs	-	-	-	-	-
483.523	**General Fund Budget Requirement**	**501.934**	**511.288**	**523.045**	**536.786**	**536.786**
(258.801)	Council Tax	(274.188)	(281.927)	(289.785)	(302.148)	-
-	Council Tax Second Home Premium	(2.872)	(3.015)	(3.075)	(3.136)	-
(153.451)	Business Rates (NNDR)	(157.320)	(148.521)	(151.737)	(151.932)	-
(1.599)	New Homes Bonus	-	-	-	-	-
(4.126)	Services Grant	(4.126)	-	-	-	-
(56.790)	Social Care Grant	(67.583)	(68.962)	(70.317)	(69.793)	-
(3.929)	Drawdown from General & Earmarked Reserve	4.155	(8.863)	-	-	-
(4.827)	Collection Fund Surplus/(Deficit)	-	-	-	-	-
(483.523)	**Funding**	**(501.934)**	**(511.288)**	**(514.914)**	**(527.009)**	**(527.009)**
-	**Budget Surplus/(Deficit)**	**-**	**-**	**8.131**	**9.777**	**9.777**

6.2. The following key assumptions were being made at the point of the budget approval by Council in February 2023 and included in the opening projections per the table above:

- Council Tax increase of 4.99% (including 2.99% for general purposes and 2% Adult Social Care Precept)
- Introduction of 100% council tax premium on second and empty homes subject to parliamentary approval
- 100% business rates retention for 2023/24 only and multiplier uplifted by CPI
- A pay award/NIC capped (£9,100) of c4% plus small contingency
- All Social Care grants - retained for the medium term and cash flat
- No general inflation uplift to be applied to service expenditure budgets

- Inflation uplift of 5% to be applied to all fees and charges

- Specific inflationary increases in Private Finance Initiative (PFI), social care and essential services eg such as utilities only

- Capital Financing – assumption that borrowing costs peak at 4.5% in 2023/24

- ASC reforms delayed 2 years - new burden fully contained within redistributed funding

6.3. Within this baseline position there remains uncertainty in relation to one-off grant funding streams and future local government funding reforms, such as fair funding and business rates and inflation. To de-risk the position the council is only allocating one off or uncertain funding to one off initiatives and pressures.

6.4. The medium term financial plan is a live document and is under regular revision. The baseline position has been adjusted to reflect the latest information. The assumptions are scenario tested to show a realistic indication of the possible available resources and potential best / worst case to provide a range of outcomes.

Council funding

6.5. The forecast level of overall general fund resources estimated to be available to the council, including retained business rates, central grants, and Council Tax income, over the next financial year is projected to be £513.2 million (this figure is £11.2 million higher than originally estimated in the budget) and broken down in the table below.

Table 3: Forecast Level of Overall General Fund Resources available to the Council

Core Funding	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
Original Forecast Available Funding	(501.934)	(511.288)	(514.914)	(527.009)	(527.009)
September 2023 Forecast Funding	(513.174)	(544.651)	(538.917)	(554.414)	(570.100)
Changes since February 2023	**(11.240)**	**(33.363)**	**(24.003)**	**(27.405)**	**(43.091)**
Of which:					
Collection Fund Outturn	(1.993)	-	-	-	-
Additional Council Tax	(0.924)	(4.952)	(9.365)	(9.798)	(23.141)
Council Tax Second Home Premium	2.872	-	(0.030)	(0.062)	(0.095)
Business Rates Multiplier/ Growth / 100% Retention	(13.230)	(27.331)	(11.769)	(12.424)	(12.451)
New Homes Bonus	(1.599)	-	-	-	-
Additional Grants	3.633	(1.080)	(2.839)	(5.122)	(7.405)
Total Additional Core Funding	(11.240)	(33.363)	(24.003)	(27.405)	(43.091)

6.6. The following are key assumptions on future government funding, much of which is still uncertain as indicated below. Further details will be provided in the Autumn Statement 2023, Provisional Local Government Finance Settlement December 2023 and Final Local Government Finance Settlement, January / February 2024.

Collection Fund Surplus / Deficit Outturn

6.7. The actual movement from the council tax and business rates budget estimates for 2022/23 and 2023/24 will impact on the 2024/25 budget as they are included in the collection fund estimates. The 2024/25 budget assumed a neutral position on the collection fund. Losses in the collection fund brought forward from 2022/23 of £3.007 million, along with a potential overclaim of S31 grant of £1.500 million and additional funding of £0.500 million to facilitate further, timely recovery action can be offset by a positive 2023/24 business rates outturn movement of £7.000 million, resulting in a surplus on the collection fund of £1.993 million forecast for 2024/25.

Table 4: Breakdown of Carry Forward Deficit from 2022/23 and 2023/24 on the Collection Fund

2024/25 Collection Fund (Surplus)/Deficit	Council Tax	Business Rates	Total
	£m	£m	£m
Balance Brought Forward 2022/23	(0.076)	3.083	3.007
Additional Business Rates 2023/24		(7.000)	(7.000)
Forecast (Surplus)/Deficit in 2023/24	-	-	-
Additional council tax admin costs 2023/24	0.500	-	0.500
Provision for overclaimed S31 Grant		1.500	1.500
Total (Surplus)/Deficit C/Fwd 2024/25	**0.424**	**(2.417)**	**(1.993)**

Business Rates, Business Rates Multiplier and Settlement Funding

6.8. Since 2017-18 aligned with the West of England (WoE) devolution deal, constituent unitary councils in the region have been piloting 100% business rates retention. It seems likely that these existing 100% business rates arrangements will continue for another two years to 2025/26 only for authorities in similar devolution arrangements. A strong local economy is core to the success of the scheme and aside from the positive social outcomes of a buoyant city, there are direct financial rewards under the rates retention system

6.9. The government confirmed in the December Policy Statement that the local government funding reforms would not take place in the current parliament. Based on the assumption that a general election will be in either spring or autumn 2024, then it will be almost impossible for the reforms to be introduced in 2025/26. It therefore seems likely that the first realistic opportunity for implementing funding reforms is 2026/27. The MTFP is predicated on reforms happening in 2026/27, with a business rates baseline reset and the local retention share decreasing from 100% to 75%.

6.10. In line with the principles of business rates retention, business rates are increased by inflation each year. Previously if the multiplier was frozen instead of increasing in line with inflation, the Under-Indexing Multiplier Grant would be increased to ensure that local authorities' shares of income were not impacted. The on-going high levels of inflation provide an increase in estimated business rates in 2024/25 and over the medium term. The business rates multiplier, which in turn will be uplifted by the September Consumer Price Index (CPI). Any decision to cap or freeze the BR multiplier will be compensated via section 31 grants. CPI is assumed to be circa 6%.

Additional One-off Grants

6.11. The 2023/24 Services Grant settlement as announced autumn 2022 was a 2 year settlement and did not set out any longer-term changes for the allocation of funding. It confirmed that the overall budgets for each department would be maintained broadly in line with the budgets set at the spending review. The 2023/24 budget assumed £5.7 million of non-ringfenced grants as one-off grants. For 2024/25 these have been assumed in funding available in the medium term but have tapered by half.

6.12. The government has not yet confirmed the distribution of grant funding in 2024/25. This is expected to form part of the Autumn Statement scheduled for 22 November 2023.

Council Tax Second Home Premium

6.13. The Levelling-up and Regeneration Bill originated in 2022/23 and includes proposals that billing authorities will have the power to charge a 100% premium on second homes or empty dwellings.

6.14. The bill has progressed from the House of Commons to the House of Lords where it had its third reading on 21 September. It now enters the final stages when consideration will be given to proposed amendments before royal assent. As a result of the delay it is unlikely that any premium could be applied before April 2025 at the earliest.

General Fund – Indicative Available Funding

6.15. The forecast level of overall general fund resources available to the council, including retained business rates, central grants, and Council Tax income, over the next planning period rises from £483.5 million in 2023/24 (including the additional funding sources outlined below) to £570 million in 2028/29.

Table 5: Indicative Available Funding

2023/24 Budget £m	Description	2024/25 Projection £m	2025/26 Projection £m	2026/27 Projection £m	2027/28 Projection £m	2028/29 Projection £m
(258.801)	Council Tax	(275.112)	(286.879)	(299.150)	(311.946)	(325.289)
-	Council Tax Second Home Premium	-	(3.015)	(3.105)	(3.198)	(3.231)
(153.451)	Business Rates (NNDR)	(170.550)	(175.852)	(163.506)	(164.356)	(164.383)
(1.599)	New Homes Bonus	(1.599)	-	-	-	-
(4.126)	Services Grant	(4.126)	-	-	-	-
(56.790)	Social Care Grants	(63.950)	(70.042)	(73.156)	(74.915)	(77.198)
(3.929)	Drawdown from General & Earmarked Reserve	4.155	(8.863)	-	-	-
(4.827)	Collection Fund Surplus/(Deficit)	(1.993)	-	-	-	-
(483.523)	**Funding**	**(513.174)**	**(544.651)**	**(538.917)**	**(554.414)**	**(570.100)**

6.16. The underpinning assumptions in relation to each of the specific additional core funding categories are outlined in the subsequent sections.

Council Tax

6.17. Council Tax is the main source of locally raised income for the council. For 2024/25, Council Tax referendum principles will continue the same as set out for 2023-24, that is, 2.99% for the "core" increase and a further 2% for the Adult Social Care Precept. Since 2016-17, local authorities have been able to increase Council Tax by an additional amount which must be allocated to fund Adult Social Care only. This is in addition to the usual funding of social care through Council Tax. This applies to London boroughs, county councils, metropolitan districts and unitary authorities.

6.18. A 1.0% increase in core Council Tax or precept generates c £2.5 million additional income for core services. For planning purposes, this MTFP assumes annual core Council Tax increases of 2.99% with an additional Social Care Precept of 2.0%.

New Homes Bonus

6.19. New Homes Bonus reforms have been in the pipeline for a number of years. The consultation covered several options for reforming the programme to provide an incentive which is more focused and targeted on ambitious housing delivery and dovetailed with the wider financial mechanisms, including the infrastructure levy and the Single Housing Infrastructure Fund. A decision on the future of New Homes Bonus (NHB) will be announced before the 2024-25 settlement. In the absence of any decision or announcement, we are still assuming that NHB will continue for one (final) year in 2024-25 at the same level as 2023/24 £1.599 million.

Social Care

6.20. Adult social care funding has been under pressure for many years creating a social care funding gap. These pressures include:

- Demographic pressures with increased numbers of both older people needing social care, and increased demand for care from working age adults
- Increases in the National Living Wage costs
- Increasing costs of care to support people with increasingly complex care needs and the associated workforce challenges across the sector
- Inflationary pressures

6.21. The social care grant is expected to continue at current levels on a cash-flat basis. Although there is recognition that the level of funding is insufficient for the pressure and demands coming through, with the Levelling Up, Housing and Communities Committee having noted this in its August 2022 report on the long-term funding of adult social care.

7. Emerging Financial Pressures

Summary Position

- The budget report to Full Council in February 2023 reported a balanced position for the initial 3 years supplemented through the planned utilisation of £8.6 million of reserves. The latter 2 years of the budget timeframe reported up to £9.8 million deficit.

- The new and additional emerging pressures identified over the planning period peak at £65.0 million. The underpinning assumptions in relation to each of the categories of emerging pressures are outlined in the subsequent sections.

- This is an iterative process, to which assumptions will e kept under review se risks and scenarios will be taken into account when setting the budget. Planning on this basis will ensure a proactive approach is being adopted and will support sustainability and resilience. The likelihood is that elements from both the best and worst case could arise, having an offsetting impact, and providing options for the decisions that will be in the council's remit.

- In reviewing the financial outlook different scenarios have also been modelled to stress test the key assumptions for best case and worst case in relation to both core funding and cost perspectives to analyse the likelihood that an alternative budget strategy / mitigation would be required.

Table 6: Emerging Financial Pressures

Emerging Pressures	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Recurrent / New Service Pressures	18.077	21.036	21.384	21.743	23.102
Corporate Emerging Pressures					
Pay Award & NIC	3.785	3.605	3.399	3.188	8.937
Inflation & Levies	5.487	15.329	21.259	22.802	30.883
Capital Financing	0.254	0.507	0.507	0.507	0.507
Other Corporate Pressures	1.400	1.435	1.471	1.508	1.545
Total Corporate Pressures	**10.926**	**20.876**	**26.637**	**28.005**	**41.873**
Total Emerging Pressures	29.003	41.912	48.021	49.748	64.975

2022/23 Recurrent Budget Pressures as at Period 5 / Quarter 2

- At Period 5 (P5) / Quarter 2 (Q2) 2023/24, the council is forecasting a £1.0 million underspend (-0.2%) against the approved General Fund budget (£483.5m). This position incorporates £13.1 million of recently identified efficiency measures without which the outlook would otherwise report a £12.1 million overspend. This £12.1 million overspend is directly attributed both to escalating child placement costs (£8.0m) where there is heavy reliance on External Supported Accommodation (ESA) and Out Of Authority (OoA) placement markets and also to Home To School Transport (£4.1m) within the education service which has seen a significant increase in the number of children with Education, Health and Care Plans (EHCPs) requiring transport to school and increasingly that transport is outside the local area. See Bristol City Council Quarter 2 2023/24 - Finance Monitoring Revenue Report Appendix A1a for full details.

- The review undertaken to inform the MTFP refresh indicates that many of these in year pressures are in fact recurrent in nature whilst the efficiency measures which have been identified to mitigate them are 'one-off' in nature and are not easily repeated going forward.

- Mitigations will continue to be explored including collaboration with partners to identify mechanisms to manage the challenges and improve outcomes. As at Quarter 2 £11.0 million recurrent or unmitigated pressures are assumed within the general fund.

Table 7: Recurrent 23/24 Budget Pressures

Service Pressures Carried Forward	Q1 Var as % Net Budget	P3 Mov em't	P4 Move m't	P5 Move m't	Q2 Variance	Recurrent Pressures / Opportunities	One-Off Pressures / Opportunities	Pressures C/F to 24/25	Perm Virement	2024/25
	%	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Adult & Communities										
Total Adult & Communities	**0%**	-	-	-	-	-	-	-	-	-
Children & Education										
Children and Families Services	0.0%	-	7,980	(450)	**7,530**	10,142	(2,611)	**10,142**	**(2,335)**	**7,807**
Educational Improvement	0.0%	-	4,091	(100)	**3,991**	4,193	(203)	**4,193**	**(965)**	**3,228**
Total Children & Education	**0%**	-	**12,071**	**(550)**	**11,521**	**14,335**	**(2,814)**	**14,335**	**(3,300)**	**11,035**
Resources										
Policy, Strategy and Digital	0.0%	(2)	-	(700)	**(700)**	-	(700)	-	-	-
Legal and Democratic Services	0.0%	-	-	(254)	**(254)**	-	(254)	-	-	- -
Finance	0.0%	3	-	(437)	**(437)**	-	(437)	-	-	-
HR, Workplace & Organisational Design	0.0%	-	-	(164)	**(164)**	-	(164)	-	-	-
Total Resources	**0%**	**1**	-	**(1,555)**	**(1,555)**	-	**(1,555)**	-	-	-
Growth & Regeneration										
Housing & Landlord Services	0.0%	-	-	1	**1**	-	1	-	-	-
Economy of Place	0.0%	-	-	(17)	**(17)**	-	(17)	-	-	-
Management of Place	0.0%	31	-	(48)	**(48)**	-	(48)	-	-	-
Property, Assets and Infrastructure	0.0%	-	-	64	**64**	-	64	-	-	-
Total Growth & Regeneration	**0%**	**31**	-	-	-	-	-	-	-	-
SERVICE NET PRESSURES CARRIED FORWARD		**32**	**12,071**	**(2,105)**	**9,966**	**14,335**	**(4,369)**	**14,335**	**(3,300)**	**11,035**
Corporate										

Corporate Items	0.0%	-	-	(11,000)	**(11,000)**	(3,300)	(7,700)		**(3,300)**	**3,300**	-
Earmarked Reserves and Contingencies	0.0%	-	-	-	-	-	-		-	-	-
Pay Awards - Base Case	0.0%	-	-	-	-	-	-		-	-	-
Excess Inflation - Draft	0.0%	-	-	-	-	-	-		-	-	-
General Reserves	0.0%	-	-	-	-	-	-		-	-	-
Total Corporate	**0%**	**-**	**-**	**(11,000)**	**(11,000)**	**(3,300)**	**(7,700)**		**(3,300)**	**3,300**	**-**

TOTAL REVENUE NET PRESSURES CARRIED FORWARD	**32**	**12,071**	**(13,105)**	**(1,034)**		**11,035**	**(12,069)**	**11,035**	**-**	**11,035**

- The currently forecast year end revenue position for the ringfenced accounts at Quarter 2 is a £16.4 million overspend for the DSG (3.6%), £3.6 million overspend for the HRA (2.6%) and a balanced position for the Public Heath grant.

Pay Award

- The 2023/24 annual budget and medium-term plan included provision for an annual pay award in 2023/24 of 4% with a 1% corporate contingency which is not required and can be applied to pay awards, 3% annual pay award in 2024/25 and a 2.5% annual pay award thereafter.

- The National Employers 2023/24 final offer to the unions recently proposed:

  - The lowest pay point on the national salary framework will be scrapped. The starting point will now be SCP 2

  - The minimum pay for full-time local government employees on the new lowest pay scale point will rise from £19,264 to £20,852, an increase of 8.2%

  - The maximum pay at the top of the local government pay scales will rise from £45,876 to £50,976, an increase of 11.1%

  - There will be a flat-rate increase of £1,925 for all spinal column points. This replaces the previous practice of percentage increases to pay scales

  - Allowances for working unsocial hours like night shifts will increase by 21%

  - Mileage allowances will go up by 10 pence per mile for car users

- At the time of this report's preparation the unions have not accepted this final offer.

- Pay therefore remains an area of uncertainty. Consequently, the pay provision assumed for 2024/25 has been revised up from 3% to 4% with a small contingency. Annual pay awards thereafter are assumed unchanged from the previous budget.

Contractual Inflation & Levies

- General inflation assumption of 5% is assumed in the MTFP planning assumptions. Services are expected to absorb annual inflationary pressures within existing budgets and historically a corporate inflation contingency is included each year to allow for material contractual inflationary cost pressures and levies which cannot be managed within a service.

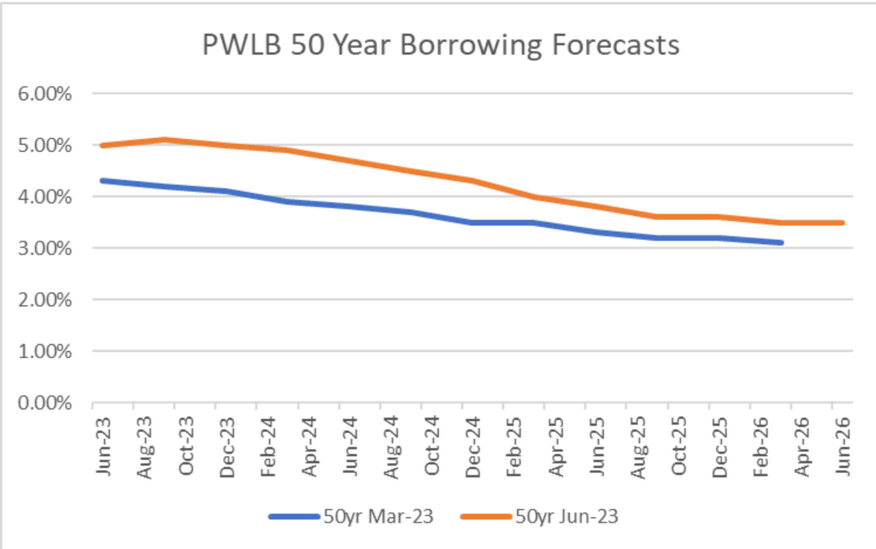
- The MTFP has modelled a range of scenarios for specific areas where there are either contract commitments or evidenced industry specific inflationary pressures, such as social care, Home To School Transport, Waste disposal and PFI.

Capital Financing and Interest Rates

- The Bank of England Base Rate is 5.25% at September 2023. This is an increase of 1.75% since the budget was approved at Cabinet in January 2023 when the base rate was 3.5%

- Impact of further variations to forecast interest rates, both in terms of investment returns and borrowing costs will also present corporate risks. Interest rate risks are managed through effective treasury management and the use of fixed rate loans where appropriate.

Figure 8: Impact of recent changes in long-term borrowing rates



Service Risks

Adult Social Care Risks

7.19. Adult Social Care continues to face significant financial challenges in 2023/24 in relation to service demand and inflationary cost pressures. Adult purchasing budgets are currently forecasting a risk of adverse overspend of £11.9 million (7.5%) against a budget of £159.4 million, mitigation for this is being developed through the transformation programme.

7.20. Significant market pressures are being experienced by social care providers in relation to financial and business sustainability and workforce challenges, as they try to recruit and retain sufficient volume of workforce to meet demand. Other emerging pressures include those arising from demographic changes, increased demand for care in both working age and older people where increased numbers of people are being supported and support costs relating to young people preparing for adulthood.

Children and Families Risks

7.1. There remains risk around placement cost pressures, with the CIPFA spring performance update indicating spend in children's social care had increased by 41% in 2021/22, compared to 2009/10, while the children's population grew by less than 10% over the same period. This trend is mirrored in Bristol where, after a spike towards the end of the last financial year, the overall number of Children in Care has remained relatively stable (between 730-740) in the current year, but the cost of placement provision and support continues to increase significantly.

7.2. The placement budget, at Q2, is forecasting a pressure of £7.5 million with services working to mitigate further risks identified. This pressure is reflective of Bristol being increasingly reliant on the external placement market; a growing number of children with additional and/or complex needs (BCC EHC referral rates) and a rise in the complexity of some cases, which is resulting in placement breakdowns and children needing to be moved to more expensive arrangements; and delays in transferring eighteen-year-olds onto the housing pathway due to a shortage of housing and an insufficient number of foster carers.

7.3. There are risks remaining above these crystalising pressures particularly linked to children in care, where there is nursing support requirement, and around asylum seeker support, where there are increasing costs of temporary housing and growing numbers of families seeking housing, employment and support.

7.4. The Children's Service (Our Families) Transformation Programme is underway and is intended to contribute to a balanced budget by enhancing early help services, improving quality of practice, developing the workforce, improving governance and quality assurance, implementing a new model for residential placements, and working more effectively with partners.

Education & Skills Service Risks

7.5. Education general is forecasting a pressure of £4.0 million at Q2. The overspend is a driven by increasing pressure on the Home to School Transport (HTST) budgets resulting from increasing demand and costs. Limited availability of local provision for children with Education Health and Care Plans (EHCPs) results in children being placed further outside the local area. This, coupled with the growing number of children with EHCPs, results in an increasing number of children needing travel support to education provision further away from home. The Education service saw a 9% increase in the number of children and young people with EHCPs at the January 2023 census, compared to the same time last year. HTST provision however saw a 50% increase in the number of routes to education settings outside the local area at April 2023 compared to the same time last year.

7.6. HTST provision is being reviewed as part of the Our Families transformation programme.

Growth & Regeneration Risks

Energy

7.7. The cost of energy has increased in the last few years due to global issues. Government support for local authorities has ended and whilst the energy market is now stabilising, prices are twice historic rates resulting in significant in year cost pressures. The council is taking steps to mitigate some of the pressure through negotiating new energy contracts and implementing a programme of energy efficiency measures across its estate. However, the residual pressure is still estimated to be in excess of £2.2 million pa with further risk around street lighting of c.£1.4 million whilst the programme of replacement of street lights with more efficient LED ones progresses. There is also risk around the incomes linked to power purchase and feed-in-tariff agreements tied to the energy costs.

Corporate Landlord

7.8. The council is undertaking a significant property programme transformation, which includes rationalisation of its assets and the implementation of a centralised Corporate Landlord function. The existing MTFP includes revenue savings from delivery of the property programme. However, delivery of the savings is at risk of delay in the current financial year, which presents an emerging risk for the coming year.

Highways and Waste

7.9. As detailed above, inflationary impacts are leading to increases in the costs of providing council services. These are resulting in a risk to the management of budget envelopes in particular in highways of up to potentially £1.0 million and for waste of up to potentially £2.2 million, which the directorate is mitigating in the current year and will need to assess how best to continue this mitigation recurrently into the medium term.

Parking and Parks

7.10. There is an emerging risk around income reduction from car parking reflecting demand and reduction in provision in the coming financial year which will require management within the service budget envelope estimated at a potential £1.0 million risk.

7.11. Within parks there are a number of smaller income pressures relating to commercial licences, car parking and catering as well as cost pressures for recharges relating to energy, waste, green waste and facilities management which will require management through the co-ordination of the catering contracts particularly. This is estimated at a potential £0.8 million risk.

7.12. Maintenance budgets are now being prioritised to deal with trees most significantly effected from ash dieback, which presents an emerging risk to parks wider maintenance programme to accommodate these works.

Homelessness

7.13. Homelessness in Bristol continues to increase due to a number of factors including the cost of living crisis, unaffordability of the private rented sector and reduced supply of social and affordable housing. The number of households in temporary accommodation continues to rise thereby creating risk to the increase in Housing Benefit subsidy loss.

7.14. Bristol City Council has established a Temporary Accommodation project and is delivering initiatives with the aim of reducing the pressure of Temporary Accommodation costs, particularly the Housing Benefit Subsidy Loss position.

Resources Risks

7.15. Reflecting the complexity and demand risks in other areas of the council, there are an increasing level of complexity and demand risk in areas of supporting services across the Resources Directorate, this includes in areas such as Legal where reserves for management of peaks of activity will have been largely applied by the end of 2023/24 and will require review within the reserves management undertaken in the budget setting approach.

Savings at Risk

7.16. The savings programme agreed by Council in February 2023 included savings totalling £43.9 million over the medium term of which £26.2 million was attributed to 2023/24. In addition to this £26.2 million there is a further £9.3 million of savings carried forward from prior years which still require delivery.

7.17. The total savings delivery target for 2023/24 is £35.5 million.

7.18. It is currently assessed that £9.2 million of these targeted savings are at risk of not being delivered in the planned way. The current gap in savings programme delivery, largely attributed to Adults (£4.7m) and Growth and Regeneration (£3.7m), is currently reported either within service forecasts or within risk and opportunity logs.

7.19. The total savings delivery target for 2024/25 is £14.1 million (excluding any carry forward of prior year undelivered savings).

7.20. The council's current approved budget includes a planned total savings contingency (optimism bias) of £8.7 million in 23/24 rising by £1.0 million in 24/25 for variation and non-delivery of savings. It should be noted that this is prior to any requirement to mitigate in year savings for 2023/24.

Corporate Expenditure

Pensions

7.21. The latest pension fund triennial review came into effect on 1 April 2023. The council is currently almost 100% fully funded. The review reduced the deficit recovery period from 15 to 12 years. It will now remain at 12 years. There are no anticipated changes to contribution rates in either 2024/25 or 2025/26.

Capital Financing

7.22. Our approach to capital investment and financing is outlined in full in our Capital Strategy. Our ambitious programme of investment has a large impact on the council's annual revenue budget and create long term costs. These 2 areas must be simultaneously reviewed, and implications clear in decision making.

7.23. The maximum affordable level established for the cost of capital financing for the General Fund element of the capital programme, is 10% of general fund net revenue budget over the medium to long term. The current forecast level of the programme is 9.9% by 2026/27. If the council opted to utilise this headroom of 10%, this would equate to an extra £10 million of borrowing with an estimated capital financing revenue budget cost of £0.5 million, meaning the threshold would be reached by 2026/27.

7.24. In reflecting on the capital trends and revenue forecast, the council is proposing to reprofile its capital programme activity for 2024/25 to 2028/29 to more accurately reflect the level of work it has capacity to deliver. In recent years the average annual programme, prior to the addition of slippage from the previous year, has been budgeted at around £310 million. Within the same time frame, the council has only had capacity to deliver an annual programme of no greater than £200 million.

7.25. In 2023/24 the budget allocated to the programme was £362.9 million (including schemes carried forward from prior year) and the forecast outturn as at period 5 is £294.1 million. A mid-year capital programme budget reset is proposed based on the period 5 forecast outturn position which will ensure that the budget required to finance the capital (interest & debt repayment) will reflect the council’s performance rather than an aspirational delivery position. In comparison to previous year’s spend profiles, an outturn of circa £200 million is anticipated. It is therefore not anticipated the general fund borrowing headroom will be utilised. The council may identify other funding sources, including grants and capital receipts, to finance additional capital expenditure and the MTFP also assumes that the council will continue the use the flexibility provided by government to use capital receipts to fund the revenue cost of transformation.

7.26. The feasibility fund is assumed in the capital strategy to assist in developing schemes with sufficient robustness/certainty before they enter the Development Pool. The fund is created from any reduction generated in the current capital financing budget and therefore the level of the fund would be established each year and be aligned to the volume and complexity of schemes at full mandate stage.

Ring Fenced Funds – Indicative Funding Available

Public Health (PH) Grant

7.27. Public health services are funded by a ringfenced grant to the council which for 2023/24 was £35.7 million. The grant enables the Director of Public Health to discharge their statutory duties. Where appropriate we joint fund services with other bodies and receive income from partners for this purpose The grant is likely to continue to be subject to conditions on what it funds, including a ringfence requiring local authorities to use the grant exclusively for public health activity. The council will continue to make sure that the increased cost of services is contained within the envelope provided, whilst recognising that this is an increasing challenge due to inflationary pressures.

7.28. Within the council’s earmarked reserve is a Public Health ringfenced reserve of £4.6 million (as at 14 September 2023). There is a potential forecast draw down of £0.4 million in the current year leaving a balance of £4.2 million. This balance will be assumed in plans to be developed over the medium term and provide a small buffer for unexpected adverse grant allocations.

Dedicated Schools Grant (DSG)

7.29. A cumulative unmitigated deficit of £58.1 million is forecast at the end of 2023/24. This is mainly due to increased demand for Special Educational Needs provision within the High Needs Block (HNB). The main cost driver is the rise in demand for Education, Health and Care plans (EHCPs) following national reforms from 2014, increasing complexity of children's needs and the rising costs of out of authority placements. Demand continues to increase and despite additional funding from the Department for Education (DfE), it has not been possible to recover the deficit which began to accelerate in 2019/20. With the support from Bristol Schools Forum, and through delivering an evolving Education Transformation Programme, the Education Service has been on the journey of improving experiences and outcomes of children and young people. The High Needs recovery proposals have been developed (subject to consultation) and the LA has recently participated in DfE's Delivering Better Value for SEND programme with the aim to bring the DSG to a sustainable footing.

7.30. The 2021 Spending Review committed real terms increases to education spending over the next two years. The High Needs Block received 14.4% increase in 2022/23 and recommended future budget funding assumptions of 5% increase in 2023/24 and 3% for subsequent years thereafter. The indicative figures for 2024/25 are built into the deficit management plan. The additional High Needs block funding allocation 2022/23 and beyond results in an improved unmitigated DSG deficit forecast However, increasing inflation will clearly erode how much this additional funding is in terms of a real terms increase and will address inflationary pressures rather than some of the funding concerns the spending review initially set out to address.

7.31. The Dedicated Schools Grant comprises four blocks: Schools, High Needs, Central School Services and Early Years. 2022/23 was the fifth year of the National Funding Formula (NFF) for schools, high needs and central school services. With 2023-2024 intended to be the first year of transition to a full and hard NFF, the Schools Forum will be consulted ahead of submitting the final local formula for 2024-25 to the ESFA, in January 2024. The early year's block of the DSG is determined by the separate national formula for early years.

7.32. On 20 July, the Minister of State for School Standards made a written statement setting out information on the schools, high needs and central school services national funding formulae (NFF) for 2023 to 2024. Final allocations and high needs block allocations will be published in December and we estimate that the likely level of funding for Bristol in 2024/25 will be £435.89 million (excluding early years block).

7.33. The provisional allocation for Bristol (excluding early years block) is outlined in the table below and it is important to note that the indicative figures provided ignore any changes in pupil numbers and characteristics and reflects the indicative allocations before any movements between blocks.

Table 8: DSG - Indicative Available Funding and Prior Year Comparator

Comparative Allocations	2024/25 Indicative DSG Allocation £m	2023/24 DSG Allocation £m	Change £m	Change %
Schools Block excl. growth *	343.968	333.991	9.978	2.99%
Central School Services Block	2.693	2.717	(0.024)	(0.90%)
High Needs Block	89.229	83.361	5.868	7.04%
Total	**435.890**	**420.068**	**15.822**	**3.77%**

Growth funding in schools block	No data	2.202		
Early Years	No data	37.432		
* 2023/24 Schools Block was adjusted to include Mainstream Schools Additional Grant for comparison.				

7.34. The underpinning assumption in relation to each of the funding blocks is as follows:

- The announcement has stated that funding through the mainstream schools national funding formula (NFF) is increasing by 2.7% per pupil in 2024-25, compared to 2023-24. Taken together with the funding increases seen in 2023-24, this means that funding through the schools NFF will be 8.5% higher per pupil in 2024-25, compared to 2022-23. This is based on pupil and school characteristics data from the 2023- 24 APT, which is based on the adjusted October 2022 school census data

- The provisional Schools Block allocation for Bristol has been published at £343.968 million, before growth funding, with actual allocations expected to be published in December 2023

- The provisional High Needs Block allocation for Bristol has been published at £89.229 million (a £5.9m increase from 2023/24), with actual allocations expected to be published in December 2023

- The Central Schools Services Block provides funding for the ongoing responsibilities that local authorities continue to have for all schools. As has been practice in recent years, funding for historic commitments within this block will be reduced further for 2024-25. The provisional Central School Services Block allocation for Bristol has been published at £2.693 million, with actual allocations expected to be published in December 2023. This is an overall reduction of £24,000. The Central School Services Block provides funding for the statutory duties the council holds for both maintained schools and academies. The council must seek Schools Forum approval for central services spend. The reduction is primarily attributed to the funding for historic commitments (such as for the Prudential Borrowing initiative that ceased in 2017/18) where it has been an aim of ESFA to withdraw this funding over time

7.35. These provisional allocations are based on current pupil data. Final allocations of the 2024/25 funding will use information from the autumn 2023 census are expected to be issued in December 2023.

7.36. For 2024/25 we will continue to set a local school funding formula. The government has stated that LAs are required to move their local formula factor values at least 10% closer to the NFF factor value, except where local formulae are already mirroring the NFF; although this requirement does not apply to the optional, locally determined factors.

7.37. Minimum funding levels per pupil are increasing again, setting a floor as to the minimum each pupil can attract into a school based upon key stage.

7.38. The Minimum Funding Guarantee (MFG) is a protection for schools against significant year-on-year changes in pupil led funding and must be set at between +0.0% and +0.5%. An MFG of +0.0% was applied for 2023/24. For 2024/25 the MFG has to be set in the range 0.0% to 0.5%. Schools are consulted and the Schools Forum, after consideration of the feedback, will need to discuss and agree what MFG rate is set for 2024/25.

7.39. Funding previously provided via the teachers' pay grant and teachers' pensions employer contributions grant were incorporated into the School Block funding (for mainstream schools), and into the High Needs Block (for special schools) in 2022/23 and this approach continues for 2024/25.

7.40. Block Transfers - local authorities will continue to be able to transfer up to 0.5% of their school's block to other blocks of the DSG, with Schools Forum approval. In 2023/24 0.5% was transferred from the school's block to high needs block, providing £1.6 million, ringfenced to support the Education Transformation Programme. If up to 0.5% of the indicative schools block is transferred for 2024/25 this would equate to £1.6 million.

7.41. The indicative High Needs Block allocations to Bristol is £89.2 million, an indicative increase of £5.9 million (7.0%) over 2023/24's allocation of £83.4 million. This needs to be considered in the context that high needs block is experiencing cost pressures in excess of funding, of c.£18.5 million and carrying a forecast unmitigated cumulative deficit of circa £58.2 million at the end of 2023/24.

7.42. The Education Transformation Programme has been working with partners to develop the necessary steps to provide the right level of support, meet needs, ensure effective use of local resources and achieve good long-term outcomes for children and young people with SEND, in what is considered a highly challenging context.

7.43. Two workstreams funded through a Department for Education Delivering Better Value (DBV) grant are starting to move from the development to the delivery phase. Forecast mitigated deficit position of £16.4 million could be achieved if benefits of transformation work currently underway, materialise. This excludes £1.0 million of potential mitigations that are currently flagged as at risk due, in part, to the delay in securing a delivery partner for workstream 2 proposals, and the need for further due diligence.

7.44. The five-year DSG forecast position is summarised in the table below.

Table 9: DSG – 5 Year DSG Forecast Position

	Outturn						
Table DSG MP: DSG Forecast Position	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Income/Surplus should be shown as negative	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
Brought Forward unmitigated deficit	24,480	39,577	58,232	79,906	98,738	114,929	127,425
Total Expenditure	438,486	470,957	476,569	476,404	476,522	475,669	475,376
DSG Income	(423,388)	(452,302)	(453,275)	(455,953)	(458,712)	(461,553)	(464,480)
Schools Block 0.5% (Subject to SF Approval)			(1,619)	(1,619)	(1,619)	(1,619)	(1,619)
Funding gap carry forward to future years	**39,577**	**58,232**	**79,906**	**98,738**	**114,929**	**127,425**	**136,702**
Mitigation Proposals							
Annual Indicative Proposed Mitigations	-	(2,112)	(8,965)	(11,473)	(12,574)	(12,574)	(12,574)
DBV Stretched confidence benefits - annual	-	-	(1,035)	(5,227)	(10,526)	(14,826)	(14,826)
Total Mitigations	**-**	**(2,112)**	**(10,000)**	**(16,700)**	**(23,100)**	**(27,400)**	**(27,400)**
Mitigations cumulative	-	(2,112)	(12,112)	(28,812)	(51,912)	(79,312)	(106,712)
Funding Gap after proposed mitigations	**39,577**	**56,120**	**67,794**	**69,926**	**63,017**	**48,113**	**29,990**
In year net position deficit / (surplus)	15,097	16,543	11,674	2,132	(6,909)	(14,903)	(18,123)

7.45. Based on latest forecast (as of P05, August 2023), which was broadly in line with Newton's (DfE DBV delivering partner) forecast, it is estimated that the High Needs Block could achieve a balanced budget position in 2026-27 if DBV stretched confidence benefits materialise, which is subject to further due diligence and formal consultation. It is therefore absolutely vital that progress on mitigation proposals is monitored and delivered in a timely manner in order to restore and secure the financial health of the DSG funding in the longer term.

7.46. It is worth noting that forecast for 2023-24 and onwards are based on demand forecast (number of children in the system) and including national trend plus contingency circa 15% taking into consideration increased complexity, backlog and 10% growth based on service advice.

7.47. Whilst we continue to work with the DfE to drive the improvements required in outcomes for children with additional and special educational needs and achieve a balanced in year position, that can be sustained and demonstrable reduces the deficit, we will need to consider all potential funding sources. The council has made significant investment in the General fund budget of circa £4 million per year since 2022-23 to improve SEN service and fund Home to School Transport (HTST) and similarly has significant pressures in year of the same magnitude which will be recurrent in 2024/25 and beyond. We recognise the collaborative approach adopted to date and the significant contribution that schools have and continue to make in investing in the Education Transformation Programme. In considering future budgets, we have provisionally included the 0.5% transfer in our latest forecast, understanding this will require approval from Bristol Schools Forum.

7.48. The early years sector is experiencing significant funding pressures which if not addressed will impact on its capacity to support the most vulnerable children and potential missed early intervention opportunities. Lack of adequate funding for the sector will have knock-on effects for primary and special schools as children move on to the next phase.

7.49. In all of the above examples we have assumed no changes in pupil numbers or composition. A consultation is underway with schools and the outcome will be reported to the Schools Forum. The final authority proforma tool (APT) containing the actual figures and basis for 2024/25 funding is expected to be issued in December 2023.

Housing Revenue Account (HRA)

7.50. The Housing Revenue Account (HRA) is a ringfenced account containing the income and expenditure relating to the council's landlord duties in respect of circa 28,600 dwellings including those held by leaseholders. This means the HRA does not receive any subsidy from the government or from Council Tax and surpluses or deficits generated each year would be transferred to / from the HRA general reserve. The HRA is not allowed to subsidise the General Fund and legislation sets out those items that can be charged to the account.

7.51. The HRA budget is prepared each year in accordance with the requirement to set a 30-year business plan. The business plan undergoes a full review annually allowing for horizon-scanning and mitigation of risks in the short, medium & long term, ensuring there are sufficient resources to meet future operational commitments.

7.52. The HRA activities are a key element in delivering the council's priorities in the Corporate Strategy. The key areas of expenditure are the delivery of housing management services plus repairing, maintaining & improving existing housing stock. Provision is made to ensure compliance with legislation and national policy, including meeting decent homes standards and building & safety regulations.

7.53. The rent standard currently allows rents to increase by 1% above inflation (CPI + 1% - based on the previous Septembers CPI rate). The latest Bank of England Monetary Policy report, 9 August 2023), suggests a CPI rate of circa 7%. This would result in a maximum allowable increase in rents of 8%. However, it is worth noting that, due to other economic factors informing the current cost of living crisis, there remains the possibility of a rent cap being imposed on social landlords (as per the 7% cap applied in 2023/24). At the time of writing, there has been no indication from DLUHC as to whether or not a cap is likely to be imposed, however it remains a consideration.

7.54. As the majority of income into the HRA, decisions regarding annual rent and service charge setting will impact on the level of resource available. The current economic picture has resulted in an increase in arrears from 202/23 with overall collection rates for the year to date reducing from 98.8% to 98.0%. The increased costs for goods and services resulting from the inflationary pressures would have to be met by rents and by modifying service delivery.

7.55. The forecasted dwelling rental charges and other income is estimated to generate £125.9 million in 2022/23 for the delivery of HRA activities. The high levels of uncertainty around rising interest rates and inflation pose a financial risk to the HRA, in particular, energy, insurance, construction labour & material cost inflation as well as the cost of borrowing. It is also worth noting that for the vast majority of home owners, the increase in the Bank of England Base rate from historic lows of 0.1% in 2020 to the current level of 5.25% after 14 consecutive increases, will not be felt until their fixed rate mortgage deals expire. This has the potential to lead to an increase in demand for social housing in the coming years.

7.56. The opening balance on the HRA reserve on 1 April 2023 was £108.8 million. This comprises £98.8 million HRA general reserve plus £10.0 million HRA major repairs reserve. At Period 5 an adverse variance of £3.6 million has been forecast in the revenue account. In addition to the reserves, the council can access multiple other sources of financing including grants, borrowing, developer contributions, capital and RTB receipts, revenue contributions to capital outlay (RCCO) to fund its capital programmes.

7.57. Any investment decisions will be appropriately risk assessed and based on affordability, sustainability, and optimisation of resources, with the appropriate funding profiled to match anticipated spending. A minimum HRA balance must be retained and a clear strategy outlined in approved plans for repaying new borrowing within strict time periods.

7.58. As part of the budget setting process, the influences outlined above will be appraised and continuously monitored.

New Priority Investments / Reserves

7.59. The MTFP is underpinned by the key strategic priorities for the council and will need to ensure that resources are aligned with their delivery. The intent of the MTFP is to set out the financial implications for the council and consider the Corporate Strategy, objectives, and policies against the resources projected to be available. This then provides a basis for service decision making.

7.60. Any update of the MTFP needs to be cognisant of the cost of living and inflationary national context and the need to maintain the integrity of the council's financial position and future sustainability, to support our communities.

7.61. These strategic priorities will sit alongside our continued efforts to build and embed our One Council approach, with a sustainable platform that will drive council activity in the years ahead. Within each of the 7 themes are a range of projects and proposals, which reflect the scale of the council's ambition for the area and critically, each has an important part to play in managing future demand on council services.

7.62. The strategic and risk framework requires appropriate oversight and governance of the achievement of the council priorities and to ensure it is delivered through effective programme management. Where performance indicators are not on target, corrective action will be required.

8. Scenario Modelling and Sensitivity Analysis

General Fund Scenarios

8.1 In line with the best practice recommended through the CIPFA Financial Management Code and reflecting the uncertainty around funding and risks remaining to the council which has a significant impact on the ability to forecast with accuracy, we are aware that the forecast at this stage is subject to change with the scale and volatility of the current climate.

8.2 Owing to these uncertainties and from the lack of clarity about what the government's plans for local government funding will mean for the council, financial projections have been prepared for three different scenarios, as follows:

- **Base-case scenario** – refers to the typical, realistic or most likely scenario
- **Best-case scenario** – refers to the most favourable or optimistic projected outcome
- **Worst-case scenario –** refers to the most extreme situation that can happen if things don't go as planned

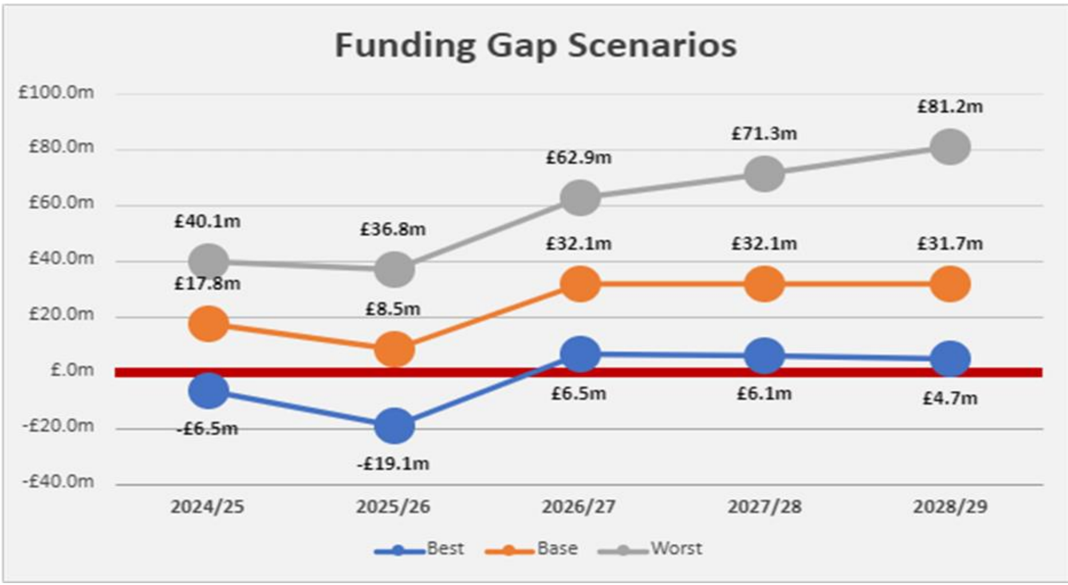
8.3 The budget approved by Council in February 2023 achieved a balanced budget across the first 3 years of the medium term, the changes that are outlined in the scenarios are in addition to the provisions made in the base MTFP model for 2024/25 to 2026/27 (as outlined in the main body of the MTFP report).

8.4 The scenarios assess the effect of changing key input variables at the same time and determine the different possible events that could occur in the future. We have also examined the effect of changing just one variable at a time and assessed which of the variables our funding gap is particularly sensitive to.

8.5 This approach produces a range of funding gap outcome scenarios as set out below, with peak funding gaps at the end of the MTFP period ranging from £4.7 million to

£81.2 million of which there is a £6.5 million surplus to a £40.1 million deficit range applicable to the 2024/25 financial year.

Figure 9: Funding Gap Scenarios



Base Case

8.6 The base case reflects a prudent approach to assessing the key assumption changes since the budget was agreed in February 2023 and indicates a peak funding gap of £32.1 million arising by 2026/27, with £17.8 million arising in 2024/25.

8.7 This 'base' case is what has been set out throughout this report and is the realistic scenario, with the key drivers being the recurrent net service pressures from 2023/24 being carried forward into 2024/25, combined with the emerging service pressures and assumption increases around inflation, offset by changes in assumptions around core funding.

8.8 The base case does not at this time include a review of reserves, where there are known reserve pressures around PFI and insurance, the review of reserves will aim to manage these reserves pressures in the first instance through release and redirection of other reserve flexibility before impacting the MTFP revenue projections.

Table 10: Base Case Indicative Funding Gap

2023/24	Original Budget	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
£m		%	£m	£m	£m	£m	£m
483.523	Original Forecast Budget Requirement	4%	501.934	511.288	523.045	536.786	536.786
Recurrent & New Service Pressures							
2023/24	Recurrent & New Service Pressures	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
£m		%	£m	£m	£m	£m	£m

-	Recurrent & New Service Pressures	100%	18.077	21.036	21.384	21.743	23.102

Corporate Pressures

	Corporate Emerging Pressures	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
		%	£m	£m	£m	£m	£m
	Pay Award & NIC	5.0%	3.785	3.605	3.399	3.188	8.937
	Inflation & Levies	5.0%	5.487	15.329	21.259	22.802	30.883
	Capital Financing	5.5%	0.254	0.507	0.507	0.507	0.507
	Other Corporate Pressures		1.400	1.435	1.471	1.508	1.545
	Total Corporate Pressures		**10.926**	**20.876**	**26.637**	**28.005**	**41.873**
	Total Pressures		**29.003**	**41.912**	**48.021**	**49.748**	**64.975**
	Indicative Budget Requirement		**530.937**	**553.200**	**571.066**	**586.534**	**601.761**

2023/24	Core Funding	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
£m		%	£m	£m	£m	£m	£m
(483.523)	Original Forecast Available Funding	3.8%	(501.934)	(511.288)	(514.914)	(527.009)	(527.009)
Funding Changes							
-	Collection Fund Outturn	0%	(1.993)	-	-	-	-
-	Additional Council Tax	0%	(0.924)	(4.952)	(9.365)	(9.798)	(23.141)
-	Council Tax Second Home Premium	0%	2.872	-	(0.030)	(0.062)	(0.095)
-	Business Rates Multiplier/ Growth / 100% Retention	0%	(13.230)	(27.331)	(11.769)	(12.424)	(12.451)
-	New Homes Bonus	0%	(1.599)	-	-	-	-
-	Additional Grants	0%	3.633	(1.080)	(2.839)	(5.122)	(7.405)
-	**Total Additional Core Funding**		**(11.240)**	**(33.363)**	**(24.003)**	**(27.405)**	**(43.091)**
	Indicative Core Funding		**(513.174)**	**(544.651)**	**(538.917)**	**(554.414)**	**(570.100)**
	Base Case Funding Gap		**17.762**	**8.549**	**32.149**	**32.119**	**31.660**

Best Case

8.9 If we take an imprudent view of assuming the best possible outcome in the case of every variable factor within the MTFP we reach a 'best' case scenario. Even in the best case this still presents a budget pressure peaking at £6.5 million toward the back end of the MTFP period, although a short-term favourable position in the earlier years.

8.10 It should be noted that many of the key factors are outside of the council's control, most notably core and specific funding and increases to government funding allocations for the council.

Table 11: Best Case Indicative Funding Gap

2023/24	Original Budget	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
£m		%	£m	£m	£m	£m	£m
483.523	Original Forecast Budget Requirement	3.81%	501.934	511.288	523.045	536.786	536.786

Recurrent & New Service Pressures

2023/24	Recurrent & New Service Pressures	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
£m		%	£m	£m	£m	£m	£m
-	Recurrent & New Service Pressures	90%	16.974	19.933	20.281	20.640	21.999

Corporate Pressures

	Corporate Emerging Pressures	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
		%	£m	£m	£m	£m	£m
	Pay Award & NIC	3.0%	(0.467)	(1.892)	(3.418)	(5.004)	(0.630)
	Inflation & Levies	3.0%	1.387	8.851	14.257	15.614	23.055
	Capital Financing	4.0%	0.185	0.369	0.369	0.369	0.369
	Other Corporate Pressures		1.120	1.148	1.177	1.206	1.206
	Total Corporate Pressures		2.224	8.477	12.385	12.185	24.000
	Total Pressures		**19.198**	**28.409**	**32.665**	**32.825**	**45.999**
	Indicative Budget Requirement		**521.132**	**539.697**	**555.710**	**569.611**	**582.785**

2023/24	Core Funding	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
£m		%	£m	£m	£m	£m	£m
(483.523)	Original Forecast Available Funding	4%	(501.934)	(511.288)	(514.914)	(527.009)	(527.009)
	Funding Changes						
-	Collection Fund Outturn	0%	(3.433)	-	-	-	-
-	Additional Council Tax	0%	(4.223)	(9.156)	(14.491)	(15.919)	(30.335)
-	Council Tax Second Home Premium	0%	2.872	(0.603)	(0.651)	(0.701)	(0.754)
-	Business Rates Multiplier/ Growth / 100% Retention	0%	(15.876)	(32.797)	(14.122)	(14.909)	(14.941)
-	New Homes Bonus	0%	(1.599)	-	-	-	-
-	Additional Grants	0%	(3.401)	(5.000)	(5.000)	(5.000)	(5.000)
-	Total Additional Core Funding		(25.660)	(47.556)	(34.265)	(36.529)	(51.030)
	Indicative Core Funding		**(527.594)**	**(558.844)**	**(549.179)**	**(563.538)**	**(578.039)**
	Best Case Funding Gap		**(6.463)**	**(19.147)**	**6.531**	**6.072**	**4.746**

Worst Case

8.11 If we assume the worst outcome in the case of each of the key variable factors we reach the 'worst' case view. This would indicate a peak funding gap of £81.2 million by 2028/29, with £40.1 million gap in 2024/25. This scenario assumes inflation levels remain higher and do not fall as rapidly as anticipated in the market, along with a poor financial settlement. This position also assumes that service pressures will be 20% higher than currently assessed.

Table 12: Worst Case Indicative Funding Gap

2023/24	Original Budget	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
£m		%	£m	£m	£m	£m	£m
483.523	Original Forecast Budget Requirement	3.8%	501.934	511.288	523.045	536.786	536.786
Recurrent & New Service Pressures							
2023/24	Recurrent & New Service Pressures	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
£m		%	£m	£m	£m	£m	£m
-	Service Pressures	120%	20.589	24.140	24.557	24.988	26.619
Corporate Pressures							
	Corporate Emerging Pressures	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
		%	£m	£m	£m	£m	£m
	Pay Award & NIC	6.0%	7.795	8.860	9.837	10.889	17.912
	Inflation & Levies	8.0%	8.403	21.862	31.704	37.365	50.290
	Capital Financing	6.0%	0.277	0.554	0.554	0.554	0.554
	Other Corporate Pressures		1.680	2.411	3.546	5.346	8.262
	Total Corporate Pressures		**18.155**	**33.687**	**45.640**	**54.153**	**77.017**
	Total Pressures		**38.744**	**57.826**	**70.198**	**79.141**	**103.636**
	Indicative Budget Requirement		**540.678**	**569.114**	**593.243**	**615.927**	**640.422**
2023/24	Core Funding	Variation	2024/25	2025/26	2026/27	2027/28	2028/29
£m		%	£m	£m	£m	£m	£m
(483.523)	Original Forecast Available Funding	3.8%	(501.934)	(511.288)	(514.914)	(527.009)	(527.009)
Funding Changes							
-	Collection Fund Outturn	0%	(1.595)	-	-	-	-
-	Additional Council Tax	0%	7.617	(0.752)	(4.250)	(3.699)	(15.986)
-	Council Tax Second Home Premium	0%	2.872	0.603	0.591	0.578	0.564
-	Business Rates Multiplier/ Growth / 100% Retention	0%	**(9.574)**	**(19.763)**	**(8.882)**	**(9.354)**	**(9.373)**
-	New Homes Bonus	**0%**	**(1.599)**	-	-	-	-
-	Additional Grants	0%	**3.633**	**(1.080)**	**(2.839)**	**(5.122)**	**(7.405)**
-	Total Additional Core Funding	**0%**	**1.355**	**(20.992)**	**(15.380)**	**(17.597)**	**(32.200)**

	Indicative Core Funding		**(500.579)**	**(532.280)**	**(530.294)**	**(544.606)**	**(559.209)**
	Worst Case Funding Gap		**40.099**	**36.835**	**62.949**	**71.321**	**81.213**

Funding Gap Sensitivities

8.12 Sensitivity and considers the key cost drivers assumed and their respective financial impact. Key areas that drive this variation between base, best and worst cases include:

- New and Recurrent Service Pressures – the best case assumes only 90% of the pressures identified through the MTFP will crystalise, with the worst case assuming a further factor of the highlighted risk would come through at a 20% greater pressure.

- Pay Pressures - the best case assumes that pay inflation can be contained at the 3% previously assumed at budget setting, whereas the worst case scenario looks at a potential for pay to escalate to a 6% requirement.

- Inflation & Levies – the base case builds in assumptions of £5.5 million inflationary assessment, with a worst case assessment rising to a pressure of £8.4 million, whilst the best case reduces assumptions in 2024/25 to £1.4 million. These reflect a variety of fluctuations around inflation percentages for particular areas of contract inflation including; Adult Social Care, Children's Social Care, Home to School Transportation, Temporary Accommodation, waste, PFI and energy.

- Funding - key sensitivities are around additional council tax and business rates, with the former assuming that the social care precept isn't available over the full 5 year period of the MTFP for the worst case scenario and on business rates where in the worst case scenario the assumption around the 100% retention is at risk in the future years and will not come through for the years to 2025/26 as outlined as anticipated for the base case.

9. Financial Health Indicators

9.1 In developing the budget strategy for 2024/25 and the medium term, the council has been reflective of the outcomes of the CIPFA Financial Resilience Index and other financial benchmarking. In determining the medium term budget strategy, it is essential to ensure the council manages its financial resilience to meet unforeseen demands on services. The resilience index points to pertinent areas for scrutiny in shaping budget strategy with Social Care, Reserves and Gross External Debit highlighted.

9.2 In that respect the three areas, as set out below, are based on figures using updated 2021-22 data (last year's report used 2020-21).

Figure 10: CIPFA Financial Resilience Index Results Breakdown for Bristol

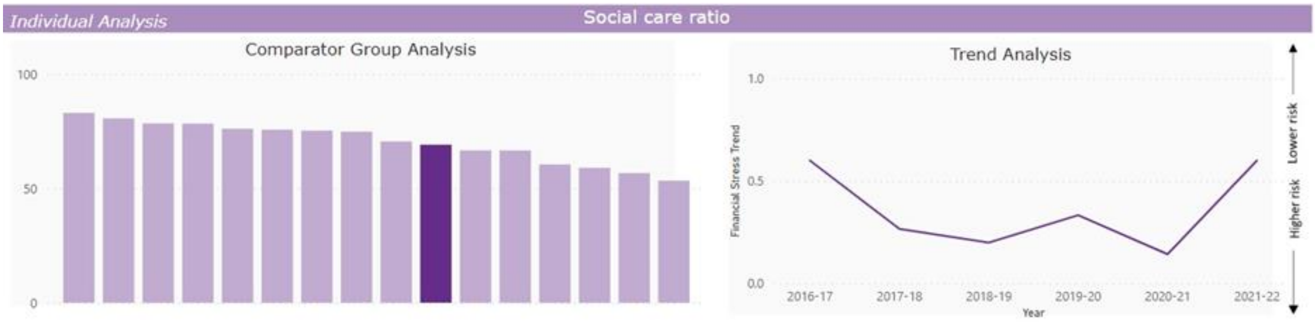
Indicator	Min	Indicator Value	Max
Reserves Sustainability Measure	5.78	100.00	100.00
Level of Reserves	5.16%	38.56%	124.87%
Change In Reserves	-34.16%	50.84%	246.17%
Interest Payable/ Net Revenue Expenditure	0.28%	5.14%	20.67%
Gross External Debt	£2,000k	£575,888k	£1,651,158k
Social care ratio	28.70%	69.11%	93.25%
Fees & Charges to Service Expenditure Ratio	3.11%	19.43%	28.68%
Council Tax Requirement / Net Revenue Expenditure	38.80%	59.94%	89.69%
Growth Above Baseline	-4.19%	2.21%	61.75%

9.3 The highest area of risk to the financial resilience of the council compared to other similar authorities is the proportion of budget spent on social care services, as this is seen as an inflexible cost which is difficult to reduce over short term and impacts on the council's ability to respond with agility to changing demands.

Social Care Ratio

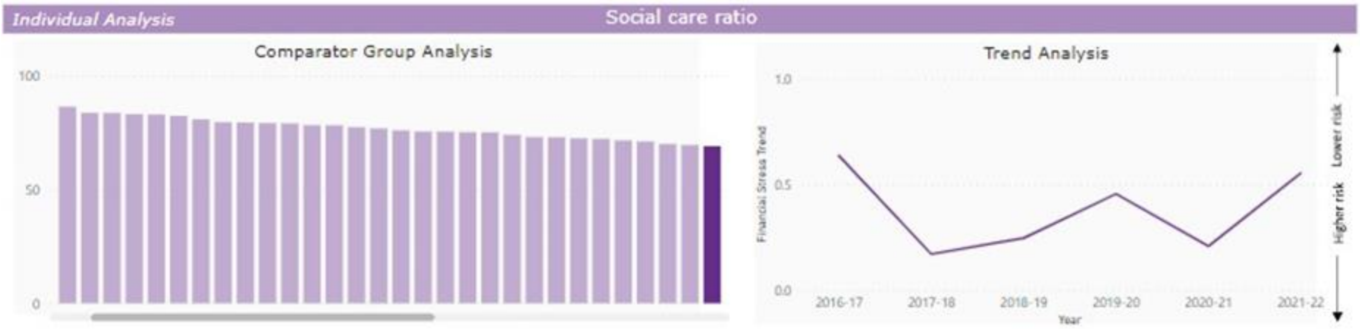
Nearest neighbours

Figure 11a: Bristol City Council Social Care ratio (statistical neighbour comparisons)



Unitary Authorities

Figure 11b: Bristol City Council Social Care ratio (unitary authorities comparisons)



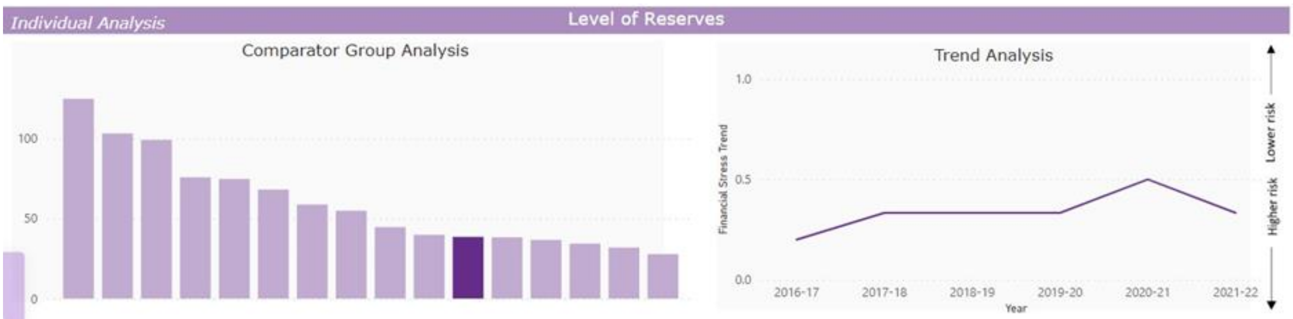
9.4 The social care ratio reflects the proportion of expenditure on social care. For most council's this means a higher percentage of net revenue expenditure that is used to support this area than on anything else. The CIPFA resilience index illustrates that although Bristol's ratio is favourable to statistical neighbours and to unitary authorities, there are variations within the analysis, further benchmarking using strategic partner's analytical capacity is helping to deepen analysis and will help inform the budget setting process.

Level of Reserves

9.5 This is a ratio of the current level of reserves (total useable excluding Public Health and schools) to the council's net revenue expenditure. Undertaking this analysis as a percentage of net revenue expenditure ensures the relative size of the council is considered.

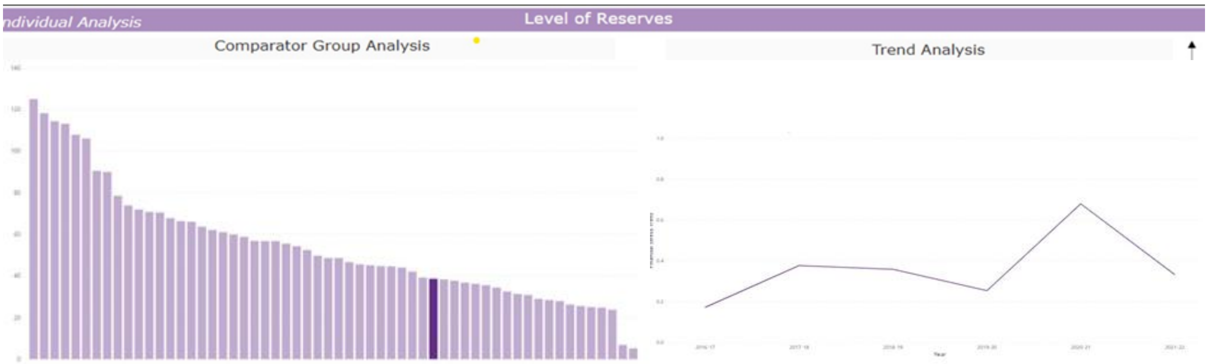
Nearest Neighbours

Figure 12a: Bristol City Council Level of Reserves (statistical near neighbours)



Unitary Authorities

Figure 12b: Bristol City Council Level of Reserves (unitary authorities)



9.6 The benchmarking analysis above shows that the council currently has reducing useable reserves, after an improvement across the period of the pandemic the council's levels of reserves have moved into a higher risk boundary. The analysis when compared to both nearest neighbours and unitary authorities provides a consistent picture. This indicator is of high importance in terms of the council's ability to respond to extreme shocks, such as that recently experienced.

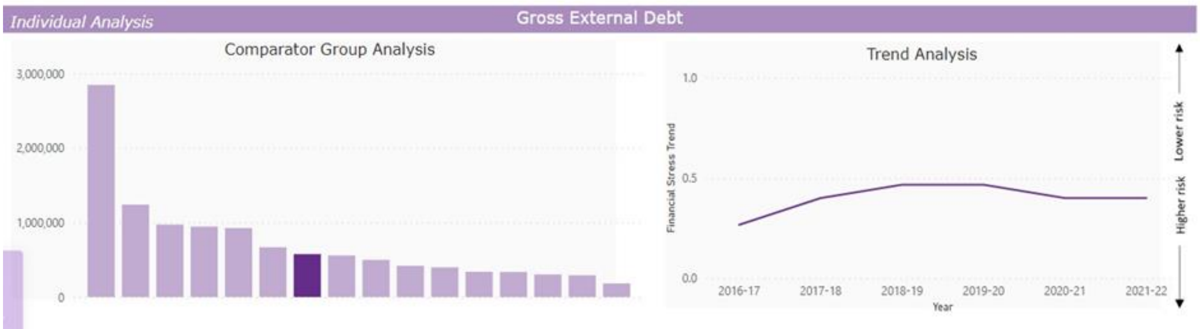
9.7 The council's need for greater resilience (as above) and the others risk emerging from the MTFP, need to be considered in the annual refresh of the reserve policy.

Gross External Debt

9.8 This indicates the Gross External Debt held by the council and is used to finance the council's borrowing liability known as its Capital Financing Requirement (CFR). It is a requirement of the CIPFA Prudential Code to set a CFR and link into the prudential indicators agreed by Council as part of its annual Treasury Management Strategy.

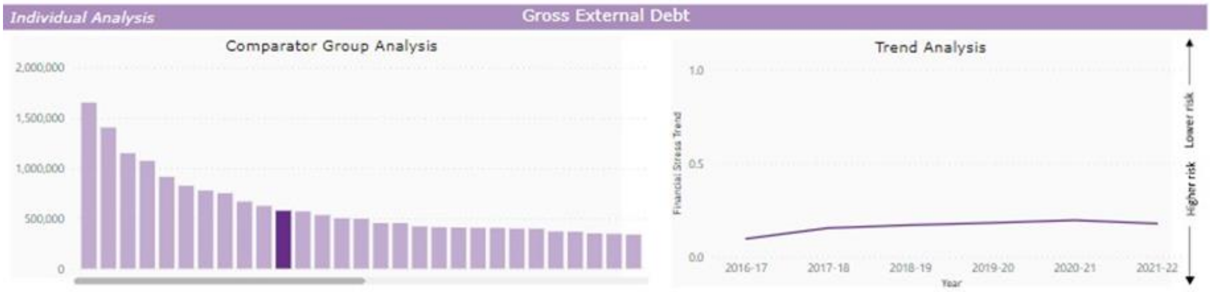
Nearest Neighbours

Figure 13a: Bristol City Council Gross External Debt Ratio (statistical neighbours)



Unitary Authorities

Figure 13b: Bristol City Council Gross External Debt Ratio (unitary authorities)



9.9 The council's CFR at 31 March 2023 was £940 million. It was financed by Gross External Debt of £564 million and Internal Borrowing (use of the council's surplus cash resources) of £376 million.

9.10 Given the current position the intention is to retain a mid-point of all upper tier authorities as a percentage of net revenue expenditure and seek to leverage external funding and grants to provide the headroom and parameters for the additional amounts required to deliver the wider Corporate Strategy ambitions. As such the Capital Strategy which is published with the 2024 Medium Term Financial Plan includes the following indicators limiting exposure:

- General Fund - capital financing costs to no more than 10% of net revenue budget
- Loans to subsidiary companies (with risks weighted provisions) - are limited to 10% of the CFR or £70 million, whichever is lower
- HRA - an interest cover ratio and coverage in reserves, which will support service delivery, housing and regeneration schemes, such as those being delivered to increase housing stock and the schemes being delivered by the subsidiary companies, over the next ten years.

9.11 Further enhancements to these affordability metrics are proposed in the Capital Strategy being considered in this report. These enhancements include providing greater clarity on the level of liability exposure (including loans) to subsidiary companies and a requirement for more transparency in decision making on the level of net present value within capital projects, including exceptions to re-invest surplus net present value generated into expenditure which have positive environmental and social impacts. The council will be requested to endorse the affordability approach as part of the development of the 2024/25 Capital Strategy and Treasury Management Strategy.

10. Our Financial Principles

Putting Strategy into Practice

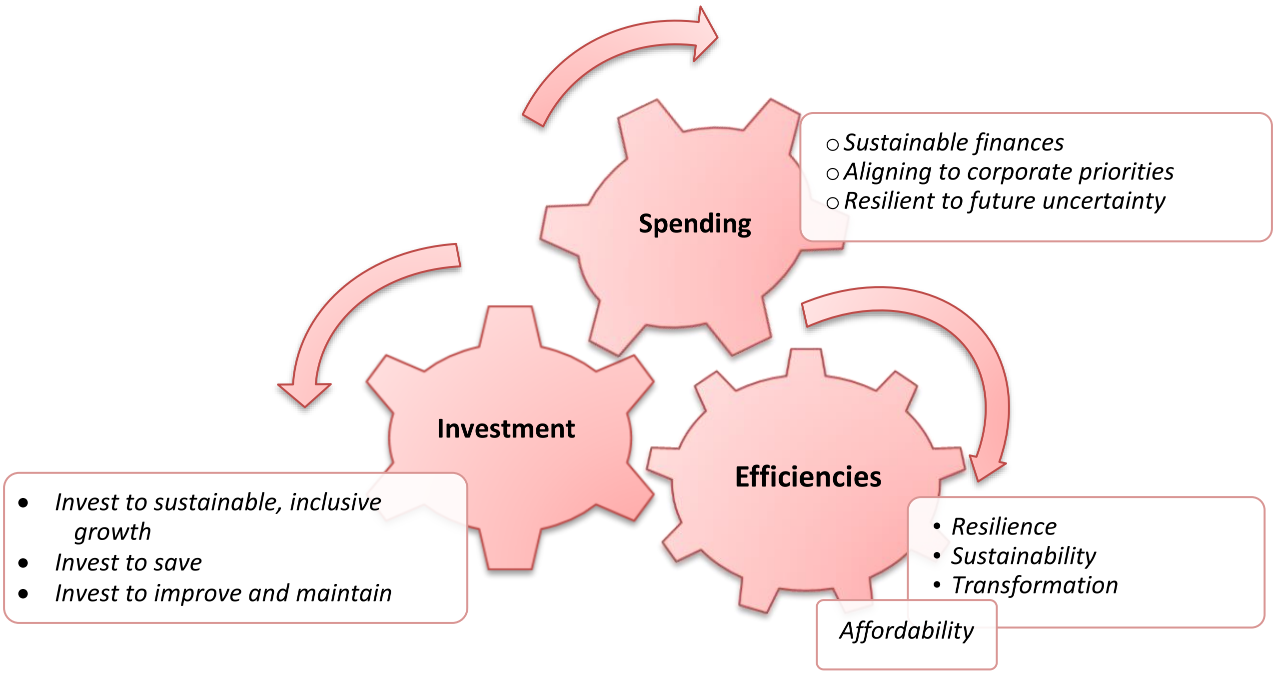
Our financial principles provide a guide and good practice to support the council's financial management arrangements for delivery of a sustainable and balanced budget.

While any one principle, if properly implemented, will likely yield positive results, it is the way these principles reinforce each other that will more fully deliver on the promise of effective financial planning and management.

The detailed resourcing principles that underpin these elements and activities are outlined in Annex 3 and provide the tools for a consistent, transparent approach to the annual budget review.

10.1. The council is continuing to face a challenging set of set of sustained economic and financial challenges related to the cost of living that continues to put ever increasing pressure on the council's financial sustainability and resilience which inevitably underpins key aspects of the council's future strategy. To be resilient to future uncertainty we are proposing to focus on nine key principles.

Figure 14: Resourcing principles centred around spending, investment and savings



10.2. The council identified three overarching financial elements; spending, investment and efficiencies and adopted guiding principles and good practice to support the process for determination of the budget and the financial management arrangements for delivery of a balanced budget position. The pertinent principles in delivering the budget strategy proposed for 2024/25 are expanded below for spending and efficiency principles, noting that the investment principle focus on themes covered in more depth within the Capital Strategy.

Principles on Spending

Aligning spend with corporate priorities

Consider our obligations in providing services and challenge all existing spend in the context of strategic priorities

10.3. If we are to deliver the priorities of the council we will need to pay close consideration to our obligations in providing all services. We need to question whether services are delivering outcomes towards the city vision.

10.4. Where services are a statutory requirement of the council, are we delivering more than is required of us? In some cases, we may wish to deliver over-and-above, as long as there is a clear strategic outcome that aligns to the council's priorities.

10.5. We will challenge all existing spend in the context of strategic priorities, ensuring that council spending is driven by outcomes and results.

Being resilient to future uncertainty

Be prudent, build flexibility for the uncertain financial outlook

10.6. There is significant uncertainty in the financial outlook which means when committing to spending we need to ensure we retain an element of flexibility for the changing environment in which we operate, for example, this needs to be considered when entering into new long term contracts.

Exit strategy to be developed for all external funding.

10.7. In order to make the most of opportunities we may be able to bring in additional external funding however to ensure we build resilience in future uncertainty it is essential that we develop exit strategies for any services funded by external grants.

Approach to budget setting

Identify and implement all endorsed savings and efficiencies.

10.8. Council services have already been challenged to produce savings in recent years, and many services have already succeeded in making a good start on reducing their budgets. With financial pressures as they are, it is paramount that we maintain programmes to optimise service delivery and ensure value for money wherever possible.

10.9. Within the current financial climate, we will need to make the most of every opportunity to generate savings and efficiencies. As part of setting the 2023/24 budget we identified £42 million of savings over the medium term to start to bridge the medium term gap. It is important that any savings identified and endorsed are fully implemented.

We will maintain balanced budgets over the medium term.

10.10. In order to be prepared and able to respond to changes in the external environment, it is important we set out a balanced budget over the medium term. This is not set in stone but will form the basis of setting the annual budget each year and give us more ability to be resilient to future uncertainty.

We will only use taxation where necessary and justifiable.

10.11. Local Authorities have flexibility to increase Council Tax rates by up to 2% - 5% annually; this generates an increase in revenue to fund services. However, we recognise increasing Council Tax can have a big impact on those on low incomes across the city. Therefore, we will only use taxation where necessary and justifiable.

There will be no additional spend unless matched by savings or income

10.12. In maintaining a balanced budget it is important that no additional spending commitments are made unless it can be matched by savings or additional income.

Principles on Efficiencies

It is clear that efficiencies will need to be made to deliver a balanced budget. By analysing our current strengths and weakness we have developed several key themes and principles.

Some of these will deliver cashable savings to the bottom line and some will be enablers. It is recognised that delivering to these principles will not be easy and will take resource and sometimes difficult decisions around the model of services to ensure outcomes are met within a reduced cash envelope.

Resilience	Sustainability	Transformation
• Fraud and Avoidance • Build Resilience • Capital Financing • Balance Sheet Review	• Commercialisation • Traded Services • Fees and Charges • Third Party Spend	• Productivity and Workforce • Partnership Working and Early Intervention • Digital Transformation • Maximising our Assets

Financial Resilience

Financial Resilience is about ensuring we are providing efficient services and maximising all income opportunities possible. It is also about how we manage our financial risk to be more in control of changes in the financial and economic environment.

- Financial Resilience is focussed on Fraud and Avoidance.

Fraud and Avoidance

10.13. It is vital that the council retains the maximum revenue possible in order meet our financial pressures. We would want to ensure that we are collecting Council Tax and business rates wherever possible. We need to review our processes for tackling fraud and avoidance in order to ensure optimum compliance without a dramatic increase in spending on enforcement, which should be a last resort.

10.14. In ability to identify new tax payers / avoiders and in the instance of Highways Green Claims - those person/s responsible for causing damage to public infrastructure and where identified more commercial approach prior to any write-offs outside the system.

10.15. Income may not be optimised (ROI) if reducing resources are not targeted

- We will proactively be using data intelligence for successful revenue collection
- Data cleansing, analytics and technology to locating new payers / contacting defaulters and getting the right bill, to the right person, at the right time

Balance Sheet Review

10.16. The council holds ear-marked reserves that are set up either for a time-limited programme, to act as contingency against a specific risk, or to carry forward a service underspend. It is possible that some of the reserves we currently hold could be released if programmes are complete and there is no further planned spending, or if risks have reduced for risk-based reserves.

Sustainability

Sustainability means preparing a finance strategy that is valid now and in the future. With a high degree of uncertainty ahead, it is essential that the council's finances are as robust as possible. This has been broken down into the following areas:

- Third party expenditure
- Fees and charges

Third Party Expenditure

- Taking a council wide category management approach to procurement
- Focusing on supporting local businesses to access the council's supply chain, and considering social value, sustainability and the environment in our procurement activity

10.17. Despite improvements in spending over recent years there is potential further enhancements in how we purchase goods and services.

10.18. The council must engage in financial transactions with a wide range of providers, however the sheer volume of supplier data held in finance systems highlights significant inefficiencies. Service provision through strategic procurement offers opportunities to deliver greater value for money.

10.19. Through our procurement and commissioning the council is able foster the local economy and add social value, and the council should recognise this as a responsibility.

Fees & Charges

- All charges will be increased annually in line with general inflation, unless it can be demonstrated such an increase will harm service usage levels.
- We will review all overhead charges and fees and charges annually and eliminate subsidies which don't align to the Corporate Plan and emerging Target Operating Model. All charges will cover the total cost of providing the service.
- Where charges are set in statute but do not fully recover costs, we will undertake a detailed review of services and make representation to the relevant body.
- Targeted reviews to explore all opportunities in areas where evidence indicates our income is lower than our peers.

10.20. Authorities are able to set fees and charges in accordance with legislation governing the level at which fees can be set. If charges are set such that income doesn't match cost to run the service, this indicates the service is subsidised by the council.

10.21. It is an accepted principle that licensed activities should be funded on a cost-recovery basis, paid for by those benefiting from the licensed activity, rather than drawing on the public purse. In of our services, fees are set without understanding the full costs of the service and, as such, current subsidies aren't clear in the budget and don't necessarily align to outcomes desired by the council.

10.22. Financial regulations require services to review their fees and charges annually. Some areas of charging haven't been inflated for several years and are creating pressure on the budget due to inflating costs. As well as considering the effect of inflation, services must also consider how they can recover the total cost of the service, if legislation allows it.

10.23. Where charges do not recover the full cost due to statutory requirements, there should be a more robust process to lobby the regulatory body. All councils are facing similar financial challenges at the moment and it is important that central government assumes the correct level of financial responsibility for delivery of statutory services at a local level.

10.24. Be more 'entrepreneurial' in our approach, actively engaging in market development and market shaping where no such market currently exists and using insight to manage specification and demand.

Transforming Services

Over recent years significant savings have been made through efficiencies in the way services operate. Though there are always opportunities to go further it becomes increasingly more difficult to make savings and those which there are may require significant investment to drive out.

Therefore, it is important to focus on transforming our approach to services to deliver significant savings.

- Productivity and Workforce
- Maximising use of our Assets

10.25. Where fit for purpose we will seek optimise the infrastructure that we have already invested in, including right person, right place, right time – automation where possible.

Maximising Use of Our Assets

10.26. Assets are held to support a strategic need or for a net financial return that supports the financial resilience of the council.

10.27. Treasury Management - a working balance will be retained, residual funds invested to generate an increased return on investment.

10.28. We will leverage other public and private sector investment for new market developments.

10.29. We will proactively seek a mixed portfolio quick wins / early adopters to create a revolving fund.

Affordability

10.30. It must be recognised the significant financial pressure on local authorities and despite all the work in identifying savings and efficiencies through the above measures there could come a point that there is insufficient funding to deliver all services a*ligned to the* Corporate strategy.

10.31. As a last resort difficult decisions will need to be made regarding the priority outcomes and stopping services which deliver these outcomes.

11. Budget Strategy

11.1. The council has historically identified over £300 million of savings over the last decade, which means the challenge to identify service efficiencies and reductions within the bounds of our legal requirements is becoming ever more challenging.

11.2. The council has experienced a period of sustained increase in demand resulting from current global market factors and for some of the key services it provides to the most vulnerable members of the community, particularly within adult and children's social care and inflation having continued at levels previously unseen, we now need to consider based on the current evidence and trajectories it is likely that growth will continue in the areas of demand in the period covered by this plan.

11.3. As at September 2023, we estimate a peak funding gap of £32.1 million. With such a significant challenge, our council budgets will not be able to be balanced without an approach to increasing external incomes and driving an improved application of external funding aligned to transformation and council objectives, as well as stretching and delivering on transformation to improve outcomes and improved value for money, which will need to include a clear focus on investing capital where it will be of benefit to the ongoing revenue position of the council, as well as continuing the drive around efficiencies.

11.4. A range of measures are being recommended which will be explored and where appropriate details further developed for presentation to Council as options for consideration in closing the identified budget gap. It is proposed to prioritise a three-pronged approach, noting that should sufficient options not be identified it may be necessary to expand the scope of areas being reviewed, this should not be considered an exhaustive list as further options may need to be considered if a residual gap remains:

- Transformation - maximising the focus on our existing transformation programmes, driving a blend of improved outcomes and best value, to expand the opportunities being developed. This will include optimising our assets in relation to invest to save proposals.

- Income Generation – be more business-like and secure more external resource, including options around fees and charges, income generation and improved debt management and collection.

- High-Cost Services - targeted reviews and deep dives in areas identified as high cost through benchmarking evidence. Explore opportunities from those deemed best in class and welcome staff led ideas within these areas.

11.5. A range of measures are being recommended for to be explored and where appropriate further develop the details for presentation to Council as options for consideration in closing the identified budget gap. It is proposed to prioritise a 3-pronged approach, not that this is not an exhaustive list:

- Transformation - maximising the focus, driving a blend of improved outcomes and best value from our existing transformation programme, expanding the opportunities being developed, including optimising our assets in relation to invest to save proposals
- Income Generation – Be more business-like and secure more external resource, including options around fees and charges, income generation and debt management
- High Cost Serves - Targeted Reviews – In identified areas (e.g. where benchmarking indicates opportunities) - cost reductions, service reviews (cessations / reductions) and efficiencies

11.6. There are many different scenarios and improved practices that will support the council in bridging the gap. These are outlined in the Financial Principles (above and within Annex 2). Below are key areas that will align with the approach being proposed in this strategy:

- Ensuring that all funding bids made can be fully justified by an identifiable need and can be linked to the strategic priorities and objectives of the council

- We will continue to work internally and externally with our partners locally, regionally and nationally to refine forecasts, assumptions, gather evidence and where appropriate jointly commission to achieve scale in our response and drive value

- We will assess and challenge the value for money (economy, efficiency and effectiveness) provided by each service through the service & financial planning process

- We will seek to ensure that new burdens are appropriately costed, funded and that mechanisms are in place to make representation where required and prevent permanent commissioning against short term resources

- We will adopt a multi-faceted approach, collective leadership and genuine collaboration across the council and finance, to have the right resources working effectively to manage the pressures and identify suitable and innovative solutions to meet need and manage the associated spending, in a sustainable manner

- We will remain resilient through uncertainty, maintaining an adequate level of reserves, regularly review their planned use, redirection and allocation to support delivery of our priorities and management of our risks and where the funds are still required, they will be subsequently replenished

- We will continue national and regional monitoring and lobbying, to encourage the government to provide funding to meet the cost of new burdens and new legislative or regulatory requirements

- We will on an ongoing basis review the capital programme financing and debt portfolio, with a particular emphasis on future year's commitments that could be financed or alternatively refinanced by alternative sources

- We will ensure a long-term sustainable view is taken of our investments and that appropriate risk analyses are used when considering new investments

- We will undertake detailed deep dives on service areas with material emerging pressures and deficit and consider the robustness and likely cashable benefit realisation from the associated recovery and transformation plans.

- We will maintain sufficient reserves and balances to manage known risks and events and maintain financial resilience

Budget Timetable

11.7. Outlined below is the indicative timetable for the development of the 2024/25 Annual Budget for the General Fund including Public Health, Housing Revenue Account, Dedicated Schools Grant and the council's 2024/25 – 2033/34 Capital Programme. Please note that in some instances dates are indicative or to be confirmed and as such may be subject to change.

Table 13: Budget Timetable Latest Timeline

MEETING	DATE	CONTENT / PURPOSE
Cabinet	Tue 03 Oct 23	**MTFP and Capital Strategy**
DSG Schools Budget Consultation	Tue 03 Oct 23	Consultation Opens
Resources Scrutiny Commission	12 October 5pm	To inlcude: Collection Fund and Council Tax base
Full Council	**Tue 31 Oct 23**	**MTFP and Capital Strategy Approval**
HRA Public Budget Consultation (tbc)	Wed 01 Nov 23	Consultation Opens (indicative)
General Fund Public Budget Consultation	Wed 01 Nov 23	Consultation Opens
DSG Schools Budget Consultation	Tue 14 Nov 23	Consultation Closes
Public Resources Scrutiny #1	Tues 21/11/2023 4pm	Budget Scrutiny - Cabinet / Executive #1 (2xdirectorates)
Public Resources Scrutiny #2	Thurs 23/11/2023 4pm	Budget Scrutiny - Cabinet / Executive #2 (2xdirectorates)
HRA Public Budget Consultation (tbc)	Mid December 2023	Consultation Closes (indicative)
General Fund Public Budget Consultation	Mid December 2023	Consultation Closes
Full Council	**12-Dec-23**	**To include: Collection Fund and Council Tax base**
Cabinet	**Tue 23 Jan 24**	**Recommend Mayors Budget - Council**
Public Resources Scrutiny #3	Tues 30/1 4pm	Budget Scrutiny - Cabinet / Executive #1 (2xdirectorates)
Public Resources Scrutiny #4	Thurs 1/2 4pm	Budget Scrutiny - Cabinet / Executive #2 (2xdirectorates)
Full Council (1st Meeting)	**20/02/2024 - 2pm**	**Budget Approval**
Full Council (2nd Meeting)	**Wed 28 Feb 24 - 2pm**	**Budget Approval (Reserve)**

12. Reserves

The council holds reserves as part of its approach to maintaining a sound financial position, planning effectively for our known and potential one-off liabilities and to enable it to be resilient to future shocks, stressors and emergency situations that it may encounter in the future.

An essential part of the financial planning process of the council is a robust policy on the level and nature of reserves.

12.1. The requirement for financial reserves is linked to legislation such as the Local Government Act 1992, which requires councils to "have regard" to the level of reserves needed to meet future expenditure when calculating a budget. In accordance with the existing statutory and regulatory framework, the Chief Financial Officer (Section 151 Officer), is responsible for advising the council on the level and nature of reserves it should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose and must take account of the relevant local circumstances.

12.2. Approval of the reserves policy is one of several related decisions in the formulation of the council's MTFP and the level of useable reserves held is also one of the suite of tools utilised to demonstrate that there are no material uncertainties about whether the council remains as a going concern over each of the years of the medium term plan.

12.3. Reserves can be held for three main purposes:

- A contingency to cushion the impact of cost arising from unexpected or emergency events such as unforeseen financial liabilities or natural disasters – (general reserves)

- It also acts as a financial buffer to help mitigate against the financial risks the council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years, to help cushion the impact of uneven cash flows – (general reserves)

- A means of building up funds, to meet identified spending commitments, known or predicted liabilities, to manage timing differences between the receipt of income and expenditure being incurred, in accordance with accounting rules - (earmarked reserves)

12.4. Reserves will only be used for the purpose for which they were created and the level of reserves will be reviewed periodically but as a minimum in the preparation of the Medium Term Financial Plan, Annual Budget setting and again as part of the closure of accounts process.

12.5. The key considerations and principles followed in establishing the reserves policy are:

- The strategic, operational and financial risks facing the council

- The overall financial standing of the council (level of borrowing, debt outstanding, income collection rates, etc.)

- The robustness of the estimates in the council's MTFP

- The council's track record in budget and financial management and delivery of approved savings

- The proportion of budget spent on needs and demand led services which can be difficult to reduce in the short term, and the council's capacity to manage in-year budget pressures

- The strength of the financial information and reporting arrangements

- The adequacy of the council's insurance arrangements to cover major unforeseen risks

- The extent to which specific risks are supported through earmarked reserves and contingencies

12.6. Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option; however, it is not prudent for reserves to be deployed to finance recurrent expenditure. The council should be particularly wary about using one-off reserves to deal with shortfalls in current core funding particularly in a climate of such financial uncertainty.

12.7. Usable reserves are broadly considered cash based (with the exception of the DSG deficit reserve) and as at 1 April 2023, the trend in the council's usable reserves and forecast in general and earmarked reserves was as follows:

Table 14: Usable Reserves

Reserve Name As at 31 March	2021 £m	2022 £m	2023 £m
General Reserve	(35.666)	(40.074)	(29.525)
DSG Deficit Reserve	10.004	24.650	39.681
Schools Reserve	(7.528)	(5.604)	0.758
Earmarked Reserve	(330.445)	(288.568)	(236.061)
Total Revenue Reserves	**(363.635)**	**(309.596)**	**(225.146)**
Schools Capital	(3.079)	(3.554)	(3.554)
Capital Receipts	(78.492)	(79.775)	(82.543)
Capital Grants Unapplied	(3.080)	(3.555)	(3.131)
Total Capital Reserves	**(84.651)**	**(86.884)**	**(89.228)**
Total All Funds	**(448.286)**	**(396.480)**	**(314.374)**

Table 15: General and Earmarked Reserves (Indicative Outlook)

2023/24 £m		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
(126.611)	GF Earmarked Reserves	(122.367)	(107.776)	(88.619)	(67.939)	(66.892)
(29.525)	General Reserves	(28.525)	(28.525)	(28.525)	(28.525)	(28.525)
(4.635)	Public Health Reserves	(4.314)	(4.314)	(4.314)	(4.314)	(4.314)
39.681	DSG Deficit Reserve	57.555	67.691	68.699	61.752	47.862
0.758	Schools Reserves	(0.339)	(0.339)	(0.339)	(0.339)	(0.339)
(109.450)	HRA (Incl.Major Repairs) Reserve	(55.181)	(56.570)	(50.673)	(51.113)	(51.562)
(229.782)	**Total General and Earmarked**	**(153.171)**	**(129.833)**	**(103.771)**	**(90.478)**	**(103.770)**

12.8. While the council will not hold reserves above those assessed as required for the medium and long term plan, a decreasing trend as outlined in the tables above indicates a reduction in the buffer to meet short term needs and could potentially increase the dependency on long-term borrowing to fund expenditure as the fall back on reserves for internal borrowing, (which the council has benefited from for many years), to meet future large-scale investment projects, may not be available.

12.9. Some of these usable reserves are subject to restrictions on their usage. These include:

- Schools Reserve – for use in schools as governed by the Scheme for Financing Schools.
- Capital Grants Unapplied – specific capital projects, restricted by the grant terms and conditions.
- Capital Receipts – proceeds from the sale of assets and in accordance with regulations these funds can only be used for capital purposes or set aside to repay debt and additional flexibilities provided via the Flexible Use of Capital Receipts policy.

12.10. The HRA reserve policy requires a HRA major repairs reserve of at least £10 million and a HRA general reserve of at least £21 million (after provisions for any known liabilities) and the current balances are within these parameters. The General Fund general reserve policy is that an unallocated general reserve will be retained of at least 5-6% of the net revenue budget, subject to the sensitivity and risks in the financial plans, to which the council is exposed.

12.11. The table below shows the current year, forecasted general fund reserve opening balance for each year of the MTFP and the percentage of net budget and turnover days, based on the indicative net budget requirement as outlined in this report and the indicative net budget adjusted to the core funding available. The percentage of net budget ranges from 5.56% to 4.74% and turnover days from 22 to 17 across the period of the MTFP, indicating that a transfer to general reserve of at least £1.0 million each year would be required to maintain a minimum of circa 5.5% and 20 days turnover cover across the period of the plan.

Table 16: General Fund assumptions as % of net budget and turnover days

2023/24 £m		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
(29.525)	General Fund Reserve @ 1 April	(28.525)	(28.525)	(28.525)	(28.525)	(28.525)
483.523	Indicative Net Budget Requirement	530.937	553.200	571.066	586.534	601.761
6.11%	**General Fund % of net budget**	**5.37%**	**5.16%**	**5.00%**	**4.86%**	**4.74%**
22	**Turnover Days**	**20**	**19**	**18**	**18**	**17**
483.523	Indicative Core Budget Available	513.174	544.651	538.917	554.414	570.100
6.11%	**General Fund % of net budget**	**5.56%**	**5.24%**	**5.29%**	**5.15%**	**5.00%**
22	**Turnover Days**	**20**	**19**	**19**	**19**	**18**
Indicative increase to maintain c. 5.5%		**(1.000)**	**(2.000)**	**(3.000)**	**(4.000)**	**(5.000)**

12.12. The updated reserves policy is enclosed at Annex 2 and sets out the current level of general and earmarked reserves and the management and governance of the funds to increase stewardship, transparency and reporting. The level of the general reserve will continue to be reviewed annually as the iterative MTFP work progresses, to ensure it is sufficient for the level and type of risks to which the council is exposed.

13. Risk Management

13.1. The Medium Term Financial plan needs to be seen in the context of significant inherent uncertainty for the council in terms of future funding, spending, investment and efficiency assumptions. The council's current and future financial position is subject to a number of threat risks, the two prominent ones regularly reviewed are:

- Failure to be able to reasonably estimate and agree the financial envelope available both annually and in the medium term and the council is unable to set a balanced budget.

- The council's financial position goes into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the council's reserves policy.

13.2. We will refresh the Corporate Risk Register to appropriately reflect the key risks which have materialised from the MTFP refresh and ensure close monitoring and transparent reporting on progress and actions.

13.3. Change is happening at an increasing pace nationally and locally and while this brings with it risks, it also offers new opportunities. We will proactively manage risks and opportunities to support delivery of strategic objectives, to improve service delivery, to achieve value for money and reduce unwelcome surprises.

13.4. We continually seek to develop and refine our approach to risk management in order to provide a more effective response to risks while also embedding risk management across the council, our decision-making and service planning processes.

13.5. In developing the 2024/25 budget to be presented to Council for approval we will consider the key corporate and service risks that we face, how we propose to address these risks and the sufficiency of the financial provisions made, and contingencies and reserves held, to ensure a balanced, sustainable and resilient position can be achieved.

14. Consultation and Cumulative Equalities Impact Assessment

14.1. The council will continue to work to deliver efficient services that provide value for money. Proposals developed where relevant and proportionate will be subject to internal, external and public consultation. We need to ensure that optimal choices being made are done on a fully informed and transparent basis.

14.2. The council's budget planning framework is supported by the development of cumulative Equality Impact Assessments (EqIAs) for the budget proposals, identifying possible disproportionate impacts in relation to groups with protected characteristics. The EqIAs will also identify potential mitigation where applicable. Where required, specific consultations will also be launched throughout the respective year and made available via the council's website.

14.3. The council maintains its strong commitment to equality, and the EqIAs help us to arrive at informed decisions and to make the best judgements about how to target resources.

Annex 1: CIPFA FM Code - Financial Management Standards

FM standard reference	CIPFA financial management standards
	Section 1: The responsibilities of the chief finance officer and leadership team
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.
B	The authority complies with the CIPFA *Statement on the Role of the Chief Finance Officer in Local Government*.
	Section 2: Governance and financial management style
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
D	The authority applies the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework* (2016).
E	The financial management style of the authority supports financial sustainability.
	Section 3: Long to medium-term financial management
F	The authority has carried out a credible and transparent financial resilience assessment.
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
H	The authority complies with the CIPFA *Prudential Code for Capital Finance in Local Authorities*.
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.
	Section 4: The annual budget
J	The authority complies with its statutory obligations in respect of the budget setting process.
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.
	Section 5: Stakeholder engagement and business plans
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.
	Section 6: Monitoring financial performance
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.
	Section 7: External financial reporting
P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the *Code of Practice on Local Authority Accounting in the United Kingdom*.
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

Annex 2: Reserves Policy

1. Legislative and Regulatory Framework and Role of the Chief Financial Officer

1.1. Sections 31A, 32 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the annual budget requirement.

1.2. Section 25 of the Local Government Act (Part II) 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of the council's financial reserves when setting a Medium Term Financial Plan (MTFP) and the budget requirement as part of the annual budget report. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.

These requirements are reinforced by section 114 of the Local Government Finance Act 1988, which requires the Chief Financial Officer to report if there is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the council will not have the resources to meet its expenditure in a particular financial year.

1.3. Within the existing statutory and regulatory framework, it is the responsibility of the Chief Financial Officer to advise the council about the level and nature of reserves to be held. In establishing and approving the MTFP, the council will ensure that it maintains a prudent level of reserves in line with best practice and relevant guidelines.

1.4. The policy covers the principles for when reserves will be held, the appropriate categories for reserves, the Chief Financial Officer recommended minimum levels of reserves and the management and governance of the funds including the criteria for the release of reserves.

1.5. This policy note is applicable to the following reserves:

- The General Fund Reserves
- Earmarked Reserves
- Housing Revenue Account Reserves
- Schools Reserves
- Dedicated Schools Grant Reserve
- Unusable Reserves

2. Definition and Purpose of Reserves

2.1. Reserves are an important part of the council's financial strategy and are held to create long-term financial resilience and stability. The council cannot borrow to finance day-to-day spending, and so it must either operate within the agreed directorate cash limits or seek approval to draw down reserves to ensure that the annual spending does not exceed the available annual revenue budget.

2.2. The application and use of reserves supports the achievement of service delivery and improvements and can support any in year service budgetary pressures or budget pressures arising from funding reductions. Reserves are one-off monies and can only be spent once. The council aims to avoid using reserves to meet ongoing financial commitments, other than as part of a sustainable budget plan. The council must balance the opportunity cost of holding reserves in terms of the impact upon Council Tax against the importance of internal borrowing, interest earning and planning for long-term financial resilience.

Unusable reserves

2.3. Unusable reserves arise out of the interaction of legislation and proper accounting practice, either to store revaluation gains or as adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements. These reserves are technical in nature, not resource backed and cannot be used for any other purpose.

Usable Reserves

2.4. Usable reserves are cash-backed reserves that can be used to fund future expenditure. Some reserves however will be subject to restrictions on their usage. These include Capital Grants Unapplied, Capital Receipt, Schools Reserves, Public Health and Housing Revenue Account Reserves and a brief explanation of these different categories of reserves is provided at Table 18.

Unallocated General Reserve

2.5. The purpose of the council's General Reserve will be to:

- meet costs arising from unplanned or emergency events such as unforeseen financial liabilities or natural disasters
- act as a financial buffer to help mitigate against the financial risks the council faces; and
- can be used to a limited degree to 'smooth' expenditure on a one-off basis across financial years.

2.6. Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option. However, it is not prudent for reserves to be used to fund shortfalls in current funding.

2.7. There is no prescriptive guidance on minimum or maximum reserves. In assessing the adequacy of reserves and in making a recommendation as to the level of general reserves which should be maintained, the Chief Finance Officer considers carefully:

- The strategic, operational and financial risks facing the council
- The overall financial standing of the council (level of borrowing, debt outstanding, income collection rates, etc.)
- The robustness of the estimates in the council's MTFP
- The council's track record in budget and financial management and delivery of approved savings
- The proportion of budget spent on needs and demand led services which can be difficult to reduce in the short term, and the council's capacity to manage in-year budget pressures
- The strength of the financial information and reporting arrangements
- The adequacy of the council's insurance arrangements to cover major unforeseen risks
- The extent to which specific risks are supported through earmarked reserves and contingencies

2.8. **The Council's General Fund Reserves at 1 April 2023 was £29.525 million.**

2.9. The following two financial indicators are useful to measure the level of funds being retained for unforeseen expenditure:

- Unallocated general reserve as a % of net revenue budget - this measures the relationship between the general reserve and the annual net revenue budget. Whilst comparisons can be difficult because each council faces its own particular set of circumstances and risks. Councils that did set a minimum level, they typically range between 5% and 10% of the net revenue expenditure.

- Unallocated general reserve days turnover - this measures the number of days the council would have financial cover if it needed to utilise solely general reserves to fund day to day expenditure. Based on 2022/23 data, the average for the council was 22 days turnover covered by unallocated reserves

2.10. **This policy recommends that an unallocated general reserve be retained of at least; 5% to 6% of the net revenue budget, subject to the further analysis of the sensitivity and risks associated to the financial plans, to which the council is exposed as the medium term budget is built and the inclusion of a turnover days measure, to provide a wider context of impact**.

Earmarked Reserve

2.11. The council recognises the need to hold and maintain earmarked reserves but also recognises the opportunity cost of holding balances as reserves. For this reason it is important to set out clearly, and regularly review the framework through which reserves are managed. Management of reserves is a key tool of the council's overall MTFP and providing financial resilience over the longer term. Key to this is the need to ensure resources are effectively focussed on priorities and risk can be managed.

2.12. The purpose of the council's Earmarked Reserves is:

- a means of voluntary and prudently building up funds to meet known future or predicted spending commitments and / or liabilities; and
- to manage timing differences between the receipt of income and expenditure being incurred, in accordance with accounting rules.

2.13. When establishing reserves the council must adhere to the Code of Practice on Local Authority Accounting (the CODE) and in particular the need to distinguish between reserves (set aside for future liabilities) and provisions (mandatory set asides for actual liabilities existing).

2.14. Earmarked reserves will be considered on a case by case basis. In approving any new earmarked reserves the council needs to identify the purpose of the reserve, and the procedures for its management and control. The creation of any new earmarked reserves will be subject to Cabinet approval and the Chief Financial Officer will also ensure that there are clear protocols for their establishment and use. These reserves will only be used for the purpose for which they were created and will be reviewed periodically.

2.15. **The council's Earmarked Reserves at 1 April 2023 was £126.611 million (including Public Health of £4.6m).** The council's earmarked reserves are currently categorised by type and summarised in the following way:

Figure 1: Description of Reserve Types

Reserve Type	Opening balances as at 1st April 2023	Description
Capital Investment	(38.582)	The capital reserve is maintained to provide funding for the Council's capital and commercial investments.
Risk and Legal	(14.172)	Risk Reserves Funds set aside to mitigate risks not otherwise provided for as well as commission advice and mitigate risks of potential litigation/claims.
Statutory/Ring-Fenced	(55.312)	Amounts required by statute or accounting code of practice to be set aside and ring-fenced for specific purposes, e.g. Public Health Reserve, City Deal Business Rate Pooling.
Business Transformation	(5.811)	Amounts required for expenditure on business activities, projects and capacity that is critical to delivering the Councils' improvement agenda.
Financing	(1.808)	Includes PFI sinking fund, grant income carried forward in accordance with accounting regulations.
Service	(10.926)	Amounts set aside to finance specific projects or to meet known expenditure plans, for example election reserve for local elections.
Total Earmarked Reserves	(126.611)	

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Service	(10.926)	Amounts set aside to finance specific projects or to meet known expenditure plans, for example election reserve for local elections.
Total Earmarked Reserves	(126.611)	

2.16. The level of the general and earmarked reserve will continue to be reviewed annually as MTFP work evolves into the annual budget and again as part of the Closure of Accounts process, to ensure it is sufficient for the level and type of risks to which the authority is exposed. and the council will not hold significant balances above those required by the MTFP.

HRA Reserve

2.17. The Housing Revenue Account (HRA) is kept separate from other local authority income and expenditure streams, to ensure the council house rents are not used to subsidise general expenditure and prevent the general council taxpayer subsidising council housing. Therefore, these funds set aside as reserves can only be used to fund expenditure relating to the HRA. The council will continue to use a range of funding sources and mitigations to ensure the HRA 30 year business plan remains affordable.

2.18. The HRA Interest Cover Ratio (ICR) is set at a minimum of 1.25. The minimum ICR will be supplemented by an HRA Major Repairs Reserve (see below). of at least £10 million (approx. 1 year's interest cost) and a general HRA reserve of £21 million after provisions for any known liabilities and provision in the HRA budget each year, to set aside monies to repay borrowing above the level of the historic HRA debt.

2.19. Councils with an HRA must have a Major Repairs Reserve. The Major Repairs Reserve is used to build up capital sums that can be used to finance the capital programme and repayment of housing debt.

2.20. **The council's total HRA Reserves at 1 April 2023 was £109.450 million**

Schools Reserves

2.21. These are unspent balances of budgets delegated by the local authority to individual schools. There are specific regulations to deal with school balances which include a provision that the council should require a business plan from the governing body on the use which they intend to make of excess balances in cases where the surplus balance exceeds 5% (secondary schools) or 8% (nursery, primary, and special) of the school's budget share as at 31 March each year. Schools that fail to submit their plans on how they wish to spend their excess balances will be subject to immediate clawback of those excess balances (see Scheme for Financing Schools).

2.22. **The council's Schools Reserves at 1 April 2023 was £0.758 million deficit**

Dedicated Schools Grant (DSG)

2.23. Reserve holding the surplus balance on the Schools Budget ringfenced for the DSG to be carried forward for utilisation in future years.

DSG Deficit Reserves

2.24. Statutory Instrument SI) No.1212 of 2020: laid before Parliament and came into force on 29 November 2020. amended the current accounting regulations to allow all DSG deficits to be carried over in a separate dedicated account and therefore not at a charge to the council's revenue account for the term of the override. The SI is time-limited to 31 March 2026 and the council therefore would have to ensure there are adequate usable reserves to cover any DSG deficit and a clear plan for sustainability when preparing the council's accounts beyond 2026.

2.25. **The council's DSG Deficit Reserve at 1 April 2023 was £39.681 million**

Public Health Reserve

2.26. Unspent Public Health grant is placed in a separate, ring-fenced Public Health (PH) General reserve. The conditions of the grant allow that if at the end of the financial year there is any underspend this can be carried over, as part of a public health reserve, into the next financial year. In utilising those funds the next year, the grant conditions will still need to be complied with.

2.27. **The council's Public Health Reserves at 1 April 2023 was £4.635 million**

Capital Receipts Reserves

2.28. This account holds the proceeds from the sale of assets and in accordance with regulations; these funds can only be used for capital purposes.

2.29. **The council's Capital Receipts Reserves at 1 April 2023 was £82.543 million**

Capital Grants Unapplied Reserve

2.30. This account holds the grants and contributions received towards capital projects for which the authority has met the conditions set by the grant funding body. The funds will remain in this account until the expenditure to be funded by that grant has been incurred. The funding will be restricted by the grant terms and conditions to be matched against eligible expenditure. It cannot be used to fund other expenditure, or the authority could be required to pay the funding back.

2.31. **The council's capital Grant Unapplied Reserves at 1 April 2023 was £3.131 million**

3. Management and Governance

3.1. The council's usable reserves will be held corporately and the use of, is subject to a prioritisation process and assessment of the use of the reserve for the approved purpose. Approval of the Chief Financial Officer or Deputy Section 151 Officer is required in order to apply the use of earmarked reserves to support revenue expenditure.

3.2. The approved Business Transformation Reserve will be the Corporate Leadership Board's tool for managing additional resource and commissioned capacity required to support the delivery of the council's approved savings programme and project pipeline that is critical to delivering the Council's improvement agenda.

3.3. A de-minimis level has been set to avoid small funds being set up that could be managed within existing budgets or declared as an overspend and then managed collectively with the express agreement of the Chief Financial Officer. This has been set at £0.100m, the exception being where reserves have specific grant or legal conditions.

3.4. Each application will require a robust justification and will be assessed based on the planned and approved legitimate use of the reserve and the financial situation of the council at that time and may result in earlier decisions for funding being revisited and amended.

3.5. Approval arrangements to be as follows:

- Directors will be the designated officer in each Directorate.

- Directors and Heads of Service via their relevant Finance Business Partner are required to apply to the Chief Financial Officer / Deputy Section 151 Officer to:
  - Establish a new reserve, specify the intended use and to demonstrate their plans for use of such a reserve over the period of the MTFP.
  - Any contributions to or from earmarked reserves.
  - Any forecasted overspend.

- Cabinet Board approval is required for the creation of new earmarked reserves, upon recommendation from the Chief Financial Officer, and where approved the planned use shall be reflected in the development of the MTFP.

- Any request for reserve funding must first explore whether existing budgets, or external funding sources can be used for the proposal, accepting this may require a change in priorities if existing budget are used.

- Subject to the point above the Chief Financial officer / Deputy Section 151 Officer shall approve the use of all earmarked reserves provided that the intended use is in accordance with the purpose for which the reserve was established and approved.

- Intended use outside the defined purpose will require a new Cabinet approval upon recommendation of the Chief Financial Officer.

Reserve Proforma

3.6. Each earmarked reserve must be supported by a standard proforma to maintain an audit trail. The proforma can be obtained from your Finance Business Partner and will need to contain:

- the named individual in the Directorate/Division and the Finance Business Partner

- a clear rationale and description for the movement in the reserve

- details of any conditions associated with the reserve (e.g., grant, legal requirements, etc.)

- a profile of expected movements and an end date – at which point any balance should be transferred to the general reserve

3.7. If there is a genuine reason for slippage, then the pro forma will need to be updated at the next available review.

3.8. Each proforma will clearly identify contributions to and drawdowns from reserves, and these will be built into the MTFP and monitored on a quarterly basis. Accessing reserves will only be for significant unusual spend, more minor fluctuations will be managed or declared as budget variances. Ongoing recurring costs should not be funded from reserves.

Periodical Reviews of Reserves

3.9. A periodic review (at least annually) of each earmarked reserve is to take place between the Chief Financial Officer / Deputy Section 151 Officer and relevant Director and Finance Business Partner, to ensure that all reserves comply with legislative and accounting requirements. This review will ensure that that the number and value of reserves is not unnecessarily increasing annually and will continue to be held corporately.

3.10. The reviews will seek to ensure earmarked reserves with spending that is uncertain, in timing or cost, do not hold more than necessary as the spending needs may never arise or may cost less than the sum set aside. All reserves are to be reviewed at least annually and consider:

- The rationale for keeping each reserve, with reference to the original purpose for the creation of the reserve and the council's future spending plans

- The funds needed, including an expected minimum and maximum for risk based reserves and whether or not the reserve should be released in full or in part or require topping up

- How long reserves have been held, and projections for using them, which should then be appropriately recorded and monitored thereafter

3.11. Particular attention will be paid in the annual reviews to those reserves whose balances have not moved over a twelve-month period and non-ringfenced reserves with planned profiles which have had no movement in 2 years, will be returned to the centre to the general reserve.

Reserves Reporting and Monitoring

3.12. The short-term use of reserves may be agreed by the Chief Financial Officer to provide time to plan for a sustainable funding solution in the following financial year. Decisions on the use of reserves may be delayed until financial year end and will be dependent on the overall financial position of the council rather than the position of just one budget area.

3.13. Any surplus reserves will be redirection to general reserve in the light of the budget forecast and any unforeseen emerging risks and pressures associated with that forecast.

3.14. The following principles will be applied by the Chief Financial Officer:

- Any in year use of the general reserve will need to be approved by Cabinet and any planned use will be part of the budget setting process

- Any in year use of the General reserve which reduces the level below the policy compliant level as outlined in this policy or is above the delegated authority of Cabinet, will require the approval of Full Council

- In considering the use of reserves, there will be no or minimal impairment to the council's long term financial resilience unless there is no alternative

3.15. Part of the risk management process involves taking appropriate action to mitigate or remove risks, where this is possible this may lead to a lower level of reserves being required where appropriate action to mitigate or remove risks has been successfully undertaken. it could be appropriate to consider reducing the level of reserves to avoid unnecessary holding of reserves.

3.16. For general and earmarked reserves information will be reported to Cabinet quarterly, showing the current level of reserves and movements in reserves for noting and or approval as part of the budget monitoring process.

3.17. Details of the forward strategy for reserves needed to support the council's medium and long-term spending plans will be included in the annual budget report and all movements during the course of the year and effect of over or underspending on reserves will be reported at the end of the financial year in the budget outturn report and financial statement of accounts.

3.18. The council will review the Reserves Policy on an annual basis and will form part of the MTFP reports to Cabinet which will then be subject to Full Council approval.

Annex 3: MTFP Principles

Spending Principles

Aligning spend with corporate priorities

- Subject to delivering statutory responsibilities, we will challenge all existing spend in the context of our strategic priorities and consider our statutory duties and obligations in providing services.

Being resilient to future uncertainty

- We will be prudent; taking into account the uncertain financial and economic outlook, by building flexibility into future procurement and commissioning plans and developing exit strategies for all externally funded activities.
- Maintain sufficient reserves and balances to manage known risks and events and maintain financial resilience.

Maintaining sustainable finances as a priority

- No additional in-year spend unless matched by savings or income.
- Implement all endorsed savings and efficiencies unless replaced by alternative ones
- We will maintain balanced budgets over the MTFP cycle.
- Invest in agreed priority areas that also look to generate future revenue savings or income streams
- Grant reductions fully passported

Investment Principles

Capital Programme

- We will take a long term perspective on capital investment and operate a clear and transparent corporate approach to the prioritisation of all capital spending.
- We will adopt good governance in how we approve and amend the capital programme, scrutinise decisions relating to capital spend and the delivery of the capital projects.
- We will ensure that investment is prudent, affordable and sustainable over the medium term.
- We will ensure the first call for financing is against external generated grants, public and private sector contributions, with the balance of funding from the council's internally generated resources and then external borrowing, to reduce the cost of servicing debt.

Capital Investments

- Invest for sustainable, inclusive economic growth: We will expand capacity to grow the economy, whilst delivering whole systems solutions to demographic, social and environmental challenges, sustainably across the City
- Invest to save: We will invest to support delivery of essential services and generate positive revenue returns
- Invest to maintain: We will improve and maintain the condition of council assets that have a clear business and operational need, to a standard that meet ongoing legal and statutory duties and work towards creating a carbon neutral estate by 2030.
- Risk aware: The risks of the project have been fully assessed, consulted, communicated, and are at an acceptable level.

Efficiency Principles

Financial Resilience

Building resilience and reducing dependency

- Enable sustainable and resilient businesses; we will replace start-up grants with start-up or scale-up loans, or alternatively an equity stake offered with business support.
- Level the playing field; provide transparency in offering subsidies with clear alignment to strategic objectives.
- Review concessions, with a view to replacing peppercorn rents with fees and charges that transparently recognise the value and importance we place on those services.
- Capital and revenue investments require positive rate of returns and these should bring about improved outcomes and reduced pressure on the core public budget.
- We will offer pump-priming, pump-priming plus grants, or loans to allow for innovation and development of partnerships that require funding for up to a maximum of three years.
- Low interest-paying loans repaid within 2-3 years will be available as a step down mechanism from long term grants.
- Council funded partnership contributions should be subject to the same level of diligence and rigour in contributing to the budget 'gap' as all base budgets.
- Capital investment on non-BCC assets: financed via interest-bearing loan, equity stake (subject to risks assessment), charge to be placed on the asset, or other appropriate mechanism as per the council's capital and treasury management strategy.

Fraud, Cost Avoidance and Recovery

- We will proactively use data intelligence for successful revenue collection as well as getting the right bill, to the right person, at the right time.
- Through better gathering of evidence at source, and robust calculation of fee rates consistently applied in our charging, we will minimise the need to write off invoiced amounts outstanding.
- Continue to review and develop the corporate debt management policy and processes that enable a single view of the debtor across all systems, reducing duplication of debt collection activity without compromising revenue and facilitates a fairer and compassionate way of supporting debtors back to financial stability.
- We will cleanse data and use analytics and automation to locate and recover debt from 'those that can pay'.

Balance Sheet Management

- We will actively manage the council's key balance sheet items with a view to releasing long-held funds which could be utilised for current priorities and to maximise investment returns within agreed levels of risk.
- We will develop protocols for releasing developer funds as planned and for the purpose intended, aligned to minimising unnecessary budget growth for future maintenance works.

Capital financing, Investments and Borrowing

- We will not increase the indicative prudential borrowing commitment in the annually approved capital programme unless the council can make an evidenced and positive return on its investment.
- We will be evidence-led; matching projects & delivery to economic reality and benefit realisation.
- Any capital investment decision which involves prudential borrowing must include the cost of servicing the debt and anticipated pay-back period as part of a robust business case.
- Investment to save/grow decisions will only be supported when the cashable cost reductions (or increased income) exceed the financing costs of any borrowing needed to fund the investment within the agreed pay-back period for the asset type.

Transforming Services

Workforce & Productivity

- Develop the right organisational workforce design that enables delivery of corporate priorities, including structure, pay and grading framework, skills and capacity.
- We will invest in the culture, training and development that will deliver a diverse and inclusive workforce for the future.
- The pay bill should not exceed the annually determined budget percentage.
- We will actively consider opportunities where automation or digital delivery mechanisms are more appropriate.
- Services should fund their own service pressures wherever possible e.g. inflationary uplifts, unless there is a binding contractual agreement that cannot be re-negotiated).

Maximising Asset Utilisation

- Assets held must support a strategic need or offer a positive net financial return that supports the financial resilience of the council.
- We will adopt a corporate landlord approach transferring the management and maintenance of all property assets from the service departments to the centralised function, taking a holistic view of property, deliver economies of scale, opportunities for co-location, rationalisation where appropriate and ensure assets are managed in a professional, efficient and effective manner.
- We will invest in the development of an asset management and valuation system, with clear accounting standards.
- The repurposing of the existing infrastructure to allow the council to deploy for multi-use, e.g. advertising, digital connectivity, with rental income from service providers and from a revenue share on the income they receive.
- We will work with our joint venture partners, City Leap, and other partners to facilitate investment to deliver our net-zero carbon ambitions and use methods of appraisal that take into account carbon impacts.
- We will seek to leverage optimum funds from our estate including opportunities for private sector / pension fund investment where this provides best value.

Digital Services

- Easy, engaging, and inclusive: We will provide easier digital access to council services and encourage people to use it. Take a user-centred approach to design and maximise accessibility. Take action to improve digital inclusion.
- Simple, stable, and secure: We will work in a prioritised and systematic way to simplify and modify our digital estate to make it as secure, resilient, and reliable as practical.
- Well-used and used well: We will Support colleagues to make the best, fullest use of the tools and technologies available to them, developing high levels of digitally skilled collaboration. Provide robust data and insights to ethically improve effectiveness and efficiency.
- Ready to partner, willing to share, and able to innovate: We will adopt the right technologies, systems, processes, culture, and governance to provide a safe and productive environment for wider collaboration and problem-solving using technology.

Partnership Working and Earlier Intervention

- We will invest in capacity building in community, local and regional partners to support delivery of strategic priorities and reduce costs.
- We will work with key stakeholders to use pooled arrangements to increase available cash-flow and /or create revolving funds to deliver long term savings which can be redistributed to re-invest.
- Capacity building should not be developed to simply mirror what the council already does with a transfer of the same budget and the approach should embrace voluntary effort as well as “not for profit” service delivery.

Financial Sustainability

Fees and Charges

- The introduction of charges for services should have a clear link between user demand and consumption and the financing of that service.
- As a minimum all locally determined charges will be reviewed annually which will include relevant benchmarking information, and an increase at least in line with general inflation, unless it can be demonstrated that such an increase will harm service usage levels.
- Services operating on a cost-recovery basis, will ensure a calculation is available that determines the total cost of providing the service including overheads.
- Where charges are set in statute but do not fully recover costs, we will undertake a detailed review of services and where appropriate provide the evidence to the awarding body.
- Council Tax increases will be reviewed annually and only levied where necessary and justifiable.

Third Party Expenditure

- We will organise procurement activity and resources to focus on specific areas of spend (category management approach) and seek to drive greater value in our procurement.
- We will focus on supporting local businesses to improve processes and collaboration to enable them to compete for opportunities within the council's supply chain.
- We will encourage and enable suppliers to contribute to Social Value and health and sustainability requirement in our procurement activity.
- We will encourage value chain development, whereby collaborating partners can be recognised and reimbursed for their contribution to delivery of outcomes utilising 'payments-by-results' methodology.
- Market failure: We will intervene earlier where there is a clear rationale to do so, using insight to manage specification and demand.
- Consider a range of opportunities to deliver a return on Strategic and Shareholder Investments, to include creation of value through a wider strategic and outcomes-based commissioning with shared benefits and liabilities.

Entrepreneurial Approach

- We will be more 'Entrepreneurial' in our approach to delivery and commissioning.
- We will actively engage in market development and market shaping where no such market currently exists and using insight and innovation to explore opportunities to address unmet needs and demand.
- We will invest and use our financial strengths and trusted brand to deliver a positive financial return and attract alternative investment models to support service delivery, e.g. through social investment.
- We will reassess our expectations of our sector and think big and bold in what we can achieve.
- We will ensure all viable options that create a sustainable asset should be considered in service redesign.
- We will consider services more appropriate for trading activity with an agreed rate of return to the general fund.

Affordability

- As a last resort other necessary measures will be considered to ensure a balanced budget can be delivered in each of the financial years of the MTFP; including divestment where non-priority or lower priority outcomes are no longer cost-effective or affordable.

Capital Strategy
2024/25 – 2033/34

September 2023

Contents

1. Background and Scope

1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 requires local authorities to prepare a Capital Strategy that is the foundation of the council's long-term planning and delivery of its capital investment. It sets the parameters for the capital programme and demonstrates how capital expenditure, capital financing and treasury management decisions are in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

1.2. This Capital Strategy forms part of the framework for financial planning and is integral to both the Medium-Term Financial Plan (MTFP) and the Treasury Management Strategy (TMS). It is refreshed annually and sets out how capital investment will play its part in delivering the ambitious long term strategic objectives and priority outcomes of the council, how associated risk is managed and the implications for future financial sustainability. All capital expenditure and capital investment decisions are covered by this strategy, not only as an individual local authority, but also those entered into by the authority under group arrangements.

1.3. The Capital Strategy is considered by the council as one of the foundations of good financial management, reflects the requirements under the CIPFA Financial Management Code and is grounded in legislation. In addition to the Code, CIPFA has published 'Capital Strategies and Programming' which considers in more detail the practical issues involved in capital planning and delivery. This strategy has been prepared considering the guidance in both these publications.

1.4. The approval and implementation of this strategy ensures that:

- capital investment is targeted towards supporting the council's corporate objectives and priorities
- capital investment complements revenue spend on services
- stewardship of assets is properly considered in capital planning and projects are delivered on time and within budget
- capital investment is prudent, affordable within the context of the council's overall finances, provides value for money and does not meet the definition of debt to yield or commercial investment
- members and senior leaders have a common understanding of the long term context in which investment decisions are made and all the financial risks to which the council is exposed
- there is improved transparency at programme level along with a clear process for member engagement
- the council is seen as an exemplar of good practice in its capital planning and the management of projects at a programme level.

2. Capital Expenditure

2.1. Capital expenditure is spending on assets that will provide a benefit beyond the current financial year and is defined as:

"Expenditure on the acquisition or enhancement of property, plant and equipment that has a long-term value to the council. This includes grants or advances to third parties to assist them in acquiring or enhancing their own property, plant and equipment."

2.2. The council's assets consist of:

- property assets (e.g. operational, investment and community)

- dwellings (e.g. council social housing)
- infrastructure (e.g. roads)
- ICT Assets (e.g. hardware and software)
- vehicles and other plant and equipment

2.3. In contrast to revenue expenditure, which is spending on the day to day running costs of services such as employee costs and supplies and services, capital expenditure gives rise to new assets, increases the value or useful life of existing assets or generates economic, environmental and social value and an income stream to the council via non-treasury investments.

2.4. The five aims of this Capital Strategy are:

i. To take **a long-term perspective on capital investment** and to ensure this contributes to the achievement of Bristol's One City Plan, emerging Local Plan and key strategies such as the Corporate Strategy.

ii. To ensure investment is **prudent, affordable, and sustainable** over the medium term and adheres and aligns to the Prudential Code, Treasury Management Code and other regulatory conditions.

iii. To maintain the arrangements and **governance for investment decision making** through the established governance boards.

iv. To make the **most effective and appropriate use of the funds available** in long term planning and using the most optimal annual financing solutions that reduce the cost of servicing debt.

v. To establish **a clear methodology to prioritise capital proposals**.

2.5. The strategy will support the achievement of the right blend and balance of investment in key priority areas while being risk aware and to enable the following:

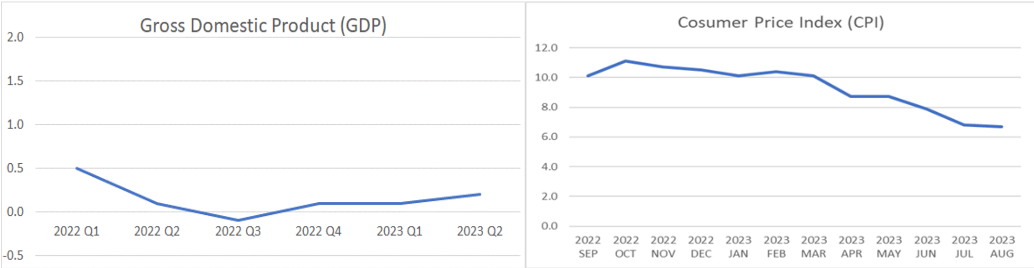
- **Invest to Grow** - Investing for sustainable, inclusive economic growth.
- **Invest to Save** - Investment to support the efficient delivery of essential services and / or generate positive revenue returns.
- **Invest to Maintain** - Investment to improve and maintain council assets that continue to have a clear business and operational need.

3. Policy Context

National Policy Context

3.1. The UK economy is suffering from inflationary pressures following the easing of Covid restrictions in most developed economies and the Russian invasion of Ukraine. The graphs below from the Office of National Statistics show that during the past year the UK's Gross Domestic Product (GDP) remained low with limited expansion, well below the government trend rate of 2.5%. The UK's Consumer Price Index peaked at 11.1 % in October 22, although falls from this level will rest on the movements in gas and electricity markets as well as the supply factors impacting food prices. CPI is currently 6.7% indicating that the government pledge to halve inflation to 5% by the end of the calendar year remains in the balance.

Figure 1: Gross Domestic Product (GDP) and Consumer Prices Index (CPI)



Source: Office for National Statistics

3.2. These macro-economic issues impact on the council's capital investment plans. One of the main risks in developing and managing the capital programme is that insufficient resources are available to resource the impact of inflationary pressures such as the cost of materials. Current high inflation is impacting on the cost of delivering capital projects. These cost pressures need to be managed appropriately, for example, to limit the revenue impact associated with any additional borrowing to fund these costs. In the light of prevailing inflation risks in 2022/23, a review was undertaken of the overall capital programme. All projects were sifted then categorised into groups of competing inflation risks, ie those projects in delivery would have different inflation risk profiles to those prior to tender. The outcome was that contingent budgetary support was set aside across the medium-term programme allowing headroom for re-direction of council funding into the contingencies and managing risk in the capital programme. The outcomes from the initial review will need to be kept under consideration and a further update completed to align with prevailing and expected inflation figures and forecasts.

Local Policy Context

3.3. Bristol City Council has taken capital investment decisions over recent years that have seen a number of significant developments and strategic planning documents that will continue to have a major influence on the future shape and approach to capital investment within the city. These include Bristol's One City Plan, its Corporate Strategy and the proposals to ensure there is a diverse housing offer for the city including homes that are affordable, the emerging Local Plan and within a wider regional context our role within the West of England Combined Authority (WECA) in terms of transport, skills and inclusive economic growth.

3.4. **Bristol's One City Plan** has been developed by many different partners covering almost every aspect of life in Bristol; all have a role in helping make Bristol a thriving, healthy and more equal city of the future. It is an ambitious, collaborative approach to reach a shared vision for Bristol where no one is left behind. It is recognised Bristol's successful local economy has not always delivered prosperity evenly across citizens. Increasing economic inclusion will provide a boost to local economic growth and equally provide sustainability and resilience.

3.5. The **council's Corporate Strategy 2022-27** sets out the council's vision and priorities for the city and sets out the council's role in supporting the One City Plan. The strategy has been refreshed to make sure our priorities reflect our current situation in areas such as refreshed political priorities; the response to the cost of living crisis and the continued move towards carbon reduction, Net Zero. It is based around five guiding principles that influence how we do things and the way in which we design our projects, services and priorities.

The five building blocks that provide the guiding principles are:

i **Development & Delivery** - develop people, places and partnerships to improve outcomes.

ii **Environmental Sustainability** - tackle climate and ecological emergencies while inclusively growing the economy, maximising our positive environmental impacts and avoiding or mitigating negative ones wherever possible.

iii **Equality & Inclusion** - pro-actively and intentionally improve equality and inclusion across the city by designing it into everything we do.

iv **Resilience** - build Bristol's city resilience through early intervention, minimising our contribution to future environmental, economic or social shocks and stresses.

v **World class employment** - role model, influence and promote the highest levels and standards of employment.

3.6. The graphic below summarises how these strategies and plans link together and 'Our Corporate Strategy – at a glance' is shown at Appendix 1.

Figure 2: How the Council and Partners work together

3.7. In addition to the Corporate Strategy there are a number of complementary proposals and emerging plans which will also drive the Capital Strategy and future capital investment; examples of which are outlined below:

- Capital spending on its assets should be fully aligned to a council's **Asset Management Plans** and **Property Strategy** and the annual review of the Capital Strategy will ensure these are aligned as these strategies are developed and subsequently refreshed.
- **West of England Combined Authority's (WECA)** aim is to deliver clean and inclusive economic growth for the region and address some of its challenges, including productivity and skills gaps, the need for more homes and congestion.
- Bristol will develop its **Local Plan** with the intention to consult later this year and to have a Local Plan approved by Full Council and submitted to enquiry in 2023 and adopted in 2024.
- **One Public Estate** a level of regional collaboration remains in place to use public sector land more efficiently, transform public sector services and strengthen local communities.

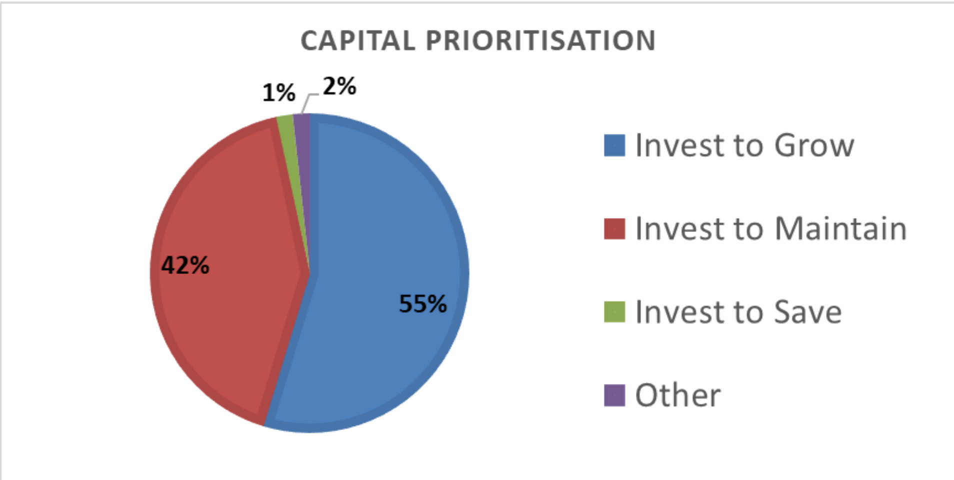
The Joint Asset Board (JAB) links very closely with the West of England Housing Delivery Board.

- West of England **Local Industrial Strategy** was co-produced with government and was launched in July 2019. This will shortly be superseded by the **Regional Strategy** which will draw on our strengths and set priorities for investment in a greener and more prosperous and inclusive region.
- **The Western Gateway** is a regional powerhouse across the West of England and South Wales it's focus is on net zero, supporting innovation, connecting communities and investment. It is a powerful and purpose-led voice for the region into both government and local, national, and international markets.

4. Capital Investment

4.1. The council continues to have an ambitious capital programme over the next ten years. The largest proportion, 55%, of this programme, is aligned to **Invest to Grow** initiatives such as new infrastructure investments that will support long term regeneration ambitions across the city, such as the programme of new housing building and developing the Temple Quarter area. 42% will be **Invest to Maintain** propositions, undertaking mandatory duties, keeping the public safe and maintaining our assets and 3% is aligned for **Invest to Save** and other schemes such as investing in infrastructure to support more the alternative delivery of Social Care and Education services. The pie chart below shows the forecast programme spend by these capital investment principles.

Figure 3: Breakdown of Capital Programme 2023-33 approved by Council in February 2023 between investment principles



4.2. The investment principles aim to improve alignment to the council's strategic objectives, allocate resources effectively across the services provided and strike a balance between the things that make the most difference to residents, customers and businesses. The table below sets out the change in allocation of capital resources over the Investment Principles achieved during the capital planning work since the original Capital Strategy was approved.

Table 1: Change in Allocation of Capital Resources over the Investment Principles

Investment Principle	Capital Programme 2021-26 (agreed by Council in Feb 2021)	Capital Programme 2022-32 (Agreed by Council in Mar 2022)	Capital Programme 2023-33 (Agreed by Council in Feb 2023)	Change

Invest to Grow	73%	58%	55%	-3%
Invest to Maintain / Improve	18%	38%	42%	+4%
Invest to Save / Generate a Positive Return	9%	4%	3%	-1%

4.3. Locally-led investment in the economy and infrastructure will be critical to provide assurances to both investors and local, regional and international partners to help drive and support economic and social recovery. This will be essential as the council continues to look for opportunity to rebound from the current economic difficulties and promote sustainable investment in the city's infrastructure as part of its ambition to achieve decarbonisation.

4.4. The council needs to make a clear distinction between capital investments, where the achievement of strategic aims will be considered alongside affordability, and treasury management investments, which are made solely for the purpose of cash flow management.

4.5. Investment decisions must always be clearly within the economic powers of the council and in adherence with the Prudential Code, whilst commercial decisions will focus on yield. Long term capital investment decisions will not be made purely on the basis of financial returns but, will also consider economic, social and environmental impact. Notwithstanding that, there will always be fully externally funded programmes such as those for schools which will need to be passported through.

4.6. The council will ensure that all of its investment types are covered in its Capital Strategy and will set out, where relevant, the council's risk appetite and specific policies and arrangements for its non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

5. Capital Planning and Investment Principles

5.1. Capital expenditure represents investment in assets and therefore it is important that decisions should be based on sound asset planning principles. It is only by understanding the council's asset requirements that efficient decisions can be made about prioritising both capital investment and a comprehensive rationalisation and disposal strategy. It is critical that asset plans and the capital programme are aligned to enable effective decision making.

5.2. Effective asset planning should assist the council in realising its objectives and meeting its statutory duties. This is constrained by the ongoing financial and economic context the council is currently operating within with available capital and revenue resources reduced.

5.3. The Capital Strategy forms the foundation for the long term planning of capital investment based on clear capital investment principles, sound asset management and effective resource planning.

5.4. The capital strategy principles are as follows:

a. current approved (or committed) schemes will be supported in line with the prioritisation investment principles subject to sufficient resources being identified to enable them to proceed or complete up to the approved level of expenditure
b. new schemes funded by borrowing will only be considered for approval subject to the annual parameters the council puts in place in relation to its ongoing reliance on borrowing to fund capital expenditure and the prevailing debt servicing costs as a proportion of net service expenditure
c. all new schemes will be subject to a strict prioritisation process which includes a robust business case, including whole life costing
d. all new schemes must align to the PWLB criteria (i.e. not debt for yield) irrelevant of the schemes funding envelope.

e. capital receipts are a central resource and generally not linked to specific schemes including assets identified for disposal as part of the ongoing Estate Rationalisation Programme. Permissible exceptions are:
    - school sites ringfenced by the Secretary of State for education purposes
    - commitments of capital receipts from prior decisions (including the repayment of debt)
    - The use of capital receipts:
        - to finance transformational spend as set out in the council's Capital Receipts Flexibility Policy, approved annually by full council as part of the budget process
        - that are secured will only be considered in decisions to fund capital schemes ie no capital receipt funded scheme to commence until sufficient receipts are banked
        - for financial resilience including for example the flexible use of capital receipts aligned to opportunities for managing debt levels

f. revenue implications of schemes are fully reflected in the MTFP and affordable within services

g. the capital budget approved by full council is a key control to be managed within the agreed capital headroom

h. responsible investment to address existing and future demand (e.g social care and waste)

i. effective asset planning – ensure the right assets are available to effectively support the delivery of services with a balance focused on core statutory areas

j. all uncommitted non-ringfenced capital funding will be reviewed. Non-ringfenced grants in support of the areas below will be earmarked to fund these initiatives:
    - disabled Facilities grant
    - education Based grants
    - transport grant funding.

Risk aware

5.5. Overseeing the capital strategy and delivery of the capital programme is a robust governance framework as detailed in Section 8. Embedded within this framework is the need to maintain a proportionate and measured approach to managing project risk in its capital programme. Adopting a diligent project risk management approach throughout the life of a scheme is essential to ensure all significant project risks and uncertainties are identified, assessed and mitigated. This will help ensure cost, time and quality impacts are effectively managed and the scheme objectives are not compromised. Where it is not possible to contain project risks, there is a clear and direct escalation process to ensure these risks are elevated from individual project risks to directorate risk register and onwards to the corporate risk register. This framework also applies and is particularly relevant in relation to:

- the use of alternative models for the delivery of capital investment including subsidiary companies and joint ventures
- the incurring of other long-term liabilities
- capital investment which generates a financial return on the basis it does not meet the debt for yield and is compliant with codes of practice and government guidance.

Prioritisation

5.6. Resource capacity and size of the programme is being assessed annually as part of the budget setting process and a range of optimism bias tools that are available are being utilised in business case assessments for the delivery of major projects, as well as at a programme level.

5.7. The council will use evaluation criteria to determine in principle whether a project should be prioritised. Given the financial context and the limited resources available, there will be little flexibility for schemes to progress or current uncommitted schemes to continue without meeting the prioritisation principles set out in Table 2 below:

Table 2: Investment Principles

Investment Principles	
Investing for sustainable, inclusive, economic growth	The council will expand its capacity to grow the economy in an inclusive manner, whilst delivering whole system solutions to demographic, social and environmental challenges sustainably across the City
Invest to save	The council will invest in projects which will: • transform the operational efficiency of council services and generate cash-releasing efficiency savings eg social care • reduce running costs (including in alternative service areas) • avoid costs (capital or revenue) that would otherwise arise • generate a financial return in line with affordability principles
Investment to maintain council assets	The council will improve and maintain the condition of core assets: • to extend their life where appropriate • to ensure they are fit for the future in effectively supporting long term service delivery • to meet its ongoing legal and statutory duties eg Health & Safety • work towards creating a carbon neutral estate by 2030 Including publishing asset management plans
Risk aware	The council will ensure that an appropriate and proportionate approach to project risk is adopted for all schemes in the capital programme and throughout the life of the project . This includes ensuring the risks of a project have been identified, fully assessed, consulted, communicated and mitigated to an acceptable and manageable level.

5.8. Where appropriate the council will invest in latest developments in order to stay at the forefront of service delivery. This includes areas such as smart and digital technology, low carbon technology, and environmental sustainability. Where this investment is generated from the council's own resources the principles above will apply.

5.9. When entering into investments with financial return as a purpose, subject to affordability and sustainability, the council must consider the balance between security, liquidity and yield based on its risk appetite and the exit route from the investment. Bristol has not borrowed for outright investment purposes and will not do so in the future in line with the CIPFA Prudential Code.

5.10. When entering into non-financial investments (i.e. financial return is secondary), in addition to the above, the council will consider the alignment to its strategic objectives and the contribution and local impact the investment could have to a range of outcomes including city growth, social fabric and the environment (further details on this can be found in Table 4).

5.11. Currently the council is not overly dependent on profit generating investment activity to achieve a balanced revenue budget. Any shortfall in investment income is reconsidered as part of the MTFP and budget setting process and seeks to ensure that the quality and security of long-term investments minimises income risk.

Expenditure on Non-Treasury Investments – Property Investment Portfolio

5.12. The council owns freehold land across the city where it has granted long leases to developers and investors, and from whom ground rents are received of various kinds as investment income. The estate has been acquired and built up over many years and includes a wide range of property types of variable quality.

5.13. This portfolio generates a revenue return, circa £12 million. The return is not a significant element of the net revenue budget and therefore the scale of any associated investment must be proportionate and the risk managed at an acceptable level. In addition to the revenue return, the council also receives capital receipts in exchange for restructuring existing lease terms.

5.14. Investment properties are regularly revalued to market level under a rolling programme. The top 150 properties by value have a formal valuation report annually. Other properties are valued over a four-year cycle. In between valuations, property indices are used and applied.

5.15. A portfolio approach to commercial property investments needs to be aligned to a cabinet agreed investment strategy, which will provide an outline of the earmarked envelope available, consistent framework to assess all future investment opportunities and divestment. It will set out the approach for use of the current estate and future opportunities to be able to drive regeneration and economic growth through recycling capital receipts where investment is aligned to principles within this strategy. A transition from investments held purely for yield to investments that more closely align to council strategy and regeneration projects may be required over the medium term.

Service Investment – Subsidiary Companies

5.16. Where appropriate the council will invest in wholly or partly owned companies where this is considered to be the most appropriate means to deliver strategic objectives and / or for a financial return. The council may be required to issue Parent Company Guarantees (PCG) or letters of support underwriting activities which will be regularly monitored and appropriately risk assessed. The accounting treatment of any PCG's will be assessed individually in line with relevant professional accounting standards.

5.17. Third party loans / liability exposure may also be requested by a subsidiary and where these are agreed the council must ensure appropriate interest rates are applied and arrangements are in line with subsidy control. The rate of interest applied will take into account control, risks, the different nature of each subsidiaries activities and the potential exposure to the council.

5.18. The council will undertake appropriate due diligence on such transactions.

5.19. The maximum exposure of the council to loans/liabilities in subsidiary organisations will be governed by an affordability indicator as set out in Section 7.

5.20. These arrangements once agreed via the relevant decision-making process will be monitored through the governance arrangements set out in Section 8, supplemented by those in place to scrutinise any additional investment in a subsidiary company or similar venture. Guidance on option appraisals and business cases for commercial ventures can be developed. These arrangements are governed by the shareholder liaison unit and appropriate disclosures will be made in the statement of accounts, including the fair value of such investments.

Private Finance Initiative

5.21. Although Private Finance Initiative (PFI) schemes are not shown within the capital programme as they are not financed by the council's capital resources, PFI is a means by which the council can facilitate major new infrastructure projects. PFI schemes involve partnerships between the public and private sector to fund public sector infrastructure projects with private capital.

5.22. The council has three PFI projects associated to 8 schools and 1 leisure centre. Under PFI, a private sector contractor agrees to accept the risks associated with the design, construction, operation and maintenance of the asset over the contract term, which is typically for a 25 year period post construction. The public sector partner pays an annual fixed price during the contract term, part of which is subject to inflation and benchmarked activities. At the end of the term the asset is wholly owned by the council. The collective annual charge of the contracts is around £33 million which includes approximately £17 million of interest and debt repayment costs. The government provides some financial support for PFI schemes by way of PFI credits / grants.

5.23. Any operational financial pressures arising are dealt with through existing contractual mechanisms which are in place for each specific PFI, but this may impact on the level of the sinking fund available to meet the future costs and liabilities of the scheme.

5.24. No additional PFI projects are anticipated and any proposals for refinancing or making material variations to existing contractual arrangements will be fully evaluated and presented to members and cabinet for approval should the need arise.

6. Funding Capital Investment

6.1. The council's capital investment is governed by the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The Code provides the council with a regulatory framework within which the council has discretion over the funding of capital expenditure and the level of borrowing the council wishes to undertake to deliver capital plans and programmes.

The strategy is intended to maximise the financial resources available for investment in service provision and improvement within the medium-term financial outlook. At the same time it seeks to ensure that each business case has a robust self-sustainable financial model that delivers the council's objectives.

The funding available to the council consists of:

- government grants
- WECA - Economic Development Fund/Local Growth Fund
- developer contributions e.g. CIL / S106
- Prudential borrowing
- capital receipts
- revenue resources and reserves
- other long-term liabilities e.g. leasing / PFI

6.2. The first call on available capital resources will always be the financing of spending on live projects, including those carried forward from previous years, subject to any re-prioritisation. In addition, the council will always establish the most economic means to finance its capital programme in order to optimise any freedom and flexibilities given to the authority from government in how we deploy our capital investment and defer any borrowing need to avoid incurring unnecessary debt servicing costs.

6.3. The Table below shows the indicative funding available to the council for the next ten years within the principles outlined in this strategy and budget as set in the Medium-Term Financial Plan.

Table 3: Indicative Funding from 2023/24 to 2032/33 for Capital Investment

General Fund Source of Finance	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 to 2032/33 £000s	Total £000s
Prudential Borrowing	(36,911)	(48,414)	(26,914)	(16,724)	(4,950)	(50,000)	(183,913)
Prudential Borrowing – Economic Development Fund	(14,755)	(23,338)	(1,280)	0	0	(55,980)	(95,353)
Grants	(50,052)	(24,672)	(12,823)	(13,116)	(3,500)	(57,750)	(161,914)
Capital Receipts	(24,628)	(13,836)	(10,750)	(6,000)	0	(25,000)	(80,214)
Developer Contributions	(14,327)	(7,190)	(6,150)	(7,025)	(3,000)	(15,000)	(52,691)
WECA/LEP	(24,174)	(16,055)	(12,772)	(8,772)	(8,772)	(35,000)	(105,546)
Revenue and Reserves	0	0	0	0	0	0	0
Capital Funding - General Fund Total	**(164,847)**	**(133,505)**	**(70,689)**	**(51,637)**	**(20,222)**	**(238,730)**	**(679,630)**

HRA Source of Finance	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 to 2032/33 £000s	Total £000s
Prudential Borrowing	0	(136,505)	(127,466)	(50,089)	(79,416)	(230,215)	(623,691)
Grants	(27,174)	(10,593)	(5,840)	(22,790)	(25,250)	(130,800)	(222,447)
Capital Receipts	(24,633)	(29,883)	(32,328)	(13,413)	(19,241)	(37,255)	(156,753)
Revenue and Reserves	(81,476)	(43,203)	(52,142)	(40,497)	(42,954)	(249,520)	(509,792)
Housing Revenue Account Total	**(133,283)**	**(220,184)**	**(217,776)**	**(126,789)**	**(166,861)**	**(647,790)**	**(1,512,683)**
Total Financing	**(298,130)**	**(353,689)**	**(288,465)**	**(178,426)**	**(187,083)**	**(886,520)**	**(2,192,313)**

Notes:

- *2023/24 to 2027/28 as per approved capital programme including 2028/29 to 2032/33 future funding that is indicative based on an extrapolation of estimated financing (associated spending is not approved/committed at this stage).*
- *HRA available funding and additional borrowing updated as part of a review of the 30 year business plan -HRA Budget and Capital Programme in March 2023.*

Government Grants

6.4. The council receives grants from government, partners and other organisations to finance capital investment. Grants have been an important source of funding for the council's capital expenditure in recent years and it is expected that the following will continue:

- ringfenced grants and contributions (reserved for a particular purpose and have a restricted use)
- Non-ringfenced grants and contributions (grant given with conditions which projects are required to meet)
- the West of England Combined Authority (WECA) is a key source of funding for capital investment in Bristol. The Economic Development Fund, Getting Building Fund (GBF) key and Investment fund, Development Infrastructure Fund (DIF), land acquisition fund, City Regional Sustainable Transport Settlement (CRSTS) and more recently Housing Infrastructure Fund (HIF) available for the council to secure resources from.

Developer Contributions

6.5. Significant developments across the city are often liable for payments to the council in the form of Section 106 or Community Infrastructure Levy (CIL) payments. Section 106 contributions are ringfenced to fund investment related to the specific development from which the contribution has been derived. The CIL is a charge which can be levied by local authorities on new development in their area. Any levy raised in Bristol is split between 5% for administrative costs, 15% to area committees to meet local investment priorities and 80% for strategic infrastructure projects. The current Capital Programme assumes a level of strategic CIL each year which is allocated to eligible infrastructure within the programme.

6.6. If contributions reduce the funding and timing of the planned programme, it will need reviewing. It will also need to consider any outcomes and reforms following the current white paper on planning reforms and proposed changes to replace CIL and Section 106 agreements with an Infrastructure Levy.

6.7. Following achievement of the targeted contributions, the council can consider further projects with which to utilise these funding streams.

Prudential Borrowing

6.8. Councils have discretion to undertake borrowing on capital schemes if the borrowing is deemed value for money and meets the following criteria as set out in the Prudential Code:
- a. Affordable
- b. Sustainable
- c. Prudent
- d. Proportionate for the size of the authority

6.9. Scheme affordability can be measured across several key indicators within the financial model including surplus cash position, surplus Net Present Value.

6.10. The council's TMS sets out how the council will fund its capital plans. These capital plans provide a guide to the borrowing needs of the council, essentially the longer term cash flow planning to ensure the council can meet its capital spending operations. The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet council risk or cost objectives

6.11. In planning for long term capital investment, it is essential the long-term revenue financing cost is affordable. Any long-term investment is paid for over the life of the assets. It is essential the council can meet the costs of borrowing and minimum revenue provision (MRP) over the life of the asset. In developing and approving new capital schemes the council will need to consider these in the context of the strong likelihood that it will, over the term of this strategy, need to reduce its capital financing costs. Therefore, to move from current levels towards a lower benchmark threshold (i.e. less than 10% as a proportion of General Fund net revenue budget) if feasible over the medium to long term but, with 10% as a maximum threshold. This will be closely monitored and rebased as appropriate to reflect the proportion of the council revenue budget aligned to needs led budget such as social care services. The capital financing costs as set out above is funded within current allocated revenue budget.

6.12. In taking out new external borrowing the council will consider a range of different options such as Public Works Loan Board (PWLB), market loans, Private Placements and Bonds (Public, Pooled, Community Municipal Investment and Retail).

6.13. Any borrowing taken out is secured against the council as an entity rather than against the specific assets for which they borrowed. The council is required to demonstrate to PWLB in advance of borrowing that it is affordable.

Capital Receipts

6.14. Local authorities may now use capital receipts to fund expenditure for transformation related activities, that would normally be deemed revenue spend, under the flexible use of capital receipts direction. Receipts from the sale of council housing may only be used to fund HRA capital expenditure.

6.15. The current strategy is for the assumed receipts from the sale / disposal of assets to be taken into consideration when assessing the total value of receipts targeted to fund the overarching capital programme and planned flexible use of capital receipts.

6.16. Once the necessary capital receipts have been achieved to fund the overarching capital programme and flexible use of capital receipts policy, thereafter it would be expected that a certain proportion of those capital receipts from the portfolio may be recycled for reinvestment for economic regeneration opportunities aligned to the Investment Strategy and Affordability Principles outlined in this strategy.

6.17. Following notional achievement of the target capital receipt, and subject to an option appraisal, the council can also consider using them to reduce its overall outstanding borrowing level. For example, where an asset has been temporarily forward funded from prudential borrowing a review will be undertaken to determine whether the most cost effective option is to utilise the receipt to repay debt, considering the balance sheet position of the council or foregoing capital receipts for longer term and sustainable income streams through development sites, if it delivers better value for money.

6.18. Where the sale of an asset leads to a requirement to repay (clawback) government grant, the capital receipt will be utilised for this purpose. Once this liability has been established and provided for, the residual capital receipt will be available to support the capital programme as a corporate resource.

Revenue & Reserves

6.19. The council may choose to utilise revenue contributions to capital to finance its capital investment. This would be through contributions from the council's revenue budget or from reserves. In the current financial climate and with increasing revenue pressures within the council's finances, the extent to which this may be used to fund capital expenditure is significantly reduced. This is expected to remain the case for the foreseeable future.

Housing Revenue Account (HRA)

6.20. The **HRA Capital and Revenue Investment Programme** is entirely funded from the ringfenced HRA account. The investment programme is driven by the 30-year HRA Business Plan which is reflected in a rolling 5 to 10 year outlook based on stock condition and planned projects. The annual HRA budget is the first year of the 5-year outlook. Key areas of housing investment set out in both the Capital and Revenue Investment Programme include planned and cyclical works; mechanical and electrical and heating; accessible homes and repairs. The programme also includes development and special projects. The HRA capital programme is funded from:

- The Major Repairs Reserve
- Capital Receipts (Right to Buy and other asset sales)
- Revenue and Reserves
- Capital grants from governmental and other bodies
- Prudential Borrowing

6.21. Prior to 2018, the HRA had a limit to how much it was allowed to borrow, known as the HRA borrowing cap, in order to control public borrowing levels. The HRA borrowing cap was abolished in October 2018. Further borrowing may be undertaken within the HRA subject to overall affordability in its business plan and the provision of requisite business cases which need to consider all relevant and known risks, including loss through Right to Buy sales.

6.22. The council can use Right to Buy receipts to fund up to 40% of building new homes and the receipt must be committed within five years, if not the receipt has to be repaid to the Department for Levelling Up, Housing & Communities (DLUHC) with interest.

6.23. All new build projects within the HRA are required to demonstrate a positive Net Present Value (NPV) financial return. This requirement is becoming more challenging to deliver given the level of social housing the city requires. This is primarily due to the council's ambition for new social housing to be zero carbon compliant, the availability of sites with a range of complex issues and construction and supply side inflationary pressures. The Affordability Principles in Section 7 set out the criteria the HRA adheres to when assessing the NPV of projects.

6.24. The historical funding strategy within the HRA has recognised that the loan principal borrowed does not have to have been paid off over the life of assets. However, following changes in the HRA borrowing restrictions, the council is ensuring a prudent provision is being made in the HRA revenue budget for repayment of debt over and above the historic debt cap to ensure alignment with the economic asset life.

6.25. Borrowing within the HRA must meet affordability principles in particular the need not to expose the council to unnecessary debt risk over the medium and long term. A key measure is the Interest Cover Ratio (ICR) - a measure of how well the fund can meet its fixed interest costs from any annual revenue surplus. The impact of any additional borrowing must also be considered over the MTFP cycle and not drop below the agreed ICR which the council has set at a prudent and sensible level, based on the approved business plan This ratio will be kept under review to ensure it remains proportionate to the HRA's financial position.

Other Types of Capital Funding

6.26. In addition to primary funding sources for the capital programme the council makes treasury management investment using its surplus cash and with the capital programme there are a range of funding pots to facilitate investment in priority areas of the programme. These are set out below.

Treasury Management Investments

6.27. The council invests its surplus cash balances with approved financial institutions, predominately banks, building societies and other local authorities in accordance with the council's Treasury Management Strategy. These funds support meeting our current and future obligations with regards providing revenue services and delivering the capital programme.

6.28. The authority has investments which are expected to generate a commercial and/or social return. For impact investments their primary purposes are to provide service benefits/social impact while the generation of yield and liquidity is secondary. These investments are funded from a mix of one-off sources.

Feasibility Fund

6.29. To support strengthened governance arrangements and assist in developing schemes with sufficient robustness/certainty before they enter the development phase, a Capital Scheme Feasibility Fund is available with the aim of providing funding to establish reasonable high level budget estimates for potential capital investment schemes at full mandates stage prior to them being proposed for addition into the development phase.

6.30. The level of the fund would be established each year (subject to headroom) and be aligned to the volume and complexity of schemes at full mandate stage. The fund will form part of the revenue budget. It will be subject to strict criteria for its use including:

- proposed scheme must have been assessed against the Capital Prioritisation process and be considered a priority for the council

- schemes must be capital investment in nature, have a reasonable likelihood of entering the capital programme and being delivered
- budget estimates must separately identify cost to develop an OBC, FBC and deliver the scheme
- once in development, schemes will be required to have an identified funding source to pay for OBC and FBC.

6.31. The governance and reporting mechanism for the fund will be through Capital Investment Board who will allocate resources to schemes based on outcome of a prioritisation of pre mandate schemes. Cabinet will receive an update as part of Monthly Financial Report.

Invest to Save Fund

6.32. Invest to save capital schemes are an important element to the council's successful delivery of its Medium-Term Financial Plan. To maintain financial sustainability the council recognises it must offer opportunities to encourage directorates to be more efficient and effective in the way services are delivered to customers. One of the tools to achieve this are Invest to Save monies which form part of the Capital Programme. The council established its Invest to Save Fund in March 2022. An invest to save guidance note for managing the Fund has been made available.

Zero Carbon Initiatives and Decarbonisation Fund

6.33. In November 2018, Bristol City Council declared a climate emergency and as such now considers how impact investments could contribute to support implementation of the UN's Sustainable Development Goals (SDGs). There are opportunities to reduce carbon emissions in a variety of ways both through the council's direct and indirect capital investments. A capital projects carbon impact (footprint) can be influenced favourably from an early stage in its development. Council investments can reduce carbon impacts through bonds (private placements, public issuances and community municipal investments and retail bonds), by taking lower par on investment and considering how to leverage wider inward investment to contribute to decarbonisation aims.

6.34. The council is working with 3Ci which is a partnership between Connected Places Catapult, Core Cities UK, London councils and other local authorities across the UK aimed at supporting local authorities secure the necessary long-term finance for achieving net zero. Energy Security and Net-Zero (DESNZ, formerly Department for Business, Energy and Industrial Strategy) has provided funding to support this work to leverage the combined scale of cities to mobilise finance and drive investment into low and net zero carbon projects across all of the UK's largest cities, rather than individual ones.

6.35. The council recognises that it also needs to actively progress local projects included in its current capital programme to work towards its aim. As part of this the council is exploring community municipal investment or retail bonds up to a certain threshold (see Section 7) to finance zero carbon initiatives.

6.36. The council has established a Decarbonisation Fund to enable it to deliver on its zero carbon initiatives and will build in methods for appraisal that take into account carbon impacts.

7. Capital Financing Policies

7.1. This section sets out in more detail how the council will ensure its investment decisions are consistent with its investment principles and MTFP.

Affordability Policies and Indicators

7.2. The council must ensure its long-term investments are affordable within the council's overall revenue budget and able to meet the on-going financing of any borrowing which is undertaken to support this investment.

Table 4: MTFP Affordability Principles

Affordability Principles	
The Council's Prudential Borrowing Commitment	
General Fund	• The council will continue to use a range of funding opportunities that ensure the cost of capital financing does not exceed 10% of general fund net revenue budget over the medium to long term. • The current forecast level is 9.9% by 2026/27, if the council opted for a 10% (increase of 0.1%) level this would equate to an extra £10m of borrowing with an estimated capital financing budget cost of £0.5m. • Any additional capital financing budget would need to be offset by corresponding savings in services to maintain a balanced budget for the council. • The council will seek to reduce the threshold of 10% over the Capital Strategy timeframe, by repaying and / or restructuring debt (CFR) to reduce annual debt financing costs to support delivery of services.
Loans and liability exposure to Subsidiaries	• The council has loans and liability exposure (including deferred capital receipts) to its subsidiary organisations (Bristol Waste, and Goram Homes. Cabinet have approved a loans/liability exposure level is £67.7m, of which £25.4m has been drawn down. • The maximum level of loans/liability exposure to subsidiaries is the lower of either: • 10% of the council's general fund capital financing requirement, or £70m. • When loans, liabilities and investments are repaid they may be recycled into new loans, subject to cabinet/council approval, appropriate safeguards being in place, the above affordability indicators and adequate due diligence undertaken to protect the council. • Should there be a strategic requirement by exception to this limit then there can be the flexibility to utilise any headroom in the General Fund 10% borrowing cap above if the excess is planned in advance and is temporary in nature in relation to short term cash flow. The application of this excess will be reported in the finance report at the next available Cabinet meeting.
Zero Carbon Initiatives	• The council has established a Decarbonisation Fund to assist in delivering the capital investment to contribute towards its zero carbon ambitions. <u>Working with Partners</u> • The council will work with government, local/regional partners and other regions to explore place based approach to deliver on its zero carbon ambitions.

Affordability Principles	
	• The council will work with its City Leap and other partners to facilitate investment to deliver the aims of its zero carbon ambitions and use methods of appraisal that take into account carbon impacts. Community Municipal Investments • The council can explore zero carbon initiatives funded through Community Municipal Investments or Retail Bonds. • The maximum exposure in such investments is £2m. • The exposure to such initiatives would be included within the General Fund capital financing costs exposure of a maximum 10% of the net revenue budget. • In addition the council will work closely with partners to facilitate community investments in zero carbon initiatives, including working together on Community Municipal Investments.
Substitute schemes	• All new impact capital investments following setting the annual programme will be subject to defined prioritisation criteria, the capital programme governance arrangements and Cabinet/Council approval
Prudential Borrowing and affordability principles applied to all Impact Investments	

Housing Revenue Account	• The council will continue to use a range of funding opportunities to ensure the Interest Cover Ratio (ICR) of the HRA can't fall below 1.25 (currently at 1.27)
	  • The ICR is calculated as the HRA Operating Surplus divided by Interest Costs.
	  • The estimated ICR over the MTFP 1.44.39
	• The minimum ICR will be supplemented by an HRA major repairs reserve of at least £10m (approx. 1 year's interest cost) and a general HRA reserve of £21m after provisions for any known liabilities and provision in the HRA budget each year to set aside monies to repay borrowing above the level of the historic HRA debt cap used to fund the development/acquisition of new homes (50 year payback period) or investment in existing stock (30 year payback period).

Evidence based	• All Impact Investments will require a business case providing clear statement of the costs, benefits and risk to be realised by the projects which will be subject to proportionate due diligence.

Net Present Value (NPV)	• All projects are required to have a positive NPV.
	• The only exceptions to this are the following impact investments:
	  • Environmental and Social Impact
	• To ensure transparent decision making, schemes should clearly identify the value of their:
	  • NPV on a commercial basis and;
	  • Social and/or Environmental value elements
	• The Environmental and Social impacts must be quantifiable to demonstrate best value.
	• Assessments should be undertaken on a project-by project basis. However, on an exceptions basis, where sufficient NPV headroom exists within a clearly defined programme-of-works, consideration may be given to a negative NPV scheme where a scheme can clearly demonstrate best value to the council.

Affordability Principles	
	• The council recognises that a phased approach will be required to implement these principles while the methodology and practices are further developed and embedded.
Affordability Principles Applied to Other Investments	
Invest to Save schemes Calculating the return on investment	• The business case for an investment to generate a return project or impact funding must: • Include the full additional costs and income streams arising from the project including the cost of servicing the debt • **Investments** must demonstrate the ability to achieve a minimum of 8% IRR over a 10 -year period. • **Social Impact** investments eg social investment must demonstrate the ability to achieve a minimum of 6% IRR or interest over a 10-year period. • Ratios will remain under review and to be amended in light of significant increase in interest rates. • IRR to be appraised taking into account the time value of money • The case for investment should demonstrate how the investments are returned by the end of the period.
Invest to Save schemes Being more efficient and creating sustainable services	• Cashable cost reductions or increased income must exceed the costs of borrowing over the pay-back period. • The first call on savings arising from the investment will be to repay the costs of borrowing to ensure the council stays within its Affordability Principles.
Invest to Grow schemes	• Increased income must exceed the costs of borrowing over the pay-back period. • For major developments the increased business rates and council tax income attributable to the council's revenue budget may be taken into account.
Invest to Maintain schemes	• All relevant costs and revenue streams, both capital and revenue, should be taken into account when determining which assets to prioritise investment for.

Social Value	• Where social value is able to be calculated as a notional value this will be taken into account as a secondary consideration to cashable benefits, IRR 6% and Payback. • The concept of Social Value will be a separate consideration in investment appraisals.

Prioritisation of Capital Investment

7.3. The council's capital governance arrangements in Section 8 set out the approach to progressing schemes through their capital programme lifecycle. A key element of this is prioritisation of total capital investment and individual schemes. Prioritisation aims to ensure the council's finite resource is targeted at supporting the delivery of the Corporate Strategy and aligned strategies.

7.4. Prioritisation of the capital programme will be undertaken on two levels. Firstly, a strategic prioritisation of overall resources and secondly, a prioritisation of individual schemes.

7.5. The strategic prioritisation will focus on the balance and allocation of resources between Invest to Grow, Invest to Save and Invest to Maintain. As noted in paragraphs 4.1 to 4.3, and set out in the table below, the current programme is weighted towards Invest to Grow and Invest to Maintain rather than Invest to Save Schemes. This presents a possible risk that there is insufficient investment in assets to generate ongoing revenue savings (Invest to Save) or a positive financial return. It is recognised that a strategic rebalance of the programme requires a medium to long term view of the programme. As such over the period of the next 10 years, the council will seek opportunities to redress the balance of the capital programme between these investment principles.

Table 5: Proportion of Capital Programme by Investment Principle

Invest to Grow	58%
Invest to Maintain	38%
Invest to Save	4%

7.6. The individual scheme prioritisation would be undertaken as part of the annual service planning process and form part of the mandate stage of the capital scheme lifecycle. Individual schemes/block programmes identified through the annual service planning process would be subject to a capital prioritisation model to assess strategic fit for the council and level of complexity.

7.7. Schemes that are selected as priority schemes will be taken forward to produce a detailed mandate to undertake a more in-depth assessment of costs, funding streams and risks. Schemes would have access to the Feasibility Fund to finance any external costs to develop a detailed mandate. Following completion of a detailed mandate, schemes will be considered for entry into the Development Pool. Further details on the individual scheme prioritisation approach are shown in Appendix 2.

Loans, Liability Exposure and Investments to Subsidiary Companies

7.8. Loans, liability exposure and investments in companies in which the council has material shareholdings are assessed differently, as these are prioritised based on delivery of strategic objectives. When considering these transactions, the council will examine the business plans available to ensure that the plan and the investment is both sound and facilitates the delivery of the long-term strategy and wider social, economic and or financial benefits.

7.9. Due to the nature of the assets or for valid service reasons, such investments do not always give priority to security and liquidity over yield. In these cases, such a decision will be explicit, with the additional risks set out and the impact on financial sustainability identified and reported. The appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of additional risk being considered. The Chief Finance Officer will ensure affordability and the proportionality of all investments so that the council does not undertake a level of investment which exposes it to an excessive level of risk compared to its financial resources.

7.10. The council will be required to monitor subsidiary company operations and this will take the form of regular performance and financial monitoring reports to shareholders. The council will manage arrangements within the affordability indicators set out in Section 7.

8. Governance of the Capital Strategy

Approval of Capital Strategy and Capital Programme

8.1. The Capital Strategy is agreed annually, alongside the MTFP. The Capital Programme is agreed annually by Full Council as part of the budget setting process. Variations to the Capital Programme or in-year additions – subject to delegation – will be agreed by cabinet. Monthly monitoring of the Capital Programme will be presented to cabinet.

8.2. The council recognises it needs to continue to significantly improve its performance to ensure that all projects being proposed for inclusion are able to be delivered within the timeframe and budget stated prior to programme approval. The council has a clear process for projects to be managed via a revised gateway process progressing through various stages starting with an outline project mandate. Appendix 3 sets out diagrammatically the council's approval gateways. When capital schemes are approved their inclusion into the capital programme is based on best estimates and slippage is measured against the approved profile at the end of the financial year. Section 8 provides further details on council's governance and control framework for managing schemes.

8.3. The council delivers its capital programme through effective and coherent processes for:

- formulating the capital programme with clear criteria to ensure that capital investment continues to be directed towards meeting corporate objectives and priorities
- approving and amending the capital programme and for scrutinising decisions relating to capital planning
- managing its resources holistically to support spending priorities with regard to long term sustainability.

8.4. The annual cycle for formulating a rolling multi-year capital programme will be overseen by the Capital Investment Board and the Corporate Leadership Board will recommend the programme for approval each year in line with the medium term financial plan approvals process.

8.5. Like most public sector bodies, the council continues to manage a prolonged series of difficult economic, market and supply chain factors that are contributing to the council experiencing significant delays in the physical progress of projects against the approved profile and cost over runs. In addition, the size and number of projects in the council's capital programme, the inherent over-optimism bias built into capital planning and the finite capacity and skills to manage these projects is also accentuating the delays and potential cost overruns faced. The council is committed to ensuring the capital programme:

- provides project managers with more timely management information
- delivers outcomes to time and budget
- has project managers with the right skills, capability and capacity
- develops realistic programming ambition
- develops more realistic financial profiles in decision documents aligned to project milestones
- provides Capital training to include optimism bias
- improves forecasting reflecting internal / external factors.

Strategic Oversight and Delivery

8.6. The Capital Investment Board leads on the development and maintenance of the Capital Strategy that is consistent with the relevant code of practice, Corporate Strategy and core regulatory functions, Medium Term Financial Plan and Treasury Management Strategy.

8.7. The Capital Investment Board provides strategic oversight and stewardship role for the development and delivery of the council's capital expenditure within affordable limits, which will include both the Capital Programme and capital investments; as well as providing strategic direction to the programme and projects where necessary.

8.8. Delivery of the programme is overseen by a joint member/ officer Board, the Delivery Executive, chaired by the Deputy Mayor and cabinet member with responsibility for City Economy, Finance & Performance. These governance arrangements ensure the Capital Programme is effectively managed and for companies that are wholly-owned or the council has a material interest these extend to the Shareholder Group. The Delivery Executive Board's role is to monitor and assess the effectiveness of the capital programme in delivering the council's strategic objectives. It also monitors the council's non-financial investments and the appraisal of new investments, ensuring appropriate techniques are used.

Directorate Capital Programme and Project Delivery

8.9. The delivery of individual capital projects and programmes is managed through individual project and programme boards with appropriate membership and delegation. The Boards are responsible for developing, managing and progressing capital projects; as well as reporting into both Capital Investment Board and Delivery Executive.

Scrutiny

8.10. The formal scrutiny process will be used to ensure effective challenge. Relevant directorate scrutiny commissions will be responsible for providing scrutiny on individual capital projects which fall under their portfolio.

8.11. In addition, the Scrutiny Task & Finish Group reviewing the MTFP and Budget is engaged to provide any feedback on the proposed Capital Strategy. The group is also engaged when setting the Capital Programme prior to its consideration by cabinet and approval by full council. It should be noted, business cases seeking cabinet approval will follow the standard decision pathway and as such can be subject to scrutiny as part of that process.

Managing Schemes Through Their Capital Lifecycle

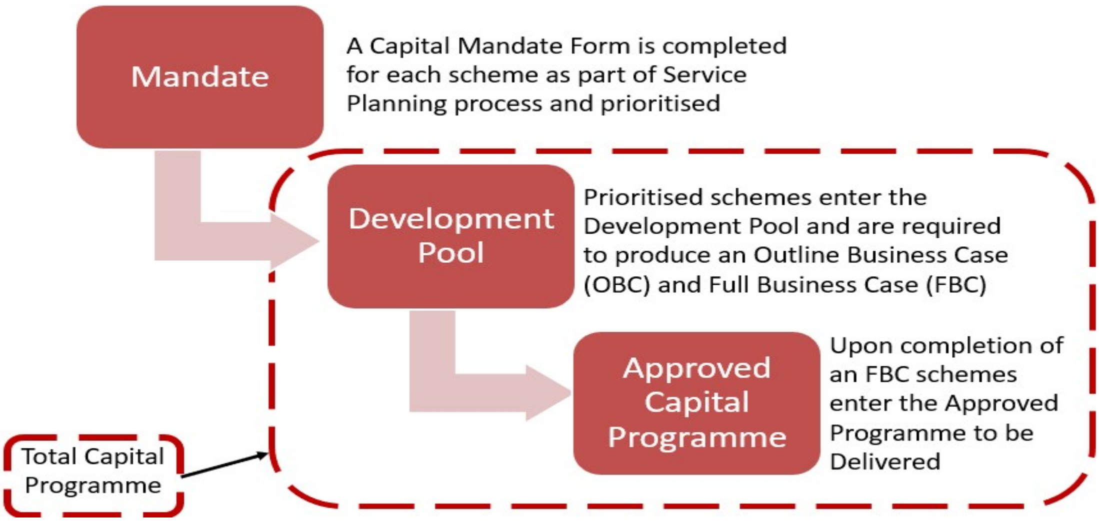
8.12. The management of capital schemes through their lifecycle as illustrated in Appendix 3 is an important aspect of delivering a successful capital investment programme. The approach should balance cost/funding certainty, risk, clarity of commitment to scheme, robust governance and transparent decision making.

8.13. An important aspect of the council's capital governance framework is at which point schemes are in their development stage and when they are sufficiently developed to enter the approved capital programme. The capital programme is split into three broad components:

- **Mandate -** the initial concept and need for a capital scheme. Schemes will require prioritisation to ensure strategic fit and there are sufficient resources/capacity/capability to deliver the scheme.
- **Development Pool –** a priority capital scheme in its early/developmental stages, typically outline business case (OBC) and full business case (FBC). At this stage costs/funding/risks are uncertain, gaining certainty as more in depth work is undertaken. Typically this is part of pre-construction and contracting activities.
- **Approved Capital Programme** – this refers to a capital scheme which has been through OBC and FBC stages and is developed to an acceptable level of certainty and is to be formally approved in the programme for delivery/implementation.

8.14. The approach to managing schemes through their lifecycle is shown graphically in the diagram below. Further information is shown in Appendix 3.

Figure 4: Managing Schemes



Key Decision-Making Considerations

8.15. All capital investment decisions will be underpinned by a robust business case that sets out any expected financial return alongside the broader outcomes/impacts, including economic, environmental and social benefits. Business cases will evolve through the lifecycle and require decisions at the relevant Board, subject to finance scheme of delegations and key decision pathway.

8.16. Throughout the decision making process the risks and rewards for each project are reviewed and revised and form part of the monitoring of the capital programme. The Capital Investment Board receives monthly updates detailing financial forecasts and risks.

8.17. The governance process for approving capital investments is the same as that for the wider capital programme, with the business case fully reviewed and due diligence undertaken with external and internal risks associated with the investment explored. The council will compile a schedule setting out a summary of its existing material investment commitments and regularly update the governance boards on the drawdowns, guarantees, financial return and risks exposure.

8.18. There may be occasions when the nature of a particular proposal requires additional support in the production of the business case or for example in performing of a value for money or due diligence review. In these circumstances the council may seek external advice.

8.19. The capital programme is reported to cabinet and council as part of the annual budget setting process which will take into consideration any material changes to the programme and the investment. The in-year position is monitored monthly, with periodic budget reports to cabinet with capital reports incorporated. Within that monitoring report minor new investment proposals will be included and variations such as slippage and need for acceleration. Major new capital investment decisions will be subject to an individual report to cabinet.

8.20. The Chief Finance Officer should report explicitly on the affordability and risk associated with the capital strategy. Where appropriate the Chief Finance Officer will have access to specialised advice to enable them to reach their conclusions and ensure sufficiency of reserves should risk or liabilities be realised.

West England Combined Authority (WECA) Funded Schemes

8.21. All schemes which include WECA funding, either in part or in full, will be required to go through the WECA governance processes in addition to those at the council. All schemes with WECA funding should have been through the council's governance processes including approval by cabinet before they are approved by WECA.

The council's approval process is that cabinet approval is required where key decision thresholds / principles have been met. The council's governance process includes procedures for urgency, eg grant applications which may require a very short turnaround, and as such where urgent decisions are taken this will be reported to the next available cabinet meeting seeking approval prior to acceptance of the grant and adjustment of the capital programme for the scheme's inclusion.

9. Risk Management

9.1. One of the council's key investment principles is that all investment risks should be understood with appropriate strategies to manage those risks. Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy. All projects are required to maintain a risk register and align reporting to the council's reporting framework.

9.2. In managing the overall programme of investment there are inherent risks associated such as changes in interest rates, credit risk of counter parties.

9.3. Accordingly, the council will ensure that robust due diligence procedures cover all external capital investment. Where possible contingency plans will be identified at the outset and enacted when appropriate.

9.4. No project or investment will be approved where the level of risk - determined by the Cabinet or Chief Financial Officer as appropriate - is unacceptable.

10. Skills and Knowledge

10.1. Appropriate training will be provided to all charged with investment responsibilities. This includes all those involved in making investment decisions such as members of Capital Investment Board as well as those charged for scrutiny and governance such as relevant scrutiny commissions and audit committee. Training will be provided either as part of meetings or by separate ad hoc arrangements.

10.2. When considering complex and ‘commercial’ investments, the council will ensure that appropriate specialist advice is taken. If this is not available internally it will be commissioned externally to inform decision making and appropriate use will be made of the council’s Treasury Management advisers.

11. Capital Governance Improvement Plan

11.1. The council recognises it needs to improve its capital governance, delivery capacity and related processes. In the last 24 months it has embedded enhancements made to its capital strategy, integrating a delivery partner to provide delivery capacity, improved governance arrangements for the delivery of capital projects and developed its financial processes. However, it is recognised that further improvements are still required. In September 2023, as part of the Capital Portfolio Transformation Project (CPTP), the project lifecycle and gateways were reviewed. An improved process was implemented.

Further, the council has developed and is implementing a capital governance improvement plan. The core elements of the plan are being implemented, with the remaining actions expected to be operational by April 2024. However, it is recognised that the new governance arrangements, delivery enhancements and related processes will take time to fully embed within the culture of the council, and the full benefits will only be realised over the term of the current capital programme.

Appendix 1

Our Corporate Strategy – at a glance

Vision

“We play a leading role in driving an inclusive, sustainable and healthy city of hope and aspiration, one where everyone can share in its success.”

Building Blocks

We have chosen five principles that we call our ‘building blocks’. These affect all our priorities and influence everything we do.

Development and Delivery

Develop people, places and partnerships to improve outcomes. Deliver quality public services while releasing the expertise and resources of empowered communities, individuals, community groups and city partners to help shape and deliver city priorities.

Environmental Sustainability

Tackle the Climate and Ecological Emergencies while inclusively growing the economy, maximising our positive environmental impacts and avoiding or mitigating negative ones wherever possible. Build our climate and ecological resilience.

Equality and Inclusion

Pro-actively and intentionally improve equality and inclusion across the city by designing it into everything we do. Work to make sure that everyone in Bristol feels they belong, has a voice and an equal opportunity to succeed and thrive.

Resilience

Build Bristol’s city resilience through early intervention, minimising our contribution to future environmental, economic or social shocks and stresses. Build our ability to cope by learning from our past, taking a preventative approach and planning for long-term outcomes that support resilience.

World Class Employment

Role model, influence and promote the highest levels and standards of employment. Work with partners to drive for workforces that reflect the population, and workplaces that are healthy and inclusive, offering opportunities to progress and offering a Real Living Wage as standard.

Themes

To make sure we are clear about how we spend our time, effort and money, we have the following strategic themes and priorities. These express the major issues that we believe are most important in achieving our vision.

Children and Young People

A city where every child belongs and every child gets the best start in life, whatever circumstances they were born into.

Economy and Skills

Economic growth that builds inclusive and resilient communities, decarbonises the city and offers equity of opportunity.

Environment and Sustainability

Decarbonise the city, support the recovery of nature and lead a just transition to a low-carbon future.

Health, Care and Wellbeing

Tackle health inequalities to help people stay healthier and happier throughout their lives.

Homes and Communities

Healthy, resilient and inclusive neighbourhoods with fair access to decent, affordable homes.

Transport and Connectivity

A more efficient, sustainable and inclusive connection of people to people, people to jobs and people to opportunity.

Effective Development Organisation

From city government to city governance: creating a focussed council that empowers individuals, communities and partners to flourish and lead.

Values and Behaviours

- **We are Dedicated**
- **We are Curious**
- **We show Respect**
- **We take Ownership**
- **We are Collaborative**

Capital Prioritisation – Scheme Prioritisation Guidance and Criteria

As part of determining the relative priority of strategic resource allocation and individual schemes the following guidance should be considered:

Priority 1 Schemes - highest priorities for capital investment are schemes that either:

- The council would fail to meet its statutory obligations if the scheme did not proceed and all other mechanism for funding has been exhausted or;
- The scheme can directly deliver on one or more of the key Corporate Strategy/One City Plan commitments for the next 5 years and is to be 100% funded from external resources (ring-fenced grants or other outside contributions and,
- The ongoing revenue implications of the project are contained within the existing service budgets either as a result of secured additional internal /external funding or reduction in cashable revenue costs.

Only schemes that meet the above criteria will be defined as priority one.

Priority 2 Schemes – criteria for other projects

Projects which do not meet the criteria above are defined as priority 2 and may be prioritised depending on their fit based on the criteria set out below. The scoring matrix is to be finalised and will be weighted to ensure that a balanced programme can be achieved as outlined in section 2 above. Scores will be indicative and provide a guide for decision making.

i. Scheme demonstrably meets one or more of the key commitments in the corporate strategy for the MTFP period measured by objective criteria

ii. A need for the specific proposal has been identified in the One City Plan or emerging Corporate Strategy

iii. The project will bring about future cashable revenue savings within the wider council (or cost avoidance where the pressure is built into the MTFP and/or deliver organisation wide efficiencies) iv. The proposal can be shown to support the delivery of sustainable / inclusive economic growth and regeneration The scheme levers in external support, or attracts additional funding into Bristol, either financial or where the council is working in partnership with other bodies

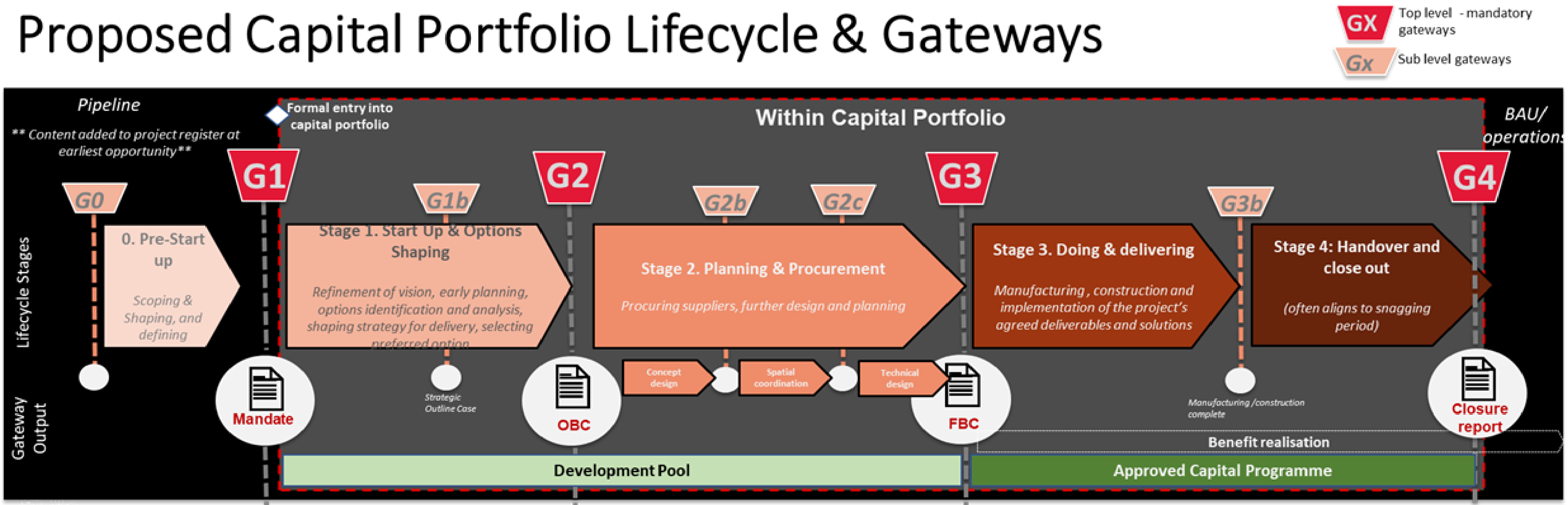
v. Scheme meets a key service objective in the agreed service plan and failure to provide the scheme would result in a significant reduction of the council's stated level of priority service and/or greater exposure to risk

vi. Provides support to Community Leadership and capacity building develops the locality focus agenda.

Appendix 3

Capital Programme Governance Arrangements: Managing a Scheme Through its Lifecycle

Proposed Capital Portfolio Lifecycle & Gateways



*The **Mandate** is the key initiation document for spending time or money on project/programme.*

Indicative idea, scope, objectives, timeline, risks, costs (all low confidence) + clear ownership.

All costs prior to Mandate should be opportunity costs only and no charges.

*The **Outline Business Case (OBC)** builds on the work developed at Mandate (and SOC stage if applicable) and refines longlist of options recommendation an optimal/preferred option(s) to progress with.*

Draft costs, timelines, risks & mitigations and plan for next stage.

*The **Full Business Case (FBC)** represents the conclusions of tender activity, technical designs and presents a final delivery plan and costings before work moves into delivery.*

Cost estimates market tested, funding secured, partner/contractor availability confirmed, risks assessed and mitigated.

***The Closure report** is considered to be a formal end point to the project, documenting the final position and reflecting on how things compared with original business case and status as at this point. Usually completed at end of the contractual snagging period.*

Have the deliverables and outcomes been met? Are we on track to deliver the benefits expected? How did delivery compare with initial approved plan and budget. What lessons have been learnt or could apply to future projects This is also expected to include initial post occupancy evaluation.

This is key for audit trail, and lessons learnt for future work.

Supplementary Estimates
for the year ending 31 March 2024

Date of Request: **13/09/2023**
Date of Mayor / Cabinet endorsement: **03/10/2023**
Director: Reena Bhogal – Welsh, Education and Skills
Director: Fiona Tudge, Children and Families
Cabinet Member: Asher Craig, Councillor St George West

DECISION REQUIRED:

Cabinet are asked to recommend to Full Council the approval of an additional supplementary estimate of up to £11.5 million for the Children & Education Directorate to maintain existing services and financial commitments.

1. Directorate Original Budget Build Up

1.1. The Children & Education Directorate has a current revised budget of £110m as detailed below and is seeking a supplementary estimate up to £11.5m.

1.2. Children and Family Services has a current revised budget of £88.2m. This includes growth this year of £18.4m made up of £14.8m of recurring pressures identified and included in the 2022/23 budget (supplementary estimates) and £3.6m of emerging risks identified and included in the 2023-28 MTFP. Further pressures have been identified in-year and the service is seeking a supplementary estimate up to £7.5m

1.3. Education Improvement has a current revised budget of £21.8m This includes growth of £6.2m made up of £2.1m of recurring pressures identified and included in the 2022/23 budget (supplementary estimates) and £4.1m of emerging risks identified and included in the 2023-28 MTFP. Further pressures have been identified in-year and the service is seeking a supplementary estimate up to £4.0m.

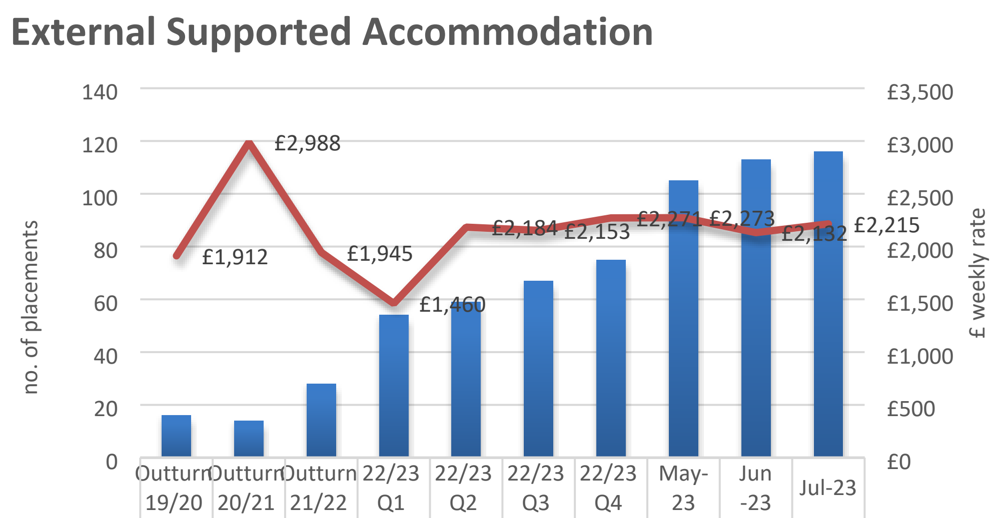
Table 1

Children & Education Directorate			
Division (Service Director Level)	Prior Year Outturn Variance £000's	Revised Budget £000's	Supplementary Estimate up to £000's
Children and Families Services	6,486	88,241	7,531
Education Improvement	636	21,762	3,990

2. Justification

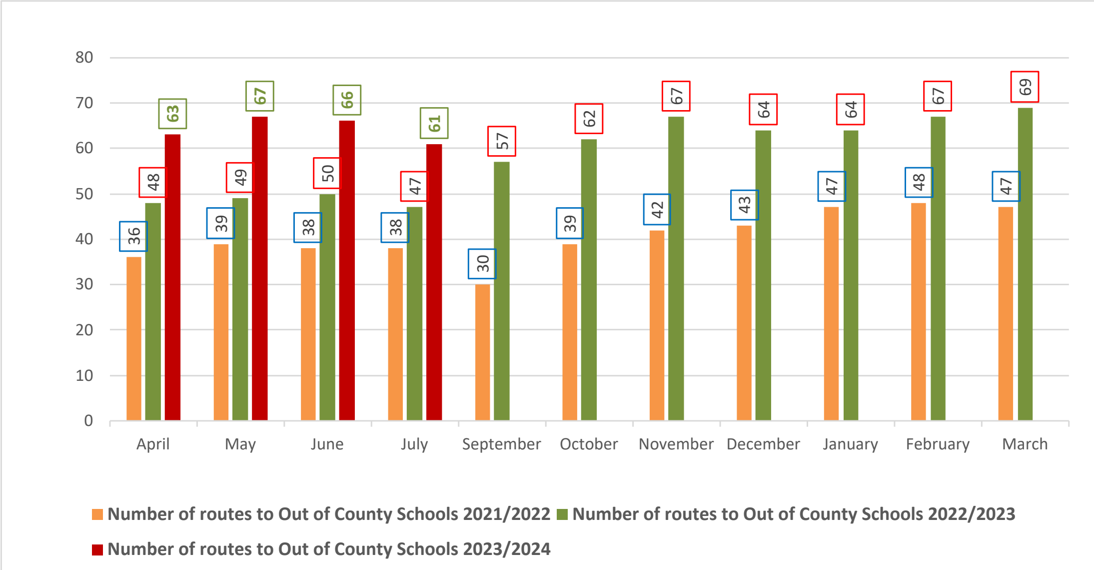
2.1. The Children & Education budgets have experienced significant cost pressures in Children and Family Services and Educational Improvement as follows:

2.2. There has been a significant increase in the number of ESA placements this year as represented in the chart below. This cost of ESA provision is estimated to be £12m this year, a 38% increase on last year.



	Outturn 19/20	Outturn 20/21	Outturn 21/22	22/23 Q1	22/23 Q2	22/23 Q3	22/23 Q4	May-23	Jun -23	Jul-23
External supported accommodation - average no. of placements	16	14	28	54	59	67	75	105	113	116
External supported accommodation - average net weekly cost	£1,912	£2,988	£1,945	£1,460	£2,184	£2,153	£2,271	£2,273	£2,132	£2,215

2.3. The Home to School Travel service saw a 50% increase in the number of routes to schools outside the local area in April 2023, compared to the same period last year.



3. In-Year Controls

3.1. Savings and recovery actions are being implemented across the Children & Education Directorate in terms of scrutinising all areas of spend and increased levels of management oversight and sign off. For example, in Children detailed work is ongoing to ensure that, where it is safe and appropriate to do so, placements are stepped down to the most cost effective level.

4. Impact Description

Costs	Funding Source
£11.5m Revenue	Earmarked Reserve: Recovery mitigations held in abeyance
Impact if not Approved	
If the supplementary estimate is not approved, then the service will overspend and will not be able to maintain statutory service provision.	

5. Learning Points

5.1. Lack of local sufficiency in provision is pushing an increasing number of children with EHCPs and other social care placements to provision further away from the city resulting in increasing need for transport out of the city and reliance on independent provision at a higher cost.

5.2. Further planning around local provision and better linking with the ECHP process, together with the ongoing work on the transformation programme, including changes to the travel policy and offering should help manage these pressures in the future.

5.3. When setting the budget before the start of each year, the council considers the robustness of the estimates and assumptions, as well as plans and strategies that could be used to deliver a balanced budget should unexpected pressures or events materialise. This has been a particularly challenging financial year in terms of inflationary and other cost pressures, some of which could not have been predicted. Improved service planning to forecast future levels of capacity and demand and how that can be commissioned within a finite budget envelope will continue to be an area of focus.

6. Previously Approved Supplementary Estimates

6.1. None in 2023/24

7. Supplementary Estimate - Sign Off

The following people have signed off this Supplementary Estimate	Evidence of Sign-off (email/121)	Date
Director - Reena Bhogal-Welsh	Email	20/09/2023
Director – Fiona Tudge	Email	21/09/2023
Cabinet Member – Asher Craig	Email	26/09/2023
Section 151 Officer – Denise Murray		

Equality Impact Assessment [version 2.12]

Title: Medium Term Financial Plan and Capital Strategy	
☐ Policy ☒ Strategy ☐ Function ☐ Service ☐ Other [please state]	☐ New ☒ Already exists / review ☐ Changing
Directorate: Cross Cutting	Lead Officer name: Denise Murray
Service Area:	Lead Officer role: Finance

Step 1: What do we want to do?

The purpose of an Equality Impact Assessment is to assist decision makers in understanding the impact of proposals as part of their duties under the Equality Act 2010. Detailed guidance to support completion can be found here Equality Impact Assessments (EqIA) (sharepoint.com).

This assessment should be started at the beginning of the process by someone with a good knowledge of the proposal and service area, and sufficient influence over the proposal. It is good practice to take a team approach to completing the equality impact assessment. Please contact the Equality and Inclusion Team early for advice and feedback.

1.1 What are the aims and objectives/purpose of this proposal?

Briefly explain the purpose of the proposal and why it is needed. Describe who it is aimed at and the intended aims / outcomes. Where known also summarise the key actions you plan to undertake. Please use plain English, avoiding jargon and acronyms. Equality Impact Assessments are viewed by a wide range of people including decision-makers and the wider public.

The Medium Term Financial Plan and Capital Strategy are integrated and key parts of the Council's financial planning process. They set out the Council's strategic approach to the management of its finances and provide a framework within which delivery of the Council's priorities will be progressed.

The refresh of the Medium Term Financial Plan considers the financial outlook for the Council over the next five years 2024/25 – 2028/29, taking into account national and local changes which may impact on the Council, ongoing financial uncertainty associated to cost of living crisis and local government funding, delays to funding reforms, savings measures agreed in the past year and not delivered, emerging demands, pressures and opportunities.

The Capital Strategy 2024/25 – 2033/34 details the high-level approach and framework that will underpin the development of the Capital Programme. It sets out the governance framework required to ensure that the Capital Programme can be delivered and, in a balanced way, it supports the delivery of the Council's objectives in spite of key issues and risks that may impact on the delivery of the programme. It supports the principle that capital investment remains sustainable and affordable.

The reports have been prepared in compliance with the relevant codes and in developing the financial outlook various assumptions have been made. These are modelling / planning assumptions which will be kept under constant review given the increased level of uncertainty in the financial and economic climate. At the point at which specific service or project proposals are made regarding these assumptions, a full equalities impact will be undertaken.

The Council is required by law to set a balanced budget and even before the cost of living crisis, finding solutions to balance the Council's annual budget was becoming ever more challenging, particularly while seeking to manage the impact on those with the greatest need for our support.

The Council has defined statutory responsibilities but delivers against a far broader agenda, providing universal services benefiting the whole community and targeted services aimed at individuals, communities with particular needs and businesses, which are administered by our workforce, city partners, stakeholder organisations and commissioned services. The Medium Term Financial Plan outlook considered in this report indicates a peak budget gap of £32.1 million, with a gap of £17.8 million in 2024/25. This is over and above previously agreed savings. The financial strategy in the report to bridge the gap will focus primarily on delivering previously agreed efficiencies, on demand management and containment of growth and on Invest to Save revenue. The wider impact of lower than required funding levels on Council activities and services will be considered in particular decisions such as the level of Council Tax funding and planned expenditure in the annual budget process. At the point at which decisions are made regarding these assumptions an equalities impact will be undertaken in relation to the specific decision(s).

1.2 Who will the proposal have the potential to affect?

☒ Bristol City Council workforce	☒ Service users	☒ The wider community
☒ Commissioned services	☒ City partners / Stakeholder organisations	
Additional comments:		

1.3 Will the proposal have an equality impact?

Could the proposal affect access levels of representation or participation in a service, or does it have the potential to change e.g. quality of life: health, education, or standard of living etc.?

If 'No' explain why you are sure there will be no equality impact, then skip steps 2-4 and request review by Equality and Inclusion Team.

If 'Yes' complete the rest of this assessment, or if you plan to complete the assessment at a later stage please state this clearly here and request review by the Equality and Inclusion Team.

☐ **Yes**	☒ **No**	[please select]

We have not identified any significant equality impact from the Medium Term Financial Plan and Capital Strategy at this stage. This is because the MTFP and Capital Strategy report is intended to provide context for activities which may be initiated in response to the indicative funding gap identified at this time. There are no final decisions at this time and any future individual proposals will be subject to their own separate Equality Impact Assessment, consultation if required at the relevant time; and because decision makers will have the ability to make changes to the individual spending plans following consultation (where necessary) and detailed evaluation of the impact of proposals. The Medium Term Financial Plan and Capital Strategy will form the financial framework and set the parameters for the overall budget envelope (the monies available) for the Council, which will enable capital borrowing for investments and the delivery of the Council's priorities. They are set against the uncertain backdrop of local government financing, climate and ecological emergency, ongoing post-pandemic recovery, cost of living crisis, increase in demand for already hard-pressed services such as adult and children's services and High Needs. The number of vulnerable adults (for example those with learning disabilities and mental health needs) and vulnerable children (for example, those with special educational needs and disabilities) and associated cost pressures all continue to increase. However, the impact of the Council budget proposals cannot be seen in isolation. The challenging economic climate is also likely to impact on some groups on the basis of their protected and other relevant characteristics and add to the cumulative impact of Council proposals. The budget planning that has followed models 2024/25 to 2028/29 and incorporates assumptions regarding core funding and the following specific assumptions:

- Pay award of up to 5% (4% plus1% contingency) for estimated pay awards for 24/25
- Inflationary increases of up to 5% in expenditure, fees and charges
- Small corporate contingency for cost of living pressures
- Continuation of the Council Tax Reduction Scheme at the same level of up to 100% - providing financial assistance with Council Tax bills for working age adults who are on a low income or less able to pay, and pensioners.
- Increases in Council Tax at 1.99% (subject to public consultation and Council decisions)
- DSG funding in line with DfE indicative funding allocations increase of 7% for High Needs Block.
- General Fund capital affordability borrowing levels of up to 10% net revenue
- HRA capital affordability income cover ratio not lower than 1.25 for HRA borrowing

We are conscious of the impact of price and Council Tax increases on Bristol residents and that this provides a difficult balancing act between income generation and reductions in valued services.

The final position regarding any of the above and continuation of schemes such as the Local Crisis Prevention Fund which provides support to low-income families and individuals requiring emergency financial support, will be decided at each year as part of the annual budget setting process and will be subject to a specific equalities impact assessment at that point.

These are live documents which are updated as more information becomes available from government such as the Autumn Budget and local government finance settlement and local service changes.

Previously approved savings proposals from prior budget setting decisions which include savings not delivered in 2023/24 and carried forward, ongoing savings for 2024/25 have been subject to individual equality impact assessments, with updates where appropriate. These are published on the Council's website https://www.bristol.gov.uk/council-spending-performance/council-budgets and will continue to be updated as appropriate.

The external consultation method for obtaining stakeholder and the public views of spending priorities, individual proposals to meet savings requirements and acceptable levels of Council Tax, will be considered as part of the preparation of the Council's budget for 2023/24. The Schools Forum are consulted on any factors impacting on the Dedicated Schools Grant with a consultation due to commence with all schools and wider stakeholders in relation to schools funding and indicative DSG mitigations, respectively.

Budget and service planning processes are entwined and will involve a wide range of staff across the Council and relevant stakeholders. The consultation results from all the above will be presented to Cabinet in advance of decisions in relation to the budget and if required managing change processes will be adhered to.

Step 2: What information do we have?

2.1 What data or evidence is there which tells us who is, or could be affected?

Please use this section to demonstrate an understanding of who could be affected by the proposal. Include general population data where appropriate, and information about people who will be affected with particular reference to protected and other relevant characteristics: How we measure equality and diversity (bristol.gov.uk)

Use one row for each evidence source and say which characteristic(s) it relates to. You can include a mix of qualitative and quantitative data e.g. from national or local research, available data or previous consultations and engagement activities.

Outline whether there is any over or under representation of equality groups within relevant services - don't forget to benchmark to the local population where appropriate. Links to available data and reports are here Data, statistics and intelligence (sharepoint.com). See also: Bristol Open Data (Quality of Life, Census etc.); Joint Strategic Needs Assessment (JSNA); Ward Statistical Profiles.

For workforce / management of change proposals you will need to look at the diversity of the affected teams using available evidence such as HR Analytics: Power BI Reports (sharepoint.com) which shows the diversity profile of council teams and service areas. Identify any over or under-representation compared with Bristol economically active citizens for different characteristics. Additional sources of useful workforce evidence include the Employee Staff Survey Report and Stress Risk Assessment

Data / Evidence Source [Include a reference where known]	**Summary of what this tells us**
Additional comments:	

2.2 Do you currently monitor relevant activity by the following protected characteristics?

☐ Age	☐ Disability	☐ Gender Reassignment
☐ Marriage and Civil Partnership	☐ Pregnancy/Maternity	☐ Race
☐ Religion or Belief	☐ Sex	☐ Sexual Orientation

2.3 Are there any gaps in the evidence base?

Where there are gaps in the evidence, or you don't have enough information about some equality groups, include an equality action to find out in section 4.2 below. This doesn't mean that you can't complete the assessment without the information, but you need to follow up the action and if necessary, review the assessment later. If you are unable to fill in the gaps, then state this clearly with a justification.

For workforce related proposals all relevant characteristics may not be included in HR diversity reporting (e.g. pregnancy/maternity). For smaller teams diversity data may be redacted. A high proportion of not known/not disclosed may require an action to address under-reporting.

2.4 How have you involved communities and groups that could be affected?

You will nearly always need to involve and consult with internal and external stakeholders during your assessment. The extent of the engagement will depend on the nature of the proposal or change. This should usually include individuals and groups representing different relevant protected characteristics. Please include details of any completed engagement and consultation and how representative this had been of Bristol's diverse communities.

Include the main findings of any engagement and consultation in Section 2.1 above.

If you are managing a workforce change process or restructure please refer to Managing a change process or restructure (sharepoint.com) for advice on consulting with employees etc. Relevant stakeholders for engagement about workforce changes may include e.g. staff-led groups and trades unions as well as affected staff.

2.5 How will engagement with stakeholders continue?

Explain how you will continue to engage with stakeholders throughout the course of planning and delivery. Please describe where more engagement and consultation is required and set out how you intend to undertake it. Include any targeted work to seek the views of under-represented groups. If you do not intend to undertake it, please set out your justification. You can ask the Equality and Inclusion Team for help in targeting particular groups.

Step 3: Who might the proposal impact?

Analysis of impacts must be rigorous. Please demonstrate your analysis of any impacts of the proposal in this section, referring to evidence you have gathered above and the characteristics protected by the Equality Act 2010. Also include details of existing issues for particular groups that you are aware of and are seeking to address or mitigate through this proposal. See detailed guidance documents for advice on identifying potential impacts etc. [Equality Impact Assessments (EqIA) (sharepoint.com)]

3.1 Does the proposal have any potentially adverse impacts on people based on their protected or other relevant characteristics?

Consider sub-categories and how people with combined characteristics (e.g. young women) might have particular needs or experience particular kinds of disadvantage.

Where mitigations indicate a follow-on action, include this in the 'Action Plan' Section 4.2 below.

GENERAL COMMENTS (highlight any potential issues that might impact all or many groups)	
PROTECTED CHARACTERISTICS	
Age: Young People	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
Age: Older People	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
Disability	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
Sex	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
Sexual orientation	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
Pregnancy / Maternity	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
Gender reassignment	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
Race	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
Religion or Belief	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
Marriage & civil partnership	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
OTHER RELEVANT CHARACTERISTICS	
Socio-Economic (deprivation)	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒

Potential impacts:	
Mitigations:	
Carers	Does your analysis indicate a disproportionate impact? Yes ☐ No ☒
Potential impacts:	
Mitigations:	
Other groups [Please add additional rows below to detail the impact for any other relevant groups as appropriate e.g. asylum seekers and refugees; care experienced; homelessness; armed forces personnel and veterans]	
Potential impacts:	
Mitigations:	

3.2 Does the proposal create any benefits for people based on their protected or other relevant characteristics?

Outline any potential benefits of the proposal and how they can be maximised. Identify how the proposal will support our Public Sector Equality Duty to:

- ✓ Eliminate unlawful discrimination for a protected group
- ✓ Advance equality of opportunity between people who share a protected characteristic and those who don't
- ✓ Foster good relations between people who share a protected characteristic and those who don't

No

Step 4: Impact

4.1 How has the equality impact assessment informed or changed the proposal?

What are the main conclusions of this assessment? Use this section to provide an overview of your findings. This summary can be included in decision pathway reports etc.

If you have identified any significant negative impacts which cannot be mitigated, provide a justification showing how the proposal is proportionate, necessary, and appropriate despite this.

Summary of significant negative impacts and how they can be mitigated or justified:
Summary of positive impacts / opportunities to promote the Public Sector Equality Duty:

4.2 Action Plan

Use this section to set out any actions you have identified to improve data, mitigate issues, or maximise opportunities etc. If an action is to meet the needs of a particular protected group please specify this.

Improvement / action required	Responsible Officer	Timescale

4.3 How will the impact of your proposal and actions be measured?

How will you know if you have been successful? Once the activity has been implemented this equality impact assessment should be periodically reviewed to make sure your changes have been effective your approach is still appropriate.

Step 5: Review

The Equality and Inclusion Team need at least five working days to comment and feedback on your EqIA. EqIAs should only be marked as reviewed when they provide sufficient information for decision-makers on the equalities impact of the proposal. Please seek feedback and review from the Equality and Inclusion Team before requesting sign off from your Director[1].

Equality and Inclusion Team Review: ***Reviewed by Equality and Inclusion Team***	**Director Sign-Off:** TO BE ADDED
Date: 25 September 2023	Date:

[1] Review by the Equality and Inclusion Team confirms there is sufficient analysis for decision makers to consider the likely equality impacts at this stage. This is not an endorsement or approval of the proposal.

Environmental Impact Assessment [version 1.0]

Proposal title: Medium Term Financial Plan and Capital Strategy		
Project stage and type: ☐ Initial Idea Mandate	☐ Outline Business Case	☐ Full Business Case
☐ Policy ☒ Strategy ☐ Function ☐ Service ☐ Other [please state]	☐ New ☒ Already exists / review	☐ Changing
Directorate: Finance	**Lead Officer name: Jemma Prince**	
Service Area: Accountancy, Risk and Insurance	**Lead Officer role: Business Partner**	

Step 1: What do we want to do?

The purpose of this Environmental Impact Assessment is to help you develop your proposal in a way that is compliant with the council's policies and supports the council's strategic objectives under the One City Climate Strategy, the One City Ecological Emergency Strategy and the latest Corporate Strategy.

This assessment should be started at the beginning of the project proposal process by someone with a good knowledge of the project, the service area that will deliver it, and sufficient influence over the proposal to make changes as needed.

It is good practice to take a team approach to completing the Environmental Impact Assessment. See further guidance on completing this document. Please email environmental.performance@bristol.gov.uk early for advice and feedback.

1.1 What are the aims and objectives/purpose of this proposal?

Briefly explain the purpose of the proposal and why it is needed. Please use plain English, avoiding jargon and acronyms.

The Medium Term Financial Plan and Capital Strategy are key parts of the Council's financial planning process. Together they set out the Council's strategic approach to the management of its finances and provide a framework for delivery of the Council's priorities. The Medium Term Financial Plan and Capital Strategy are rolling plans and this report covers the period 2024/25 to 2028/29 and 2024/25 to 2033/34 respectively. In addition, this report also includes a supplementary estimate for the Children and Education Directorate for the current year 2023/24. These are proposed for consideration by Cabinet and, if endorsed, will then be recommended for Full Council to approve.

1.2 Will the proposal have an environmental impact?

Could the proposal have either a positive or negative effects for the environment now or in the future? If 'No' explain why you are sure there will be no environmental impact, then skip steps 2-3 and request review by sending this form to environmental.performance@bristol.gov.uk

If 'Yes' complete the rest of this assessment.

☒ **Yes**	☐ **No**	[please select]

1.3 If the proposal is part of an options appraisal, has the environmental impact of each option been assessed and included in the recommendation-making process?

If 'Yes' please ensure that the details of the environmental impacts of each option are made clear in the pros and cons section of the project management options appraisal document.

☐ Yes	☐ No	☒ Not applicable	[please select]

If 'No' explain why environmental impacts have not been considered as part of the options appraisal process.

Step 2: What kinds of environmental impacts might the project have?

Analysis of impacts must be rigorous. Please demonstrate your analysis of any impacts of the proposal in this section, referring to evidence you have gathered. See detailed guidance documents for advice on identifying potential impacts.

Does the proposal create any benefits for the environment, or have any adverse impacts?

Outline any potential benefits of the proposal and how they can be maximised. Identify how the proposal will support our corporate environmental objectives and the wider One City Climate and Ecological Emergency strategies.

Consider how the proposal creates environmental impacts in the following categories, both now and in the future. **Reasonable efforts should be made to quantify stated benefit or adverse impacts wherever possible.**

Where the proposal is likely to have a beneficial impact, consider what actions would enhance those impacts. Where the proposal is likely to have a harmful impact, consider whether actions would mitigate these impacts.

Enhancements or mitigation actions are only required when there is a likely impact identified. Remember that where enhancements or mitigation actions are listed, they should be assigned to staff and appropriately resourced.

GENERAL COMMENTS (highlight any potential issues that might impact all or many categories)		
ENV1 Carbon neutral: Emissions of climate changing gases BCC has committed to achieving net zero emissions for its direct activities by 2025, and to support the city in achieving net zero by 2030. Will the proposal involve transport, or the use of energy in buildings? Will the proposal involve the purchase of goods or services? If the answer is yes to either of these questions, there will be a carbon impact. Consider the scale and timeframe of the impact,	**Benefits**	The Zero carbon initiatives and decarbonisation fund are essential components of achieving decarbonisation of the organisation and wider city. Investment is required in the corporate estate to reduce consumption of fossil fuels, and innovative finance mechanisms are required to leverage significantly greater levels of private finance compared to business as usual, into city-wide decarbonisation projects.
	Enhancing actions	The Sustainable City and Climate Change Service are administering the CEEP programme budget, Decarbonisation fund and external sources of grant funding, in collaboration with Bristol City Leap, 3Ci, and a range of other stakeholders to maximise the impact and growth potential of climate based financing for the city.
	Persistence of effects:	☐ 1 year or less ☐ 1 – 5 years ☒ 5+ years
	Adverse impacts	

particularly if the proposal will lead to ongoing emissions beyond the 2025 and 2030 target dates. Further guidance ☐ **No impact**	**Mitigating actions**			
	Persistence of effects:	☐ **1 year or less**	☐ **1 – 5 years**	☐ **5+ years**
ENV2 Ecological recovery: Wildlife and habitats BCC has committed to 30% of its land being managed for nature and to halve its use of pesticides by 2030. Consider how your proposal can support increased space for nature, reduced use of pesticides, reduce pollution to waterways, and reduce consumption of products that undermine ecosystems around the world. If your proposal will directly lead to a reduction in habitat within Bristol, then consider how your proposed mitigation can lead to a biodiversity net gain. Be sure to refer to quantifiable changes wherever possible. Further guidance ☒ **No impact**	**Benefits**			
	Enhancing actions			
	Persistence of effects:	☐ **1 year or less**	☐ **1 – 5 years**	☐ **5+ years**
	Adverse impacts			
	Mitigating actions			
	Persistence of effects:	☐ **1 year or less**	☐ **1 – 5 years**	☐ **5+ years**
ENV3 A cleaner, low-waste city: Consumption of resources and generation of waste Consider what resources will be used as a result of the proposal, how they can be minimised or swapped for less impactful ones, where they will be sourced from, and what will happen to any waste generated	**Benefits**			
	Enhancing actions			
	Persistence of effects:	☐ **1 year or less**	☐ **1 – 5 years**	☐ **5+ years**
	Adverse impacts			

<table>
<tr><td rowspan="2">Further guidance

☒ No impact</td><td>Mitigating actions</td><td></td></tr>
<tr><td colspan="2">Persistence of effects: ☐ 1 year or less ☐ 1 – 5 years ☐ 5+ years</td></tr>
<tr><td rowspan="7">ENV4 Climate resilience:
Bristol’s resilience to the effects of climate change

Bristol’s climate is already changing, and increasingly frequent instances of extreme weather will become more likely over time.

Consider how the proposal will perform during periods of extreme weather (particularly heat and flooding).

Consider if the proposal will reduce or increase risk to people and assets during extreme weather events.

Further guidance
☒ No impact</td><td>Benefits</td><td></td></tr>
<tr><td>Enhancing actions</td><td></td></tr>
<tr><td colspan="2">Persistence of effects: ☐ 1 year or less ☐ 1 – 5 years ☐ 5+ years</td></tr>
<tr><td>Adverse impacts</td><td></td></tr>
<tr><td>Mitigating actions</td><td></td></tr>
<tr><td colspan="2">Persistence of effects: ☐ 1 year or less ☐ 1 – 5 years ☐ 5+ years</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td rowspan="5">Statutory duty:
Prevention of Pollution to air, water, or land

Consider how the proposal will change the likelihood of pollution occurring to air, water, or land and what steps will be taken to prevent pollution occurring.

Further guidance
☒ No impact</td><td>Benefits</td><td></td></tr>
<tr><td>Enhancing actions</td><td></td></tr>
<tr><td colspan="2">Persistence of effects: ☐ 1 year or less ☐ 1 – 5 years ☐ 5+ years</td></tr>
<tr><td>Adverse impacts</td><td></td></tr>
<tr><td>Mitigating actions</td><td></td></tr>
</table>

	Persistence of effects: ☐ 1 year or less ☐ 1 – 5 years ☐ 5+ years

Step 3: Action Plan

Use this section summarise and assign responsibility for any actions you have identified to improve data, enhance beneficial, or mitigate negative impacts. Actions identified in section two can be grouped together if named responsibility is under the same person.

This action plan should be updated at each stage of the project. Please be aware that the Sustainable City and Climate Change Service may use this action plan as an audit checklist during the project's implementation or operation.

Enhancing / mitigating action required	Responsible Officer	Timescale

Step 4: Review

The Sustainable City and Climate Change Service need at least five working days to comment and feedback on your impact assessment. Assessments should only be marked as reviewed when they provide sufficient information for decision-makers on the environmental impact of the proposal.

Please seek feedback and review by emailing environmental.performance@bristol.gov.uk before final submission of your decision pathway documentation[1].

Where impacts identified in this assessment are deemed significant, they will be summarised here by the Sustainable City and Climate Change Service and must be included in the 'evidence base' section of the decision pathway cover sheet.

Summary of significant beneficial impacts and opportunities to support the Climate, Ecological and Corporate Strategies (ENV1,2,3,4):
BCC's Environmental Impact Assessment has determined significant beneficial impacts from the proposal: Ongoing maintenance and delivery of the Zero Carbon Initiatives and Decarbonisation Fund outlined in the capital strategy are essential components of delivering the city's 2030 net-zero targets (ENV1).
Summary of significant adverse impacts and how they can be mitigated:

Environmental Performance Team Reviewer: Daniel Shelton	**Submitting author:** Jemma Prince
Date: 22/09/23	**Date:** 22/09/2023

[1] Review by the Sustainable City and Climate Change Service confirms there is sufficient analysis for decision makers to consider the likely environmental impacts at this stage. This is not an endorsement or approval of the proposal.

Decision Pathway – Report

PURPOSE: Key decision

MEETING: Cabinet

MEETING DATE: 3 October 2023

TITLE	**2023/24 Quarter 2/Period 5 Finance Report**
Ward(s)	N/a

Author: Jemma Prince	**Job title: Finance Business Partner – Planning, Reporting and Strategy**
Cabinet Lead: Cllr Craig Cheney – Deputy Mayor and Cabinet Member for Finance, Governance and Performance	**Director Lead: Denise Murray – Director of Finance**

Proposal origin: Other

Decision maker: Cabinet Member
Decision forum: Cabinet

Purpose of Report:
The Council budget for 2023/24 was agreed by Full Council 21 February 2023. This report provides information and analysis at Quarter 2/Period 5 (August 2023 extrapolated) on the Council's financial performance against the approved budget and forecast use of resources for the financial year. This report also serves as a mechanism for any finance approvals or adjustments that are required on the Council's approved budget.

Evidence Base:
The 5 year budget was approved by Council in February 2023.

The Council operates Directorate cash limited budgets and Executive Directors are responsible for ensuring that appropriate action is taken to contain both revenue and capital spending in line with the directorate's overall budget limit. Budget holders forecasting a risk of overspend which can potentially be brought back in line with their budget should, in the first instance, set out in-service options for mitigation. Where these options are considered undeliverable or pressures cannot be contained across the directorate the budget scrutiny process will be triggered and a request may be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source.
At Period 4 Cabinet approved efficiency measures to mitigate an emerging pressure within the Children and Education Directorate and the transfer of the savings arising from these measures to an Earmarked Reserve to be held in abeyance.
At Quarter 2 a supplementary estimate has now been prepared for drawdown from that Earmarked Reserve in 2023/24. This will be presented to Full Council for approval as part of the MTFP and Capital Strategy Report.

The Council's overall annual revenue spend is managed and monitored across a number of areas and at Quarter 2, the forecast financial outturn for 2023/24 is as follows:
The General Fund

- The General Fund is currently forecasting to deliver a slight underspend of £1.0m (0.2%) against its approved budget of £483.5m.
- The General Fund savings programme for 2023/24 agreed by Council and included in the General Fund budget above is £26.2m (23/24 savings £16.2m and £10.0m carried forward from prior years still requiring delivery). In addition to this £26.2m, there was an additional net £9.3m of savings undelivered at 2022/23's full year outturn which also carry forward in to 2023/24 for delivery so that a total £35.5m savings are being tracked in the current financial year. Currently £9.2m of these £35.5m savings are reported as being at risk.
  A number of these savings' delivery risks are captured in the forecast outturn above or in the directorate risk and opportunities logs; however, it should be noted that not all risks are formally acknowledged in the outturn

and as such this represents an underlining additional risk.

The Ring-fenced Accounts

- Housing Revenue Account (HRA) is forecasting an overspend of £3.6m (2.6%) on the £137.4m approved gross expenditure budget. This net overspend is due primarily to lost income due to delays in property development programmes and increased repairs and maintenance expenditure.
- The Dedicated Schools Grant (DSG) revised budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £452.3m against which it is forecasting a £16.4m (3.6%) in-year deficit. This is primarily driven by High Needs spend increases in EHCP assessments and need. This in-year forecast overspend, when combined with the prior year's brought forward deficit of £39.7m, brings the forecast total accumulated carried forward in to 2024/25 deficit £56.1m.
- The Public Health Grant allocation for 2023/24 is £35.7m and no variation is forecast.

Capital Programme

- The revised Capital programme budget for 2023/24 is £366.7m comprising £221.3m for General Fund, £3.8m corporate contingency and £141.6m for the HRA. Against this revised budget, the forecast variation at Quarter 2 is a net £74.4m (20.2%) underspend comprising £49.3 (13.4%) underspend for the General fund and a £19.5m (5.3%) underspend for the HRA, predominantly attributed to delays in major projects and new build and land enabling works. The £5.6m (1.5%) balance of underspend is against pending/contingency budget.

Further Risks & Opportunities

- Further risks and opportunities to the Council have been identified which could materialise during the financial year. These are a combination of costs, savings delivery, income generation and funding opportunities. At Quarter 2 these are assessed as presenting a £3.4m additional weighted net risk.

External Funding Decision

- N/A

Officer Executive Decision

- To submit a grant funding application to the WECA Mayoral priority Skills Fund for £0.376m with council match funding requirement of £0.028m for a Film and High End (HE) TV Workforce Development Programme. Approval is sought for the Executive Director, Growth and Regeneration, in consultation with the council's S151 Officer and the Deputy Mayor with responsibility for Finance, Governance and Performance to accept the WECA Mayoral Priority Skills grant if successful and to procure and award contracts for expenditure of that funding.

Finance Urgent Key Decision

- N/A

Full details of Quarter 2 revenue and capital spend and full year forecast are provided in Appendices A1a to A10.

Cabinet Member / Officer Recommendations:

That Cabinet notes:

- The General Fund forecast slight underspend of £1.0m against council approved budget at Q2 2023/24.
- The Quarter 2 technical virements (Appendix A1a, Tables 2 and 3).
- The performance on delivery of savings (Appendix A1a, section 4, Table 4).
- The additional weighted net risk of £3.4m per the risks and opportunities register (Appendix A1a, section 5, Table 5)
- A forecast overspend of £3.6m within the HRA and that over- or under-spends that materialise within the HRA will be funded by a transfer to or from the HRA general reserve at the end of the financial year.
- A forecast in-year deficit of £16.4m after in-year mitigations of £2.1maccumulating to a total £56.1m carried forward deficit in the DSG at the close of 2023/24.
- A breakeven position on Public Health services.

- The level of outstanding debt as at 31 August 2023 (see section 7, Tables 8 and 9 in Appendix A1a).
- The latest position on balance sheet risks (Appendix A1a, section 8, Table 10)
- The 1 April 2023 opening balances on the General Fund and Earmarked Reserves and movements to Q2 (Appendix A1a, section 9, Table 11).
- A forecast £74.4m underspend (including £49.3m underspend for the allocated General fund and a £19.5m underspend on HRA) against the revised Capital Programme's Budget (Appendix A1b)
- The planned use of capital receipts of £9.8m
- The submission of a grant funding application to the WECA Mayoral Priority Skills Fund (section 11.1) for £0.376m with requirement for BCC to match fund £0.028m (Appendix A9)

That Cabinet gives approval:

- To revisions at Q2 to the Capital Budget following the reprofiling of programmes (Appendix A1b).
- For the Executive Director, Growth and Regeneration, in consultation with the council's S151 Officer and the Deputy Mayor with responsibility for Finance, Governance and Performance to accept the WECA Mayoral Priority Skills grant if successful and to procure and award contracts for expenditure of that funding. (Appendix A9).

Corporate Strategy alignment:
This report sets out progress against our budget, part acting in line with our organisational Theme of Effective Development Organisation, making sure that we are financially competent and resilient, offering good value for money (page 58).

City Benefits:
Cross priority report that covers whole of Council's business

Consultation Details: N/a

Background Documents: N/a

Revenue Cost	**See above**	**Source of Revenue Funding**	**N/A**
Capital Cost	**See above**	**Source of Capital Funding**	**N/A**
One off cost ☐	**Ongoing cost** ☐	**Saving Proposal** ☐	**Income generation proposal** ☐

Required information to be completed by Financial/Legal/ICT/ HR partners:
1. Finance Advice: The resource and financial implications are set out in the report.
Finance Business Partner: Jemma Prince, Finance Business Partner - Planning and Reporting, 20 September 2023
2. Legal Advice: The report, including the detail set out in the Appendices, will assist Cabinet to monitor the budget position with a view to meeting the Council's legal obligation to deliver a balanced budget. Legal advice will be provided separately in relation to the Decision set out in the report.
Legal Team Leader: Nancy Rollason, 20th September 2023
3. Implications on IT: Whilst the process of financial monitoring has no IT implications itself, the council continues to carry business continuity and cyber-security risks and the overall financial position (and its capacity for change management) makes it likely that this will continue in-year.
IT Team Leader: Tim Borrett, Director: Policy, Strategy and Digital, 19 September 2023
4. HR Advice: No HR implications arising from the recommendation.
HR Partner: James Brereton, Head of Human Resources, 19 September 2023

EDM Sign-off	Sarah Chodkiewicz	26 September 2023
Cabinet Member sign-off	Cllr Craig Cheney	27 September 2023
For Key Decisions - Mayor's Office sign-off	Mayor's Office	27 September 2023

Appendix A – Further essential background (A1a-A10)	**YES**
Appendix B – Details of consultation carried out - internal and external	**NO**
Appendix C – Summary of any engagement with scrutiny	**NO**

Appendix D – Risk assessment	**NO**
Appendix E – Equalities screening / impact assessment of proposal	**NO**
Appendix F – Eco-impact screening/ impact assessment of proposal *Summary assessment - 'No Environmental Impact'*	**YES**
Appendix G – Financial Advice	**NO**
Appendix H – Legal Advice	**NO**
Appendix I – Exempt Information	**NO**
Appendix J – HR advice	**NO**
Appendix K – ICT	**NO**
Appendix L – Procurement	**NO**

Bristol City Council
Quarter 2/Period 5 2023/24 - Finance Monitoring Revenue Report

1. REVENUE SUMMARY POSITION

1.1. The Council budget for 2023/24 was agreed by Full Council 21 February 2023. This report provides detailed information and analysis as at Quarter 2 (Period 5, August, extrapolated) on the Council's financial performance against the approved budget and forecast use of resources for the financial year.

1.2. At Quarter 2 (Q2), the Council is forecasting a slight underspend of £1.0m (0.2% of the gross budget of £483.5m) on the current approved General Fund budget.

1.3. In addition to this forecast, there are further risks and opportunities identified for each directorate which are continually monitored and assessed. These are excluded from the forecast above and are summarised in Table 5 below as well as being set out in each of the separate directorate appendices.

1.4. The Council operates directorate cash limited budgets and Executive Directors are responsible for ensuring that appropriate action is taken to contain both revenue and capital spending in line with each directorate's overall budget limit. Budget holders forecasting a risk of overspend which can potentially be brought back in line with their budget should, in the first instance, set out in-service risks and opportunities for mitigation. Where these are considered undeliverable, or pressures cannot be contained across the directorate, the budget scrutiny process will be triggered so that a deep dive can be performed and, where appropriate, request may be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source.

1.5. As part of the Period 4 report, the Children and Education Directorate forecast a £12.1m pressure which could no longer be contained within the directorate. A range of efficiency measures were identified across the Council, totalling £13.1m, to mitigate this pressure and Cabinet approved that, following the forecast of these savings, they be transferred to a Corporate Earmarked Reserve to be held in abeyance until the projected overspends materialise.

1.6. The forecast at Q2 now includes these £13.1m savings. These will be transferred to an Earmarked Reserve and, in preparation for its draw down, a supplementary estimate has been prepared requesting delegated authority to realign this Earmarked Reserve to meet the balance of Children and Education Directorate spending requirements up to £11.5m (representing their P4 pressure of £12.1 million less the directorate's own additional efficiency of £0.6m). This supplementary estimate is to be recommended to Full Council for approval alongside the MTFP at the end of October.

1.7. The forecast currently assumes delivery of the approved savings plans of £35.5m (Table 4) including the savings assigned to the Top-4 prioritised transformation programmes. Where there is risk that a forecast saving will not be achieved, this is incorporated into the risks and opportunities log (Table 5).

1.8. The forecast outturn position on the Housing Revenue Account (HRA) is a £3.6m adverse variance (2.6%). Should this materialise, it will be met from the uncommitted and available HRA General Reserve. This is set out in section 6.4 below and Appendix A6.

1.9. The Dedicated Schools Grant (DSG) is forecasting a £16.4m deficit (3.6%) against the revised gross budget of £452.3m. This forecast now includes mitigating actions of £2.1m and would bring the cumulative deficit at year end to £56.1m. This is set out in section 6.5 below and Appendix A7.

1.10. The Public Health (PH) Grant is forecast to break-even as set out in section 6.6 below and Appendix A8.

2. GENERAL FUND REVENUE POSITION

2.1. Table 1 below provides an overview of the Council's Q2 forecast position for the 2023/24 financial year. Additional service detail is provided for each directorate in individual appendices.

Table 1: Q2/P5 2023/24 Summary Full Year General Fund Revenue Forecast

Period 5/ Quarter 2 - Summary	Approved budget	Revised Budget	Q2/P5 Forecast	Q1/P2 variance	P3/P4 variance	Q2/P5 variance	Total Variance	Total Variance %
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
8 - Adult & Communities								
14 - Adult Social Care	155,990	171,515	171,515	0	0	0	0	0.0%
36 - Communities and Public Health - General Fund	5,853	5,944	5,944	0	0	(0)	(0)	0.0%
57 - Commissioning, Contracts Quality and Performance (Adults)	10,519	14,253	14,253	0	0	(0)	(0)	0.0%
Total 8 - Adult & Communities	**172,362**	**191,712**	**191,712**	**0**	**0**	**(0)**	**(0)**	**0.0%**
9 - Children & Education								
15 - Children and Families Services	89,051	88,241	95,771	0	7,980	(450)	7,530	8.5%
16 - Educational Improvement	21,644	21,762	25,753	0	4,091	(100)	3,991	18.3%
1B - Transformation - Our Families Programme	0	0	0	0	0	0	0	0.0%
Total 9 - Children & Education	**110,695**	**110,003**	**121,524**	**0**	**12,071**	**(550)**	**11,521**	**10.5%**
2 - Resources								
21 - Policy, Strategy and Digital	21,008	21,215	20,517	2	(0)	(700)	(698)	-3.3%
22 - Legal and Democratic Services	14,575	14,871	14,617	0	0	(254)	(254)	-1.7%
24 - Finance	6,142	6,679	6,239	(3)	0	(437)	(440)	-6.6%
25 - HR, Workplace & Organisational Design	3,155	2,954	2,790	0	0	(164)	(164)	-5.6%
26 - Management - Resources	181	153	153	0	0	0	0	0.0%
Total 2 - Resources	**45,061**	**45,872**	**44,316**	**(1)**	**0**	**(1,555)**	**(1,556)**	**-3.4%**
4 - Growth & Regeneration								
37 - Housing & Landlord Services	20,559	20,955	20,956	0	0	1	1	0.0%
46 - Economy of Place	2,885	2,862	2,845	0	(0)	(17)	(18)	-0.6%
47 - Management of Place	(1,890)	(2,383)	(2,430)	(31)	31	(48)	(48)	2.0%
4A - Management - G&R	(170)	(675)	(675)	0	0	0	0	0.0%
4B - Property, Assets and Infrastructure	40,011	40,808	40,872	0	(0)	64	64	0.2%
Total 4 - Growth & Regeneration	**61,395**	**61,568**	**61,568**	**(31)**	**31**	**(0)**	**(0)**	**0.0%**
SERVICE NET EXPENDITURE	**389,512**	**409,155**	**419,120**	**(32)**	**12,103**	**(2,106)**	**9,965**	**2.4%**
X2 - Levies	11,071	11,071	6,071	0	0	(5,000)	(5,000)	-45.2%
X3 - Corporate Expenditure	49,634	31,696	28,287	0	0	(3,409)	(3,408)	-10.8%
X4 - Capital Financing	23,866	23,758	21,166	0	0	(2,592)	(2,592)	-10.9%
X9 - Corporate Allowances	9,440	7,843	7,843	0	0	(0)	(0)	0.0%
Total Corporate	**94,011**	**74,368**	**63,368**	**0**	**0**	**(11,000)**	**(11,000)**	**-14.8%**
TOTAL REVENUE NET EXPENDITURE	**483,523**	**483,523**	**482,488**	**(32)**	**12,103**	**(13,106)**	**(1,035)**	**-0.2%**

2.2. **Adults & Communities**

2.2.1. The Adults & Communities Directorate is currently forecasting zero variance against its £191.7m revised budget.

2.2.2. Adult Social Care continues to experience significant service pressures and associated financial risks in relation to its Adult Purchasing Budgets, with a £11.9m risk of overspend. It should be noted that this is an increase in spend of less than £0.1m since P4. This is a challenging budget with both savings targets still to be achieved and is also an area experiencing increasing demand and cost pressures (see Appendix 2). Areas of significant variance relate to adults of working age budgets, in all areas of the service provision for this cohort with a risk of overspend of £7.4m. Residential and nursing budgets for people over 65 years old are also at risk with a total forecast risk of overspend of £5.6m. This risk is currently partially offset by forecast underspends on employee costs of £2.0m and additional income contributions of £0.7m, with the balance to be offset by assumed savings and mitigations in development focusing on areas from purchasing budgets through to market sustainability, which are still to be achieved of £9.2m.The service has advised that these risks can be mitigated by savings delivery and a balanced budget position achieved through work aligned to the Adult Social Care Transformation Programme. Further details are provided at Appendix A2 of this report.

2.3. **Children and Education**

2.3.1. The Children and Education Directorate is currently reporting a net £11.5m (10.5%) adverse variance to revised budget.

2.3.2. Childrens and Families Services is forecasting a net overspend of £7.5m (8.5%). The Placements budget continues to be the area of greatest concern with increasing reliance on the External Supported Accommodation (ESA) and Out of Authority (OoA) placement markets. This is a result of the lack of placement sufficiency in the local area.

2.3.3. Detailed work is ongoing on the Children’s Transformation Programme which will contribute to reducing and mitigating current in year spend and enable progress towards achieving a financially sustainable position over the MTFP period. This will include developing plans to enhance early help services, improving quality of practice, developing the workforce, improving governance and quality assurance, implementing a new model for residential placements, and working more effectively with partners.

2.3.4. The Educational Improvement Service is forecasting an overspend of £4.0m (18.3%). This main pressure remains in the Home to School Travel service which has seen a significant increase in the number of children with Education, Health and Care Plan (EHCP) who need transport to school and a proportionately sharp increase in the number of routes to educational settings outside the local area.

2.3.5. Following the deep dive review, work is ongoing in the directorate to establish opportunities to manage and mitigate this pressure and any further risk, recognising the tension between service improvements and financial pressures, designing effective services with, and for, children and families; and efficiency of delivery and best value will improve as a result.

2.3.6. Further details on the P5 position are provided at Appendix A3 of this report.

2.4. **Resources**

2.4.1. The Resources Directorate is forecasting a full year underspend of £1.6m (-3.4%) against a revised budget of £45.9m. This £1.6m favourable movement in Period 5 represents the recovery mitigations identified to be held in abeyance for offset against Children and Education's in-year pressures. More detail is set out in Appendix A4.

2.5. **Growth and Regeneration**

2.5.1. The Growth & Regeneration Directorate continues to report zero variance against its revised budget position of £61.6m.

2.5.2. Within the risks and opportunities log for G&R there are several pressures and mitigations. The council has planned a deep dive review of these risks between Quarter 2 and Quarter 3.

- Within council car parking operations there is risk of underachievement of income being highlighted, linked to usage, at a potential adverse impact of £1.6 million, this as with the other risk areas requires further due diligence and mitigations as outlined in the appendix are being implemented.
- While the energy market is stabilising, prices are twice historic rates and as such, , there is an anticipated pressure in energy costs being flagged by the service of £4.0m (including street lighting energy). This continues to be regularly reviewed.
- Homelessness pressures from increasing demand continue to pose a risk, with a 17% increase in family TA placements over the last 12 months. These pressures are starting to be addressed by the Temporary Accommodation Savings Programme that is seeing an increased in the supply of properties available through various initiatives to house individuals and families in less expensive accommodation options.
- Surplus income in respect of the Clean Air Zone (CAZ) , .is planned to be used to mitigate the in-year pressures within the Directorate, where its use is compliant with the Transport Act 2000 and the Bristol Clean Air Zone Charging Order. Primarily for the purpose of directly or indirectly facilitating the achievement of local transport policies of the authority

2.6. **Corporate Items and Reserves**

2.6.1. Corporate budgets are held for Capital financing, corporate expenditure such as pensions, levies and contingencies for pay awards, inflation and non-delivery of savings. As at Q2 a favourable variance of £11.0m is forecast. This reflects the recovery mitigations of £5.0m as initially identified against the Levies budget by the Growth and Regeneration Directorate and £6.0m as identified by the Corporate Directorate predominantly from budget contingency for inflation and capital financing. The review of the requirement of inflation contingency has enabled £3.3m to be released as we have greater clarity through the year around contract inflation requirements, there does however remain a risk that if further unanticipated inflationary pressures come through the service budgets in the remainder of the financial year there would not then be sufficient contingency. The reduced capital financing costs reflect the forecast outturn on the capital programme. This £11.0m will now be transferred to an earmarked reserve to be held in abeyance for offset against Children and Education's in-year pressures.

3. TECHNICAL VIREMENTS

3.1. Table 2 below summarises the inter-directorate technical virements to Q2 with Table 3 detailing the reasons for these budget movements.

Table 2: Summary of budget movements by directorate for Q2

Directorate	Approved Budget £000's	Revised Budget £000's	Q1 Virements £000's	Q2 Virements £000's	Total virements
Adult & Communities	172,362	191,712	19,429	(79)	19,350
Children & Education	110,695	110,003	(335)	(356)	(691)
Resources	45,061	45,872	566	245	811
Growth & Regeneration	61,395	61,568	92	81	173
Corporate Expenditure	94,011	74,368	(19,752)	109	(19,643)
Total Revenue Net Expenditure	**483,523**	**483,523**	**0**	**(0)**	**(0)**
Corporate Funding	(483,523)	(483,523)	0	0	0
Total	**(0)**	**(0)**	**0**	**(0)**	**0**

Table 3: Summary of budget movements by reason for Q2

Reason	Adult & Communities £000's	Children & Education £000's	Resources £000's	Growth & Regeneration £000's	Corporate Funding & Expenditure £000's
Addition Income/Grant	0	0	0	0	0
Other cost centre realignments	(79)	(356)	245	81	109
Inflation Adjustment	0		0	0	0
Grand Total	**(79)**	**(356)**	**245**	**81**	**109**

4. SAVINGS PROGRAMME – SUMMARY

4.1. The General Fund savings programme for 2023/24 agreed by Council and included in the budget was £26.2m (comprising 23/24 savings £16.2m; and £10.0m carried forward from prior years still requiring delivery). In addition to this £26.2m, there was an additional net £9.3m of savings undelivered declared in the 2022/23's provisional outturn report which went to Cabinet in May. In total £35.5m savings will be tracked and require delivering in the current financial year.

4.2. Savings monitoring and tracking is undergoing improvement with a new savings framework and improved tracking process for delivery of savings being implemented from P6. This will also provide a more robust view of delivery of savings for the monthly financial position.

Table 4: Summary of Savings Delivery

Directorate	**Total Savings due in 23/24**	*Savings with net cost in 23/24*	*Account for savings that were one-off only in 22/23*	*Rollover of undelivered savings from previous year*	*Net - savings as per Budget 23/24*	**2023/24 Savings reported as safe**	**203/24 Savings reported as at risk**	
						£m	**£m**	**%**
Children & Education	3.2	-0.4	0.0	-0.1	2.6	2.5	0.7	21%
Adults	10.2	-0.6	0.0	-2.4	7.1	5.4	4.7	47%
Resources *(incl. Resources led cross-cutting savings)*	9.3	0.0	-0.2	-3.1	6.0	9.2	0.1	1%
Growth and Regeneration *(incl. G&R led cross cutting savings)*	12.9	0.0	-0.2	-2.2	10.5	9.2	3.7	29%
Total	**35.5**	**-1.1**	**-0.4**	**-7.8**	**26.2**	**26.3**	**9.2**	**26%**

4.3. As at Period 5, £26.3m (74%) of savings are considered safe and £9.2m (26%) are reported at risk and are being monitored and reviewed for delivery or in-year mitigation where possible. These saving delivery risks are captured in either the forecast outturn or the directorates' risk and opportunities logs where mitigation is still expected.

4.4. Whilst there are £9.2m of savings being reported as at risk these are being reviewed for mitigation and management, with the expectation of reducing the potential under-delivery. Furthermore, the council does retain an optimism bias, set against the delivery of savings, which is held corporately at £6.0m.

4.5. The following changes to savings have been made –

4.5.1. 'CEN01 Management and Capacity review' - Savings totalling £5.5m (£3.5m in 2023/24 plus £2.0m in prior year), were previously held corporately. An agreement has now been made to apportion the remaining savings target across the Directorates, with accountability shifting to the new Directorate leads.

4.5.2. 'P23 Early Help in Communities, including Children's Centres & Family Hubs' – The savings proposal of £1.5m has now been split down further. £0.3m remains in Early Help in Communities (including Children's Centres & Family Hubs), whilst £0.952m is assigned to Transformation redesign, and £0.25m to Childrens Centres. The total savings profile remains unchanged.

5. RISKS AND OPPORTUNITIES

5.1. There are other financial risks and opportunities to the council which have been identified and could materialise during the financial year. These are not reflected in the forecast position outlined in section 1.2 and Table 1. They are a combination of costs, savings delivery, income generation and funding opportunities. Cost of living pressures (such as inflation and pay awards) are being captured and monitored against the allowance made within the budget.

5.2. The table below summarises these risk and opportunities. These represent a weighted additional net potential risk of £9.4m which is to be partially offset by £6.0m of Adult Peopletoo savings in addition to further savings within the Adult Directorate linked to reducing demand, focused reviews plus focused reablement. There remains a net risk of £3.4m which is unmitigated at this time.

Table 5: Summary Risks and Opportunities by Directorate

Directorate	Net Risk/(Opportunity) £'000	
Adult	9,248	
Children & Education	(0)	
Resources	0	
G&R	132	
Corporate	0	
Total	**9,380**	
Risk/(Opportunity)		**£'000**
Adult & Communities		9,248
Children & Education		(0)
Resources		0
Growth & Regeneration		132
Corporate		0
Sub-Total		9,380
Less:		
Adult & Communities	Peopletoo/ reducing demand/ focused reviews/ focused reablement	(6,020)
Sub-Total		(6,020)
Net Total		**3,360**

6. RING-FENCED BUDGETS

6.1. There are several funds held by the council where the council must ensure that the income or grant is ringfenced and only spent in specific service areas. The three main activities that are ringfenced through legislation and/or government funding rules and covered in this Q2 report are the HRA, the DSG and Public Health.

6.2. Table 6 below provides an overview of the council's Q2 forecast position for the 2023/24 financial year.

Table 6: Q2/P5 2023/24 Summary Full Year Ring-Fenced Fund Forecast

Period 5/ Quarter 2 - Summary	Approved budget	Revised Budget	Q2/P5 Forecast	Q1/P2 variance	P3/P4 variance	Q2/P5 variance	Total variance	Total Variance %
Total Housing Revenue Account	137,365	137,365	140,949	(1,681)	4,407	858	3,584	2.6%
Total Dedicated Schools Grant	453,226	452,326	468,702	18,655	0	(2,278)	16,376	3.6%
Total Public Health Grant	0	(0)	0	0	0	0	0	0.0%
Total Ring-fenced Budgets	**590,591**	**589,691**	**609,651**	**16,974**	**4,407**	**(1,420)**	**19,960**	**3.4%**

6.3. Further detail of the financial pressures and variances are summarised at a high level only below, with full details contained in the following appendices:

- HRA – Appendix A6
- DSG – Appendix A7
- Public Health – Appendix A8

6.4. **HRA**

6.4.1. The Housing Revenue Account (HRA) is a self-financing account and must ensure it operates within the resources available which include levels of HRA reserves. The HRA does not directly impact on the council's wider general fund budget. Income to the HRA is primarily received through the rents and other charges paid by tenants and leaseholders.

6.4.2. The Housing Revenue Account (HRA) is currently forecasting an adverse outturn of £3.6m (2.6%) against its approved budget of £137.4m. The main drivers of this forecast position are adverse variances of £0.9m for Income (with the main contributing factor to this negative variance being that the handover of certain new schemes is behind schedule because of project delays thereby negatively impacting the dwelling rent income forecast), £0.3m Net Interest forecast adjustment and £3.1m on Repairs & Maintenance expenditure (with significant overspends forecast for relet repairs and fire safety works). These are expected to be partially offset by a favourable variance of £0.7m in Special Services. Any overspend reported at the year end March 2024 will be contained within the HRA general reserves.

6.5. **DSG**

6.5.1. Bristol's DSG allocation for 2023/24 is £452.3m (£186.6m after deductions and excluding the de-delegation element). The DSG is currently forecasting an in-year overspend of £16.4m (3.6%). This forecast still to be verified mitigations of £2.1m. When added to the prior year's brought forward deficit balance of £39.7m this results in a forecast cumulative overspend of £56.1m to be carried forward at the close of this financial year as set out in the table below. The equivalent unmitigated carry forward would otherwise be £58.2m.

Table 7: Q2 - DSG Summary Full Year Forecast

Table 1 - Bristol Dedicated Schools Grant 2023/24	2022/23 b/f balance	Gross DSG funding / Budget 2023/24*	P05 Gross DSG forecast outturn	In-year variance as at P05	Cummulative c/f forecast position as at P05
			£'000		
Schools Block	(787)	323,851	323,851	(0)	(787)
De-delegation	(527)	0	(1)	(1)	(528)
Central School services Block	8	2,717	2,709	(8)	(0)
Early Years	(605)	37,432	38,333	902	296
High Needs Block	42,520	86,675	103,221	16,546	59,067
High Needs Transformation	(928)	1,627	2,677	1,049	121
Funding	0	(452,302)	(452,302)	0	0
Total (Unmitigated position)	**39,680**	**(0)**	**18,488**	**18,488**	**58,170**
Mitigations (budget v.s. forecast in 2023-24)		(3,180)	(2,112)	(1,068)	(2,112)
Total - Mitigated position	**39,680**		**16,376**	**(1,068)**	**56,058**

* Bristol gross DSG Allocations, including recoupment and deductions for NNDR, and for direct funding of high needs places directly passported to schools by ESFA totalling £255.752m as at 20th July 2023.

6.5.2. The biggest challenge is within the High Needs block (HN) which is forecast to overspend by £16.6m in this financial year. This pressure is mostly driven by increase in the number of EHCPs and the complexity of needs of children with SEN.

6.5.3. Two workstreams funded through a Department for Education Delivering Better Value (DBV) Grant are starting to move from the development to the delivery phase. In workstream 1 a steering group has been established to develop the scope of the project and identify schools to take part in a test and learn pilot for the new academic year. A tender process for workstream 2 completed in June 2023 and a delivery partner has been identified to review High Needs Block funding.

6.5.4. The goal of these programmes is to improve outcomes for children and young people with SEND and explore ways of gaining better value from the limited resources available.

6.6. Communities and Public Health

6.6.1. The Public Health Grant of £35.7m was awarded for 2023/24. The Public Health Grant is awarded annually to the local authority and is ring fenced for the purposes of public health. The grant enables the Director of Public Health to discharge their statutory duties. Where appropriate we joint fund services with other bodies and receive income from partners according for this purpose.

6.6.2. An annual return must be provided by the authority to Office for Health Improvement and Disparities (OHID), which is audited against the grant regulations. More detail can be found at Appendix A8.

Cabinet is asked to note a forecast overspend of £3.6m within the HRA and a forecast DSG mitigated in-year deficit of £16.4m accumulating to a forecast total £56.1m carried forward deficit at the close of 2023/24.

7. REGULATORY INCOME

COUNCIL TAX (including preceptor's income)

7.1. Bristol City Council set the Council Tax budget for 2023/24 with a 4.99% increase (2.99% for general requirements plus 2.0% specifically for Adult Social Care). The council's budgeted income from Council Tax is £258.8m and represents 53.5% of the net budget requirement (£483.5m).

7.2. Council Tax collection is reporting a deficit of £2.1m at the end of August. This position is expected to improve over the coming months as more cases are progressed through the various recovery stages.

7.3. A significant number of debts are on payment plans and many of these extend over a longer period than we would normally arrange due to higher levels of individual debts and the ongoing cost of living crisis. The council continues to monitor these payment plans and offers support to maintain these when appropriate.

7.4. For Council Tax Reduction Scheme (CTR), there has been a gradual decrease (3%) in the overall caseload since the 2023/24 budget was set. This has been exclusive to reductions in the working age caseload. The estimated change for the rest of the year is hard to predict, but would estimate no, or small changes, for the rest of 2023/24.

BUSINESS RATES

7.5. The council's budgeted business rates income is £154.0m in 2023/24 (net of tariff of £111.6m) and represents 31.9% of the net budget requirement (£483.5m). In-year collection as at the end of August is £97.6m. Collection is on target for this time of year.

7.6. The high energy costs, together with the cost-of-living crisis, generally continue to add to the difficulties many businesses are facing and these may well still impact on collection levels.

7.7. Note that collection fund shortfalls (should they occur) would impact on the council's cash position in 2023/24 however, because of timing differences, the budgetary impact will fall in the following year, 2024/25.

DEBT MANAGEMENT

7.8. During the year the council collects core locally retained funding and income from various areas to fund the services provided. A breakdown of the main sources of debt outstanding are outlined in the tables below. For the HRA (Table 8) this is as reported for review at the end of June. Current Tenant Arrears (CTA) make up £8.6m (64%) of the closing HRA debt profile.

Table 8: Opening and Closing Balances of Outstanding Debt at 30/06/2023

Type of Debt	Opening Balance (01/04/23) £m	Movement £m	Closing Balance (30/06/23) £m
Total HRA debt	12.746	0.644	13.390

7.9. Other debts are reported as at the end of August (Table 9).

Table 9: Opening and Closing Balances of Outstanding Debt at 31/08/23

Type of Debt	Opening Balance (01/04/2023) £m	Movement £m	Closing Balance (31/08/2023) £m
Sundry Debt	76.160	(11.38)	64.780
Council Tax Arrears	50.500	(9.066)	41.434
Business Rates Arrears	21.726	(3.638)	18.088
Overpaid Housing Benefits	19.872	0.083	19.955

7.10. Of the £64.8m sundry debt outstanding at 31 August 2023, £37.6m (58%) was less than 1 year old and £3.4m (5%) related to invoices less than 30 days old that therefore weren't payable until after 31 August 2023. This is not directly comparable to the billing and collection processes for council tax and business rates.

7.11. Write offs of aged debt are reported annually to Cabinet. During the period to August 2023 £4.7m was written off in line with the write-off policy and the scheme of delegation. Ethical debt collection and recovery activities are in place and continue.

8. BALANCE SHEET RISKS

8.1. A contingent liability is in place for a prospective challenge linked to the council's termination of an agreement for lease in respect of the arena site at Temple Island. There is a potential material claim however, at this point in the financial cycle, the liability has not materialised.

8.2. A further contingent liability has been noted in respect of a potential compulsory purchase order (CPO) that the council could pursue as part of the plans for the Temple Quarter regeneration. A payment of compensation costs will be due to the owners if the CPO is made.

8.3. **DSG deficit**

8.3.1. The DSG ended the last financial year with a cumulative deficit of £39.7m and is forecasting an in-year deficit of £16.4m thereby resulting in a cumulative forecast deficit position of £56.1m at the end of 2023/24. The government has extended the statutory override for the DSG until 2025/26. Current forward estimates, taking account of mitigation actions, suggest the council will have an in-year deficit, and consequently, a cumulative deficit beyond 2025/26. Hence the council will need to make adequate provision to cover the deficit in 2025/25 if the statutory override is not extended further or additional funding provided.

8.4. Capitalised expenditure risk of impairment

8.4.1. A revenue feasibility fund has been set up to develop schemes with sufficient robustness and certainty of their progression. There are currently no schemes identified that currently pose a risk of not progressing that would result in a revenue reversion of previously capitalised expenditure.

8.4.2. Council Service Investments including loans to wholly owned subsidiaries are shown in the table below. The value of Council Service investments approved as at the end of August 2023 was £67.7m, of which £44.5 has been drawn down. There is no objective evidence to indicate a default on the service investments.

Table 10: Balance Sheet Risks

Long Term Debtors	Approved Budget £m	Total Investment £m
Bristol Waste Company	12.000	6.511
Goram Homes - Working Capital Facility	7.300	3.760
Goram Homes - Loan Notes	12.851	10.638
Bristol & Bath Regional Capital	0.250	0.250
Great Western Credit Union	0.500	0.500
City Funds LP	5.000	3.719
Sub-Total	**37.901**	**25.378**

Long Term Investments	Approved Budget £m	Total Investment £m
Bristol Port Company	2.500	2.500
Homelessness Property Fund	10.000	8.820
Temp Accomm (RSAP) Property Fund	4.000	3.471
Avon Mutual Community Bank	0.300	0.300
Sub-Total	**16.800**	**15.091**

Total	**54.701**	**40.469**

Cabinet is asked to note the latest position on the balance sheet risks as set out in this section.

9. RESERVES

9.1. As reported within 22/23 Provisional Outturn report, further amendments to the reserve balances were required as part of preparation of the 2022/23 draft statements of accounts. These total £26.4m and are set out in Table 11 below.

9.2. Adjustments as approved by Full Council in February 2023 totalled £3.9m and are also set out below.

9.3. In-year inter-reserve movements (net effect zero) are also set out below.

Table 11: Movements and Adjustments of Reserves

Name of Reserve	Provisional closing balance March 2023	Movements	Actual closing balance March 2023	Total approved by Full Council	Opening balance April 2023	Transfers Actioned in 23/24 - In year movement	P5/Q2 balance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Capital Investment Reserve	(12,522)	(118)	(12,640)		(12,640)		(12,640)
Goram Homes Investment	(12,962)	841	(12,121)		(12,121)		(12,121)
Business Transformation Reserve	(5,197)		(5,197)		(5,197)	1,659	(3,538)
Property Asset Management Plan	(183)	(500)	(683)		(683)		(683)
Capital Feasibility Fund	(1,263)		(1,263)	763	(500)		(500)
Project Management Office	(200)		(200)	200			0
City Deal Pooling Reserve	(16,229)	(3,033)	(19,263)		(19,263)		(19,263)
Key Line of Business Systems	(614)		(614)		(614)	507	(107)
Business Rate - volatility	(31,872)	28,986	(2,886)		(2,886)		(2,886)
Legal	(30)		(30)	(250)	(280)		(280)
Resilience Reserve	(6,000)		(6,000)	2,263	(3,737)		(3,737)
Development Fund	(73)		(73)	30	(44)		(44)
Hartcliffe Recycling Centre	(75)		(75)	75			0
Future City Demonstrator	(124)		(124)	53	(71)		(71)
Project Management (G&R)	(139)		(139)	139	0		0
Bristol Family Cycling Centre	(155)		(155)	100	(55)		(55)
Housing Delivery Enabling Fees	(431)		(431)	431			0
Digital Transformation	(3,090)		(3,090)	0	(3,090)	(2,166)	(5,257)
Bristol Legacy Community Repair Fund	(200)		(200)	125	(75)		(75)
Corporate Landlord	(500)	500					0
Total of all other reserves without movement	(65,356)		(65,356)		(65,356)		
Total Earmarked Reserves	(157,216)	26,675	(130,540)	3,929	(126,611)	0	(126,611)
General Reserve	(29,253)	(272)	(29,525)		(29,525)	0	(29,525)
Total Reserves	**(186,468)**	**26,403**	**(160,065)**	**3,929**	**(156,136)**	**0**	**(156,136)**

10. EXTERNAL FUNDING

10.1. N/A

11. OFFICER EXECUTIVE DECISIONS

11.1. **WECA Mayoral Priority Skills Fund for a Film & HETV Workforce Development Programme**

- The council has submitted an application on 11 September 2023 to the WECA Mayoral priority Skills Fund for £0.376m 100% grant funding with a planned council match funding of £0.028m for a Film and High End (HE) TV Workforce Development Programme. This programme aims to meet Bristol's need for high-end TV skills to support studio expansion and deliver almost 1,000 new FTE jobs over a 10 year period (Appendix A11).

- If successful the fund will be awarded directly to BCC and managed by the programme strategic leads, in liaison with BCC finance colleagues.

Cabinet is requested to note the decision to submit a grant funding application to the WECA Mayoral Priority Skills Fund for £0.376m with requirement for BCC to match fund £0.028m.

Cabinet is requested to give approval for the Executive Director, Growth and Regeneration, in consultation with the council's S151 Officer and the Deputy Mayor with responsibility for Finance, Governance and Performance to accept the WECA Mayoral Priority Skills grant if successful and to procure and award contracts for expenditure of that funding.

12. FINANCE URGENT KEY DECISIONS

12.1. N/A

Bristol City Council
Quarter 2/Period 5 2023/24 - Finance Monitoring Capital Report

1. CAPITAL

1.1. The revised Capital programme budget for 2023/24 is £366.7m comprising £221.3m for General Fund, £3.8m corporate contingency and £141.6m for the HRA. Excluding Corporate Contingency, the forecast variation at P5 is a £68.8m underspend, of which £49.3m is on General fund and £19.5m on HRA. Details of these variations are set out in Table 1 below.

Table 1: Capital Programme 2023/24 By Directorate

Approved Budget (Feb 23)	Budget Changes upto P5	Directorate	Revised Budget	Actual Spend to date	Budget Spend to date	P5 Forecast Outturn	Variance
£m	£m		£m	£m	%	£m	£m
2.6	3.7	Adults & Communities	6.3	0.0	0%	6.3	0.0
24.7	6.7	Childrens & Education	31.4	4.9	16%	21.2	(10.2)
7.7	0.7	Resources	8.4	2.1	25%	7.0	(1.4)
114.5	60.7	Growth and Regeneration	175.2	33.5	19%	137.5	(37.7)
149.5	**71.8**	**GF service Total**	**221.3**	**40.5**	**18%**	**172.0**	**(49.3)**
133.3	8.3	Housing Revenue Account	141.6	21.3	15%	122.1	(19.5)
133.3	**8.3**	**HRA service Total**	**141.6**	**21.3**	**15%**	**122.1**	**(19.5)**
282.8	**80.1**	**HRA & GF Service Total**	**362.9**	**61.8**	**17%**	**294.1**	**(68.8)**
15.3	(11.5)	Corporate Contingencies & Funds	3.8	0.0	0%	(1.8)	(5.6)
298.1	**68.6**	**Capital Programme Grand Total**	**366.7**	**61.8**	**17%**	**292.3**	**(74.4)**

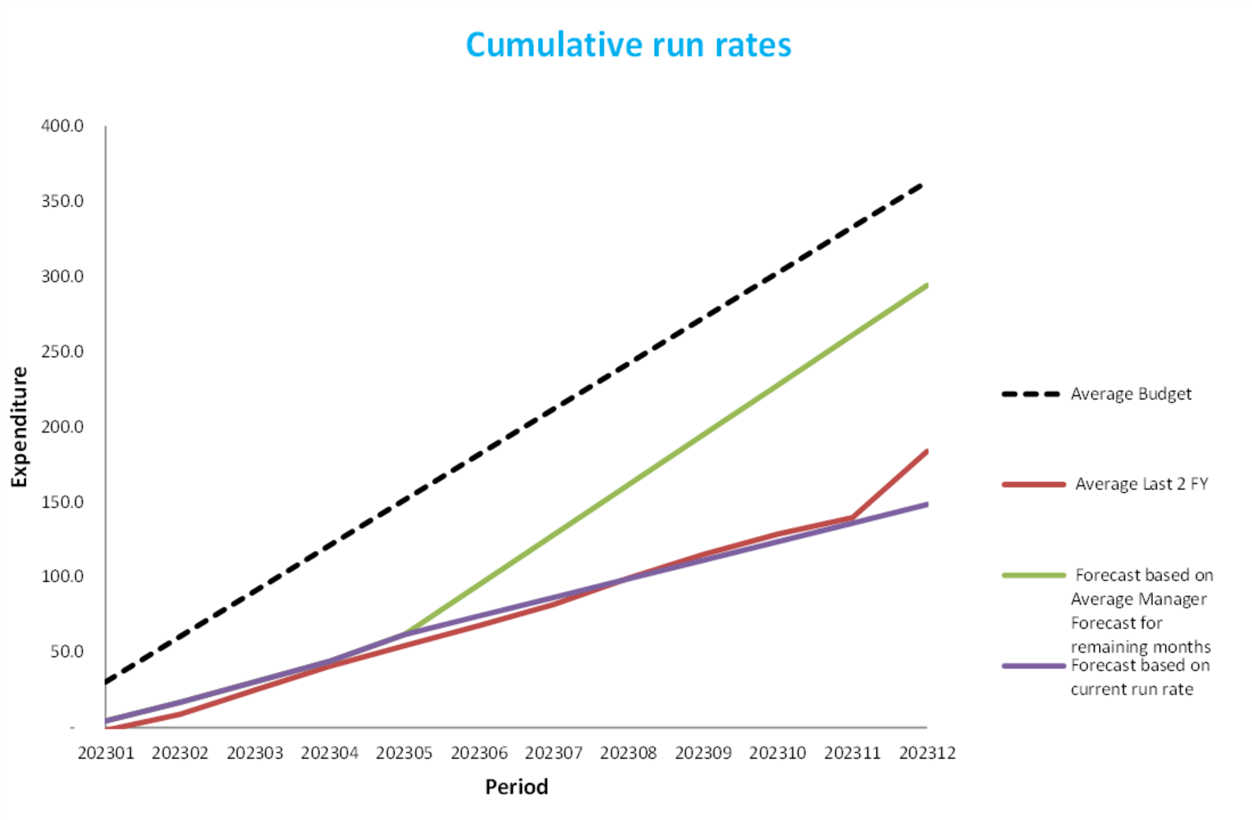
Last Year 2022/23 Comparison at end of Period 5

300.5	**30.3**	**Capital Programme Grand Total**	**333.9**	**55.8**	**17%**	**252.2**	**(81.7)**

Actual Expenditure achieved - 2022/23 Outturn Report £199m

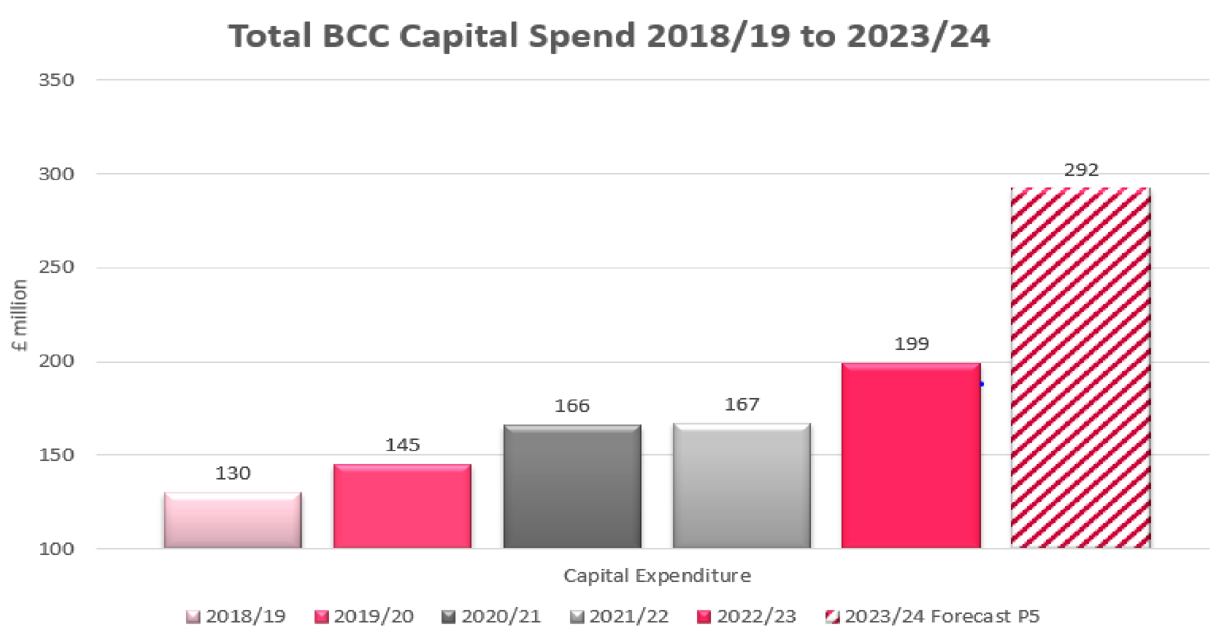
1.2. The actual spend at Period 5 is £61.8m, and should this trajectory follow the same path over the remaining months of the year this predicts a spend deficit of £145.8m (50%) compared to the latest forecast. However, this does not take account of the council's pattern of higher expenditure towards the end of the financial year that would indicate an outturn in the region of £200m (31% slippage). This is reflected is the current run rate graph below which includes previous years' spend patterns. (Table 2).

Table 2: 2023/24 Capital Programme run rate graph



1.3. The 2023/24 forecast outturn target of £294.1m at Period 5, is optimistic given the level of spend to date along with the historic trend analysis of capital expenditure across previous years seen in Table 3 below.

Table 3: Capital Expenditure trend analysis by years



1.4. Further work, reviews and analysis of projects and programmes will be undertaken over the coming months with project leads to challenge forecasts to ensure budgets and forecasts are profiled accurately and reported accordingly.

1.5. Capital Portfolio Transformation Project – The Council has set up a project to review and implement changes to improve capital delivery and promote best practice. The project will cover all aspects of the capital programme lifecycle including governance, programme information along with ensuring the necessary tools and skills are available to support effective decisions to improve delivery. Further updates will be provided as the project develops.

1.6. The £68.8m re-profiling reflects alignments with the latest expected programme delivery schedule. Delays are linked to planning and procurement processes are taking longer than anticipated along with continuing shortage of raw materials and skilled labour and capacity to deliver. The programmes to which these primarily relate are summarised within Table 4 amounting to circa £57.0m, with further departmental information in section 2 along with detailed commentary within directorate appendices.

Table 4: Capital Programme re-profiling by value (Top 10)

2023/24 Capital Programme re-profiling schedule			Current Year 2023/24 - Period 5				Performance to budget	
Directo	Ref	Programme description	Budget	Expenditure to Date	Forecast	Budget to Forecast Variance	Expenditure to date	Forecast
			£000s				%	
HRA	HRA1	Planned Programme - Major Projects	69,756	10,144	57,260	(12,497)	15%	82%
HRA	HRA2	New Build and Land Enabling	70,015	11,101	63,093	(6,922)	16%	90%
		HRA Subtotal	**139,771**	**21,245**	**120,353**	**(19,418)**	**15%**	**86%**
C & E	PE01	School Organisation/ Children's Services Capital Programme	11,785	982	5,869	(5,916)	8%	50%
C & E	PE02	Schools Organisation/SEN Investment Programme	10,178	3,477	6,227	(3,951)	34%	61%
		C&E Subtotal	**21,962**	**4,458**	**12,095**	**(9,867)**	**20%**	**55%**
G & R	GR01	Strategic Property – Temple Meads Development	16,647	1,617	8,022	(8,626)	10%	48%
G & R	GR09	Clean Air Zone Programme	16,388	1,479	10,386	(6,002)	9%	63%
G & R	PL10	Highways & Traffic Infrastructure - General	18,741	3,286	14,507	(4,234)	18%	77%
G & R	PL30	Housing Delivery Programme	20,046	1,495	16,520	(3,526)	7%	82%
G & R	PL24	Bristol Beacon	29,317	10,110	26,469	(2,848)	34%	90%
G & R	PL35	Harbour Operational Infrastructure	2,774	38	313	(2,462)	1%	11%
		G&R Subtotal	**103,914**	**18,024**	**76,217**	**(27,697)**	**17%**	**73%**
		General Fund Sub Total	**103,914**	**18,024**	**76,217**	**(27,697)**	**17%**	**73%**
		Total	**265,647**	**43,727**	**208,665**	**(56,982)**	**16%**	**79%**

1.7. This reprofiling has been provided by project managers. Details of the changes at programme level are included within the Capital Programme Summary Monitor Report as at the end of Period 5 (August) 2023 with further detail and commentary in Directorate appendices.

Cabinet is recommended to approve the reprofiling of this underspend of £68.8m from 2023/24 into future periods.

Additional Grant Income

1.8. The capital grant allocation for the provision of disabled facilities paid by Ministry of Housing, Communities and Local Government (MHCLG) has been uplifted by £0.3m from £3.5m to £3.8m and will be reported within NH07 Private Housing Programme.

2. DIRECTORATE COMMENTARY

2.1. Adults and Communities

2.1.1. The directorate is at present not indicating any re-profiling against its three programmes, however these are currently under review since no spend had been incurred to date and the forecast will be updated for the next monitoring report.

- CRF1 – Covid Recovery Fund – Community Improvements (current forecast £1.0m): Bidders have been appointed and project managers are awaiting spending plans.

- PE06B - Better Lives at Home Programme (current forecast £1.1m): Spending plans and phasing are currently being reviewed.

- PE06C - Local Authority Housing Fund - Refugee Resettlement (current forecast £4.2m): Agreements are being reviewed and once agreed will enable the release of funding to registered providers.

2.2. Children and Education

2.2.1. Two of the top 10 programmes for re-profiling sit within Children and Education and currently have a combined budget of £22.0m.

- PE01 – Schools Organisation / Childrens Services (variance £5.9m): The re-profiling of projects within this programme primarily relates to main-stream schools that are manged by the Private Finance Initiative (PFI) provider / operator with any works to these schools being carried out by the PFI provider as per the PFI agreement. Works have begun, later than first anticipated with project forecasts being significantly impacted.

- PE02 – Schools Organisation / SEN Investment Programme (variance £4.0m): This programme has numerous projects that has encountered technical, planning and procurement challenges reported by the project team that has delayed delivery of the programme, as an example during the construction phase subsidence was identified. The latest forecast represents a cautious view of delivery.

2.3. **Resources**

2.3.1. Resources are forecasting overall slippage of £1.5m due to delays in commissioning a Digital Strategic Partner, this however has now been completed and work is currently underway. There is a £0.1m increase in the forecast for the Flax Bourton Mortuary expansion project. Following the project's overspend of £1.0m in 2022, the project was reviewed and design changed to bring it back within the approved Budget envelope. Design fees and project management costs have increased however work is ongoing to mitigate this.

2.4. **Growth and Regeneration**

2.4.1. G&R are reporting a net variance due mainly to programme slippage of £37.7m against a Budget of £175.2m. This represents a delivery of 78% of the current revised budget. The year-to-date spend of £33.5m (19%) represents an average of £6.7m per month**.** To achieve the forecast target for 2023/24, the directorate will need to increase the average spend per month by £8m to an average of £14.9m each month for the rest of the year.

2.4.2. The Directorate is continuing to focus on robust and accurate forecasting so any slippage is captured at the earliest opportunity. As well as on an improvement plan that is to accelerate the delivery of the remaining Capital programme over the year 23/24 and into the future.

2.4.3. The council's top 10 capital programmes with the largest variances include the following five for Growth and Regeneration:

- GR01 - Strategic Property – Temple Meads Development (variance £8.6m): This project is currently under review owing to a recent fire at the site and other events. All budgets will therefore be moved to 24/25 and beyond to account for the project delays.

- GR06 - Clean Air Zone Programme (variance £6.0m): The take up for this scheme is below expected levels. This has led to an underspend will be transferred into the following year.

- PL10 - Highways & Traffic Infrastructure (variance £4.2m): The forecast for this year is below budget due to delays in delivery, this has led to the current underspend which will be moved into the following year.

- PL30 - Housing Delivery Programme (variance £3.5m): The forecast for the year is below budget due to various delays in delivery and the slippage will be moved to into the following year.

- PL35 - Harbour Operational Infrastructure (variance £2.5m): This forecast reflects delays in delivery, this has led to the current underspend which will be moved into the following year.

2.4.4. The following three projects have material variances greater £1.0m:

- GR10 - Improvement to Local Centres (variance £1.5m): Minimal spend expected against this scheme this year following a review. The budget is to be reprofiled to 24/25.

- NH02 - Investment in Parks & Green Spaces (variance £1.2m): The forecast for this year is below budget due to delays in delivery, this has led to the current underspend which will be moved into the following year.

- PL18 - Energy Services – Renewable Energy Investment Scheme (variance £1.0m): This underspend reflects the latest position regarding the level of grants received. As further grant applications are received these will be processed and the underspend will reduce accordingly.

2.5. **HRA**

2.5.1. HRA1 – Home Improvement Programme - HIP (variance £12.5m)

2.5.2. Housing Services are forecasting overall slippage across the programme of £12.5m. Circa £9.6m of this slippage is as a result of both BCC and contractor labour shortages reducing capacity to undertake works, but also to undertake key procurement exercises required in order to award contracts due to vacancies and a restructure within the Procurement Team This matter has now been resolved and procurements are progressing well, though remain behind the original planned target dates. Project and Programme engineers within the Fire Alarm and Fire Sprinkler Installation teams, as well as surveyors in general have been impacted by this issue.

2.5.3. A number of projects totalling £2.4m (Lifts, Block Refurb, Barton Hill, Beaufort House, Francombe and Neighbourhood Investment) are currently going through a tender process. The reasons for delays to tendering contracts are detailed in the paragraph above, whilst £1.1m are awaiting contracts being signed and/or other approvals (Barton House, Windows – H & HTF's and Cavity Wall Insulation).

2.5.4. The delay in the replacement of windows at Gilton House has given rise to £1.6m of delayed spend.

2.5.5. Legal issues and delays in acquiring access to homes are responsible for moving spend into future years against the Walwyn Gardens Block Refurbishment and Rewiring contract (£0.2m and £0.4m respectively)

2.5.6. There are various other miscellaneous schemes giving rise to a reprofile of £0.3m.

2.5.7. The acceleration of works across a number of schemes during 2022/23 has resulted in bringing forward spend of £2.5m against Major Refurbs, Roofing, Retrofit and Energy Efficiency works.

2.5.8. HRA2 - New Build and Land Enabling (variance £6.9m)

2.5.9. A number of budgets within the overall programme have been re-aligned within the total budget envelope for those schemes as a result of schemes progressing towards or being on site, resulting in updated scheme cashflows from development partners.

3. FLEXIBLE USE OF CAPITAL RECEIPTS

3.1. Local authorities have the continued freedom for a period of 3 years which began on 1 April 2022 to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. Updated directions were provided by government in April 2022 detailing the type of expenditure that qualifies for the flexible use of capital receipts and a new sign off and reporting process via the Secretary of State (SOS), for each financial year in which the direction is used.

3.2. £8.0m has been budgeted in 2023/24 for revenue expenditure which relates to the delivery of savings within the estates (£5.0m) and digital transformation programmes (£3.0m) to be funded from flexible use of capital receipts along. In addition, £1.8m is carried forward from 2022/23 which is earmarked specifically for the Digital Transformation Programme. In this way, planned use of capital receipts totals £9.8m.

3.3. The flexible use of capital receipts strategy was approved as part of the budget process and submitted to the Secretary of State, a requirement before this flexibility can be applied. The value of expenditure capitalised must not exceed the amount set out in the plan, however changes can be made and submitted to the Secretary of State subject to Full Council approval.

3.4. It should be noted that the financing of these projects along with projects in the capital programme is dependent on securing circa £23m capital receipts in 2023/24 from the disposal of assets over the remaining periods as detailed in the 'Estate Rationalisation – Surplus Asset Disposals' report presented to Cabinet on the 5th September 2023. However, as part of the re-profiling of the Capital Programme it is anticipated that this target for 2023/24 will reduce.

Cabinet is asked to note the planned use of capital receipts of £9.8m

Section A: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance
P05	**£191.7m**	**£191.7m**	**£0.0m overspend**
P02	***£191.8m***	***£191.8m***	***£0.0m***

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
0.0	0.0	0.0	0.0						
▲↑									

Position by Division

Period 5/ Quarter 2 - Summary	Approved budget	Revised Budget	Q2/P5 Forecast	Q1/P2 variance	P3/P4 variance	Q2/P5 variance	Total Variance	Total Variance %
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
8 - Adult & Communities								
14 - Adult Social Care	155,990	171,515	171,515	0	0	0	0	0.0%
36 - Communities and Public Health - General Fund	5,853	5,944	5,944	0	0	(0)	(0)	0.0%
57 - Commissioning, Contracts Quality and Performance (Adults)	10,519	14,253	14,253	0	0	(0)	(0)	0.0%
Total 8 - Adult & Communities	**172,362**	**191,712**	**191,712**	**0**	**0**	**(0)**	**(0)**	**0.0%**

Key Messages:

Adult Social Care is currently forecasting a nil variance, at Period 5, on a budget of £185.8m. Within this forecast, the main variances are as follows:

Table 1 – Summary of Adult Social Care Revenue Monitor for Period 5 - 2023/24

Adult Social Care Q2/P05 Forecast

Financial Year 2023/24	Revised Budget 2023/24 £000s	2023/24 Projection @ P05 £000s	Budget Variance @ P05 £000s
Adult Purchasing			
Older Adults 65+	79,154	84,806	5,652
Working Age Adults 18 - 64	95,978	103,398	7,420
Preparing for Adulthood	11,559	12,185	626
Social Care Support	0	0	0
Income - Service User Contribution Only	(27,305)	(29,065)	(1,760)
Per Current ABW	**159,386**	**171,324**	**11,938**
Non Adult Purchasing			
Employees	35,148	33,136	(2,011)
Other - Net	(8,766)	(9,445)	(679)
ASC Savings & Mitigations 23/24 still to be achieved		(9,248)	(9,248)
	26,381	**14,443**	**(11,938)**
Totals per budget report	**185,768**	**185,768**	**0**

Adult Social Care continues to experience significant service pressures and associated financial risks in relation to its Adult Purchasing Budgets, with a £11.9m risk of overspend. This risk is currently partially offset by forecast underspends on employee costs of £2.0m and additional income contributions of £0.7m, with the balance to be offset by assumed savings and mitigations to be achieved of £9.2m.The service has advised that these risks can be largely mitigated by savings delivery through work aligned to Adult Social Care Transformation Programme however a net risk of £3.2m is currently assessed as remaining.

The following tables show the forecast and associated variances looking at expenditure through different lenses.

Table 2 sets out the overall adult purchasing forecast in comparison to budget.

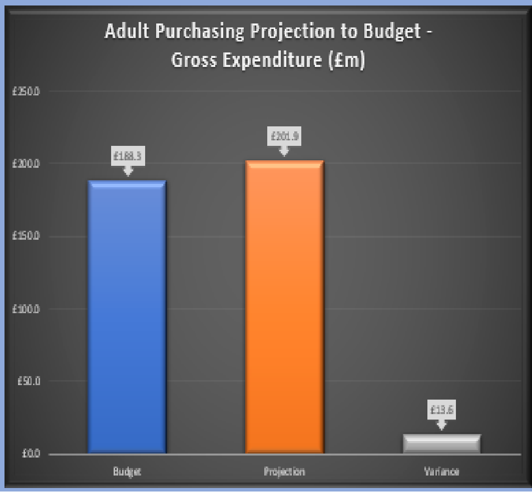
Table 2 – Adult Purchasing Forecast Compared to Budget

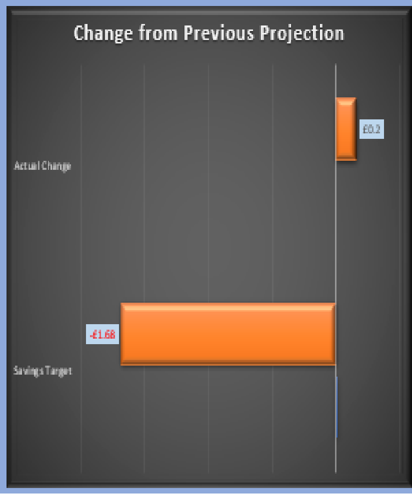
Table 2

Projection to Budget	Gross Expenditure £m	SUC £m	DP Clawback £m	Net £m
Budget	£188.3	-£27.3	-£1.6	£159.4
Projection	£201.9	-£28.9	-£1.6	£171.4
Variance	£13.6	-£1.6	£0.0	£12.0

Table 3

Change v Savings Target for this Period	
Savings Target	-£1.68
Actual Change	£0.2





As set out in Table 3, all age groups are currently showing a forecast risk of overspend, with the largest pressure being in Working Age Adults with a circa £7.4m pressure and Older Adults 65+ with a circa £5.7m overspend.

Table 3 – Adult Purchasing Forecast showing the forecast overspend by Age Group

Gross Expenditure Adult Purchasing by Age Group	Variance £m	Change £m
Older Adults 65+	£5.7	£0.3
Working Age Adults 18 - 64	£7.4	-£0.1
PFA	£0.6	£0.1
Total	**£13.7**	**£0.3**

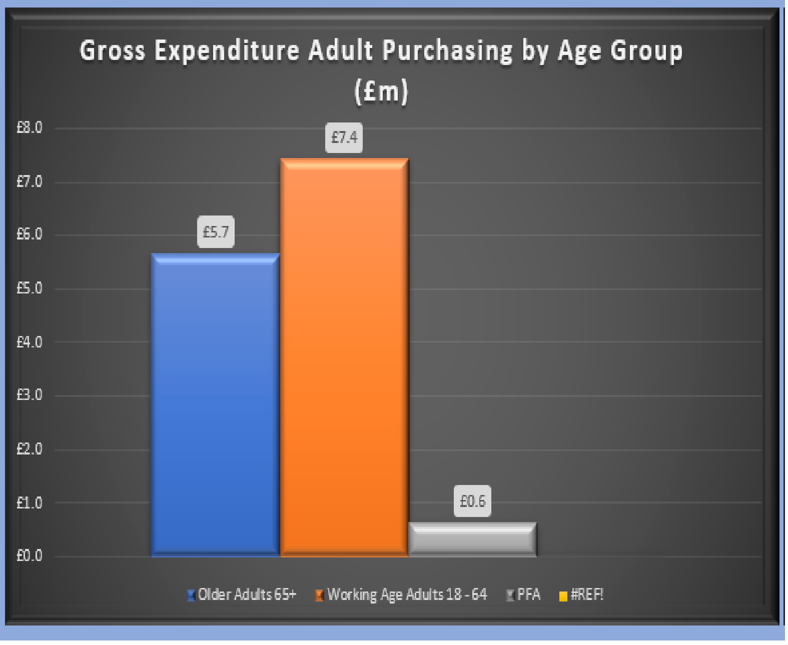


Table 4 analyses the forecast overspend by primary support reason. The largest variance is physical support circa £5.7m, learning disability support with a circa £3.8m risk of an overspend and mental health support circa £2.8m.

Table 4 - Adult Purchasing Forecast, showing the forecast variance in comparison to budget by primary support reason.

Gross Expenditure Variance by PSR	Variance £m	Change £m
Learning Disability Support	£3.8	-£0.0
Mental Health Support	£2.8	-£0.1
Physical Support	£5.7	£0.4
Sensory Support	£0.0	-£0.0
Support with Memory & Cognition	£1.5	-£0.0
Social : Substance Misuse	-£0.3	£0.1
Social : Isolation/Other	-£0.5	-£0.0
PFA	£0.6	£0.1
	£13.7	£0.3

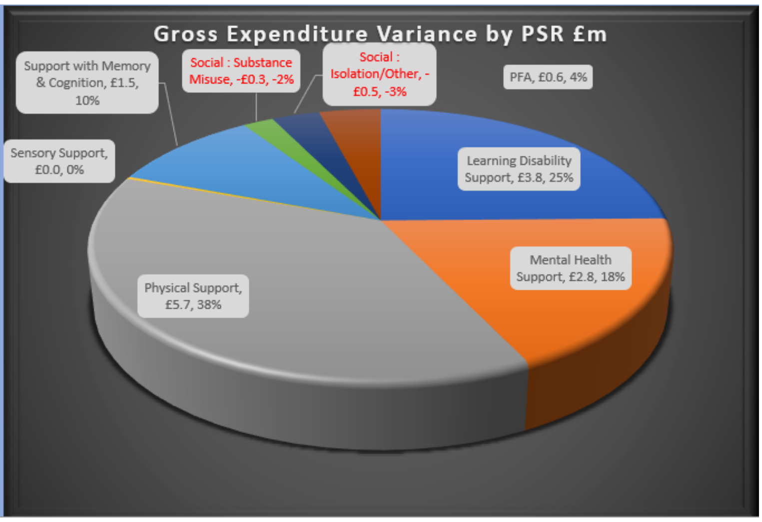


Table 5 analyses the adult purchasing forecast by locality team area. North and West has the largest overspend with a circa £5.8m overspend in comparison to budget, Inner City and East circa £2.9m overspend, South circa £4.3m overspend and Preparing for Adulthood circa £0.6m overspend.

Table 5 – Adult Purchasing Forecast Showing the Locality Overspend by Area

Gross Expenditure by Locality	Budget Variance £m	Projection Change £m
ICE	£2.9	-£0.2
N&W	£5.8	-£0.2
South	£4.3	£0.4
PFA	£0.6	£0.1
	£13.6	£0.2

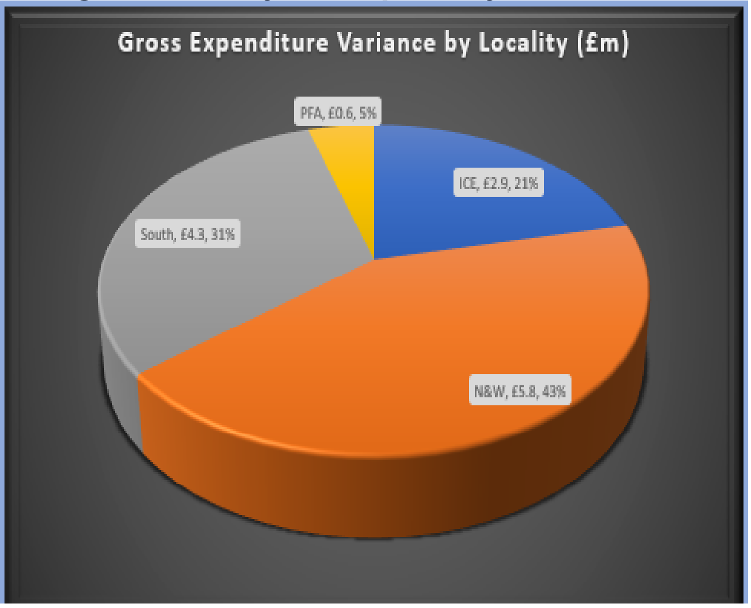
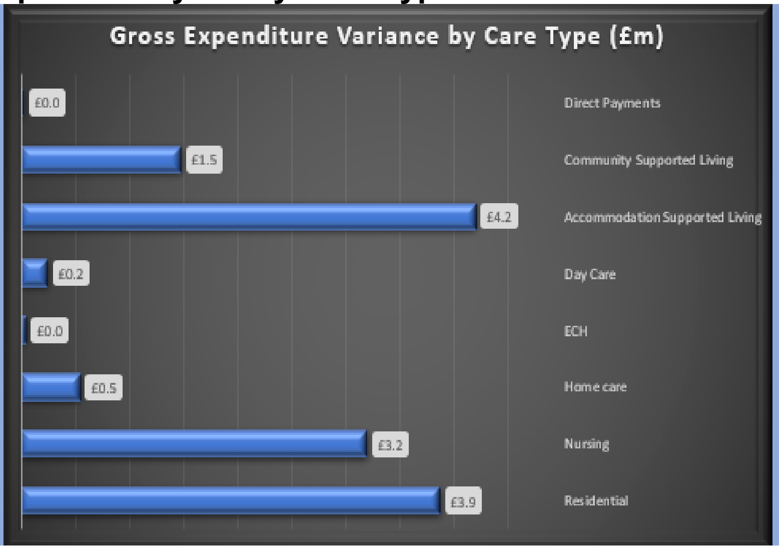


Table 6 analyses the adult purchasing budget forecast by care type and indicates that the largest overspends relate to supported accommodation circa £4.2m, residential care circa £3.9m and nursing care with a forecast overspend of circa £3.2m and supported living circa £1.5m.

Table 6 – Adult Purchasing Budget Overspend Analysed by Care Type

Gross Expenditure by Care Type	Budget Variance £m	Projection Change
Residential	£3.9	£0.2
Nursing	£3.2	-£0.1
Home care	£0.5	-£0.0
ECH	£0.0	£0.0
Day Care	£0.2	-£0.0
Accommodation Supported Living	£4.2	£0.0
Community Supported Living	£1.5	£0.1
Adult Placement	-£0.0	-£0.0
Direct Payments	£0.0	-£0.0
	£13.6	£0.2



Tables 7, 8 and 9 show the long term trend analysis in activity and cost

Table 7 – Adult Purchasing All Service Users - Trend Analysis From 01/08/2022 To 01/09/2023

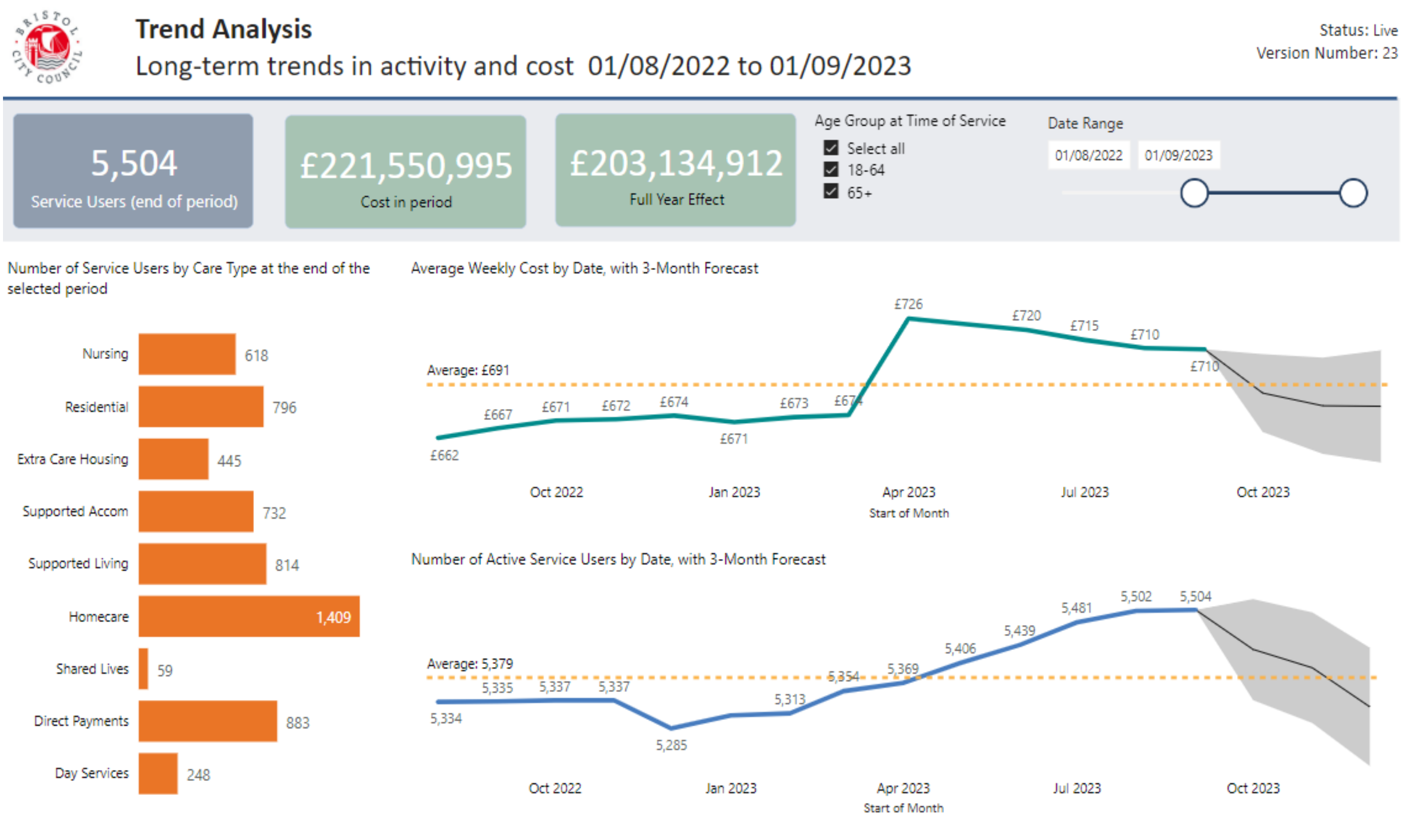


Table 8 – Adult Purchasing Trend Analysis - For Service Users Under 65 Years Old (18 – 64) From 01/08/2022 To 01/09/2023

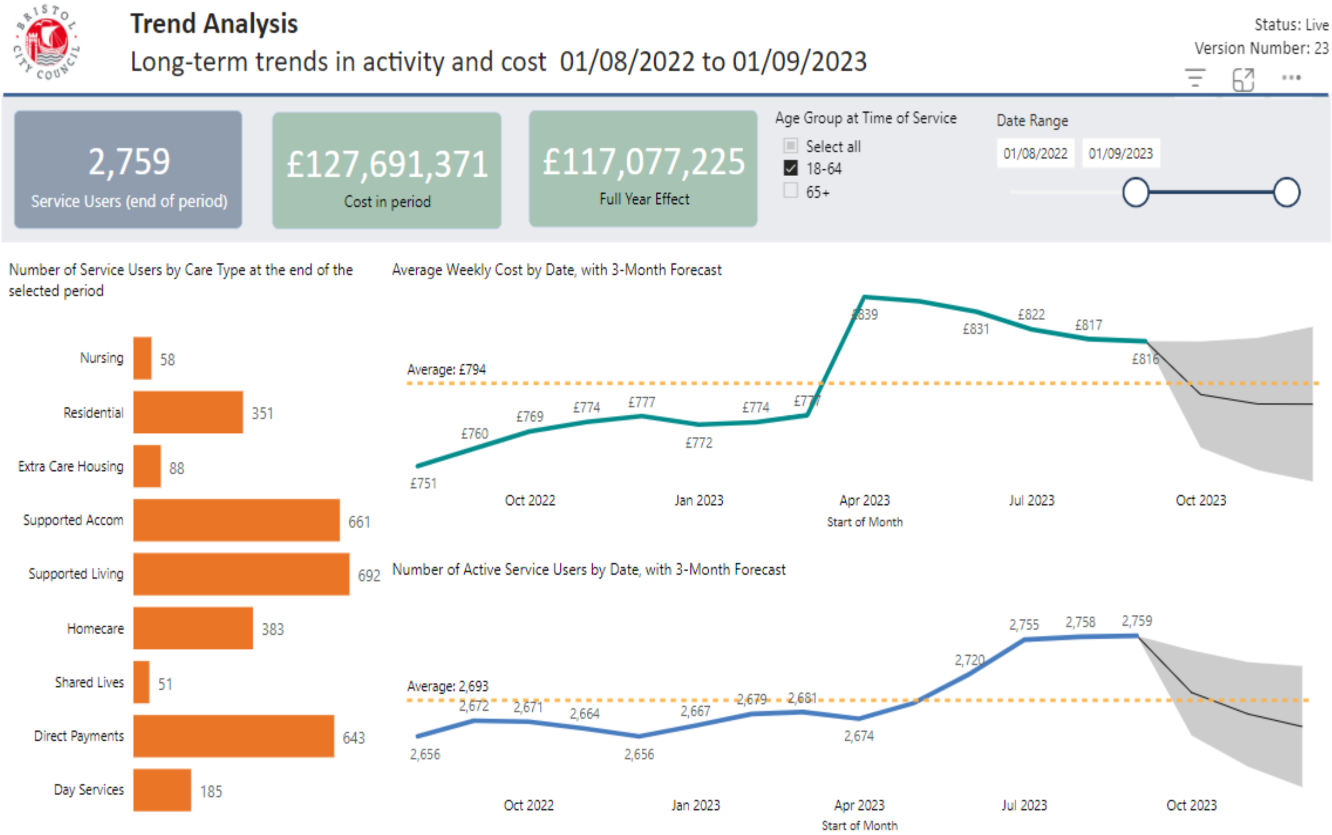


Table 9 – Adult Purchasing Trend Analysis - For Service Users Over 65 Years Old From 01/08/2022 To 01/09/2023

Trend Analysis

Long-term trends in activity and cost 01/08/2022 to 01/09/2023

Status: Live
Version Number: 23

2,745 Service Users (end of period)

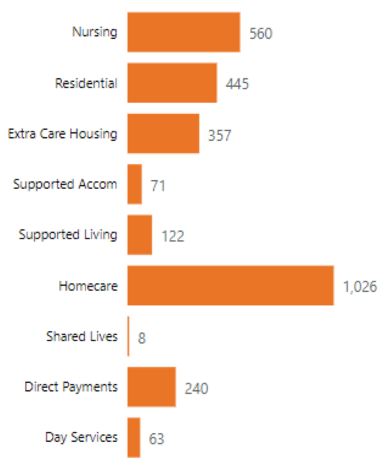
£93,859,624 Cost in period

£86,057,688 Full Year Effect

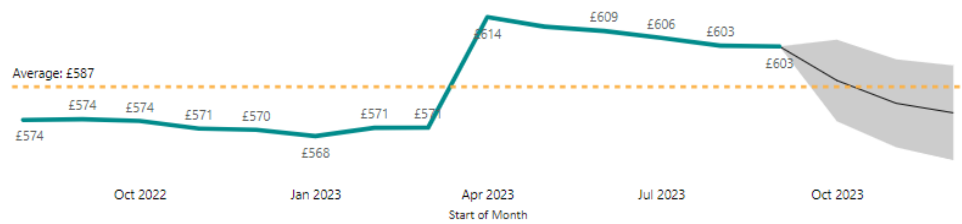
Age Group at Time of Service
- [ ] Select all
- [ ] 18-64
- [x] 65+

Date Range: 01/08/2022 – 01/09/2023

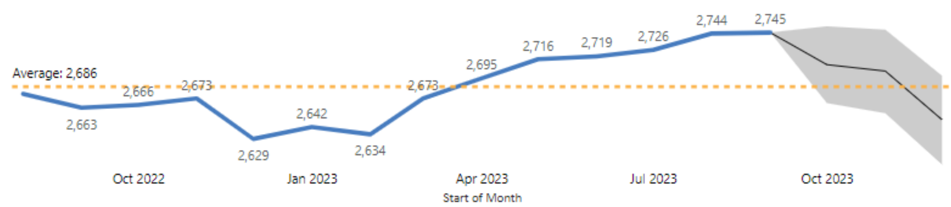
Number of Service Users by Care Type at the end of the selected period



Average Weekly Cost by Date, with 3-Month Forecast



Number of Active Service Users by Date, with 3-Month Forecast



Savings Delivery

Adult Social Care (ASC) has a significant savings challenge, to deliver a balanced budget position. Based on the current forecast, ASC has circa £9.2m savings and mitigations still to be achieved, reflecting the significant adult purchasing pressures which need to be mitigated, in order to deliver a balanced position.

23/24 Adults Directorate Savings Target (£'000s): 10,172

	This month			Last month		
	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk
No - savings are at risk	5,336	4,738	89%	5,336	4,738	89%
Yes - savings are safe	4,836	0	0%	4,836	0	0%
SAVING CLOSED - CONFIRMED AS 'SECURED & DELIVERED'	0	0	n/a	0	0	n/a
NO RAG PROVIDED	0	0	n/a	0	0	n/a
Grand Total	**10,172**	**4,738**	**47%**	10,172	4,738	47%
Represents increased cost rather than saving	-625	0	0%	-625	0	0
n/a - represents last year's saving was due one off only	0	0	n/a	0	0	n/a
Grand Total	**9,547**	**4,738**	**50%**	9,547	4,738	50%
n/a - represents a saving was mitigated last year	-2,413			-2,413		
WRITTEN OFF	0			0		
Grand Total	**7,134**	**4,738**	**66%**	7,134	4,738	66%

Top 5 largest savings at risk in year (ordered by size of saving at risk)

ID	Name of Proposal	Value at Risk in 23/24 (£'000)
2324-P10	Adult Social Care Purchasing Budget	£ 4,000
2324-P5	Redfield Lodge	£ 338
NEW2223_ASC38	Manage and control cost of care for people with care and support needs	£ 300
NEW2223_ASC11b	Review the Bristol Community Meals service delivery	£ 100

Mitigated savings from previous years' that remain 'due' for delivery this year (£m)

Amount due from previous year(s):	£ 2.41
Amount reported at risk:	£ 0.40

Key Changes since last month
None

Section B: Risks and Opportunities

Below are the potential risks currently identified by Adult Social Care in respect of 2023/24 savings and mitigations for the service before partial offset by £6.0m of Adult Peopletoo savings in addition to further savings within the Adult Directorate linked to reducing demand, focused reviews plus focused reablement.

Division	Service	Risk or Opportunity	Description of Impact	Risk (Opportunity) £'000	Likelihood %	Net Risk (Opportunity) £'000	Date Updated
14	ASC - Locality Team	Risk	Potential overspend of Adult Purchasing budget which will impact on 2023/24 savings target of £4m not being delivered	4,000	100%	4,000	12/09/2023
14	Redfield Lodge	Risk	Potential risk to delivery of income leading to budget overspend.	338	100%	338	12/09/2023
14	Concord Lodge	Risk	Potential risk in relation to transitional costs post Cabinet decision on closure leading to service overspend.	TBC	TBC	TBC	12/09/2023
14	ASC - Locality Team	Risk	Winter pressure and hospital discharge costs may exceed discharge grant and other funding assumptions resulting in further adult purchasing budget pressures	TBC	TBC	Risk currently being evaluated	12/09/2023
14	ASC - Service-wide p	Risk	Adult Purchasing Budgets and other mitigation plans	4,910	100%	4,910	12/09/2023
						0	
Total - Adults						**9,248**	

Communities and Public Health

At the end of Period 5 the Public Health Grant and Communities and Public Health General Fund continue to report no variance. Please see Appendix A8 for further details.

Section C: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£6.3m	**£6.3m**	**£0.0m** 0.0% of Budget	**£6.3m** 100% of Budget	**£0.0m**

Gross Expenditure by Programme

Ref	Scheme	Current Year (FY2023) - Period 5				Performance to budget	
		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
		£000s				%	
Adult & Communities							
CRF1	Covid Recovery Fund – Community Improvements	1,000	0	1,000	0	0%	100%
PE06B	Adult Social Care – Better Lives at Home Programme	1,116	(24)	1,116	0	-2%	100%
PE06C	Local Authority Housing Fund - Refugee Resettlement	4,181	0	4,181	0	0%	100%
Total Adult & Communities		**6,297**	**(24)**	**6,297**	**0**	**0%**	**100%**

Key Messages:

There are no forecast variances to report on the Adults and Communities capital programme and expenditure is expected to commence in October. Further clarification is being sought on Better Lives at Home plans.

Appendix A3 – Children & Education

2023/24 – P5 Budget Monitor Report

Section A: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance
P05	**£110.0m**	**£121.5m**	**£11.5m overspend**
P02	*£110.4m*	*£110.4m*	*£0.0m*

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
0.0	12.2	12.1	11.5						
▲↑	▼↓	▲↑	▲↑						

Position by Division

Period 5/ Quarter 2 - Summary	Approved budget	Revised Budget	Q2/P5 Forecast	Q1/P2 variance	P3/P4 variance	Q2/P5 variance	Total Variance	Total Variance %
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
9 - Children & Education								
15 - Children and Families Services	89,051	88,241	95,771	0	7,980	(450)	7,530	8.5%
16 - Educational Improvement	21,644	21,762	25,753	0	4,091	(100)	3,991	18.3%
1B - Transformation – Our Families Programme	0	0	0	0	0	0	0	0.0%
Total 9 - Children & Education	110,695	110,003	121,524	0	12,071	(550)	11,521	10.5%

Key Messages:

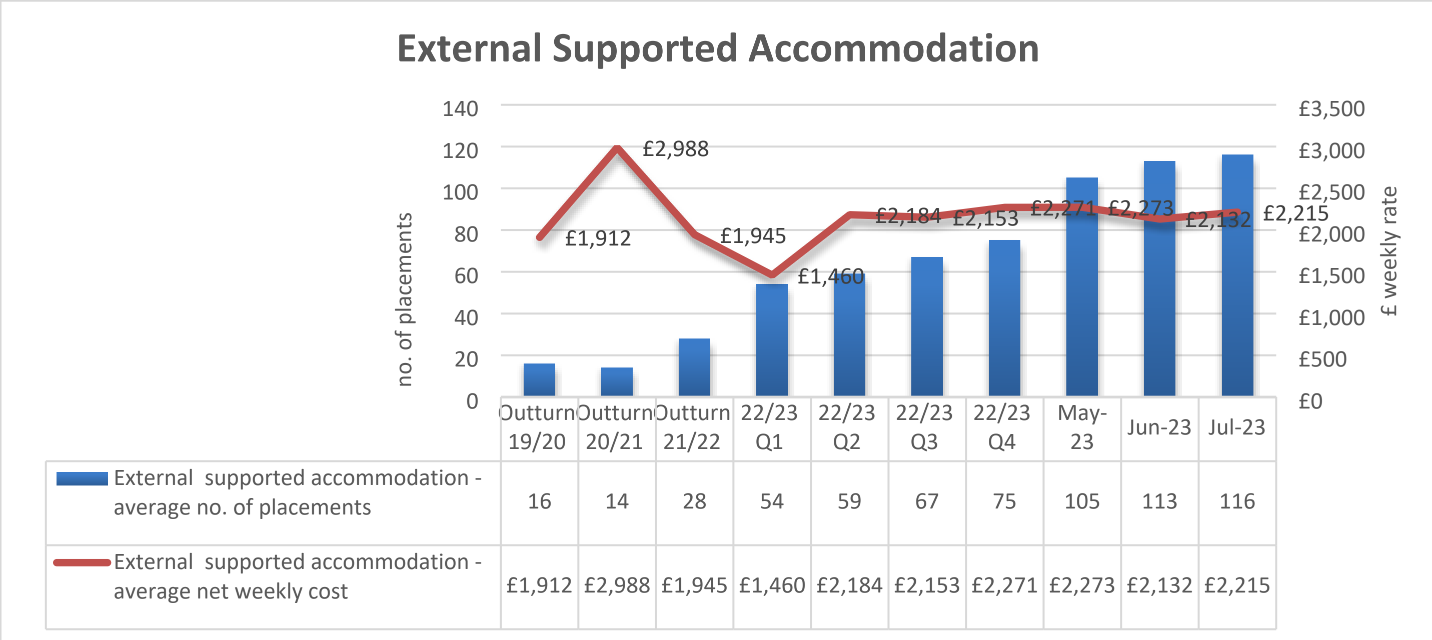
Children and Education directorate is forecasting £11.5m adverse variance, at Period 5, on a budget of £110.0m.

Children & Families: £7.5m pressure
The forecast pressure is primarily in the placements budget which has seen an increasing number of very high-cost placements and continued reliance on External Supported accommodation (ESA).

The table below provides further detail on the forecast pressure.

	Revised Budget 2023/24 £000s	P05 Forecast £000s	Variance £000s	Change from last month £000s
Placements				
External Supported Accommodation	5,448	12,327	6,879	290
In House Fostering	6,606	6,118	(489)	(137)
Independent Fostering Agencies	6,775	7,294	519	20
Inhouse Supported Accommodation	99	24	(75)	(1)
RO & SGO	5,683	5,795	112	(58)
Out Of Authority - Placements	15,770	18,408	2,639	1,079
Parent & Baby Unit - Citywide	571	696	126	237
Secure	148	5	(143)	0
Children's Homes	4,093	3,506	(586)	237
Post Adoption	381	248	(133)	(49)
Total placements	**45,573**	**54,422**	**8,849**	**1,618**
Other non-placement related budgets	42,668	41,350	(1,318)	(2,067)
Total Children & Families	88,241	95,772	7,530	(449)

There has been a significant increase in the number of ESA placements this year as represented in the chart below. This cost of ESA provision is estimated to be £12m this year, a 38% increase on last year.



Education Improvement: £4.0m pressure

The Educational Improvement Service is forecasting an adverse variance of £4.0m (18.3%) on a revised budget of £21.8m. This pressure is because of the increasing number of children with Education Health and Care Plans (EHCPs) requiring transport to school and the growing number reliant on having to travel longer distances from home.

	Revised Budget 2023/24 £000s	P05 Forecast £000s	Variance £000s	Change from last month £000s
Education Improvement				
Learning City for All	713	680	(33)	(3)
Education Management	4,977	4,512	(464)	(59)
Additional Learning Needs	11,048	15,051	4,003	(0)
Employment, Skills & Learning	679	665	(15)	(1)
Trading with Schools	(406)	(112)	294	30
Schools PFI	0	0	0	0
Inclusive City	617	617	0	(44)
Accessible City	4,135	4,340	205	(25)
Total Education Improvement	21,762	25,752	3,990	(101)

The service saw a 50% increase in the number of routes to schools outside the local area in April 2023, compared to the same period last year.

The number of children and young people with EHC plans increased to 517,000, as at census day in January 2023, up by 9% from 2022. In the 2022 calendar year,66,400 new EHC plans were made, up by 7% from the previous year. The number of new EHC plans has increased each year since their introduction.

School sufficiency has been a major driver in decreased capacity within the service to handle EHCPs. With lower capacity in schools, and mainstream schools driving for Children and Young people (CYP) to attend special schools, the pressure of funding places for CYP falls on the Local Authority service.

The demand for Home to School Travel is growing as a direct link between the number of CYP with an EHCP and travel support. Lack of capacity within the local area results in increasing number of routes the authority thereby increasing Home to School Travel costs

Table : Number of Routes to Schools Outside the Local Area

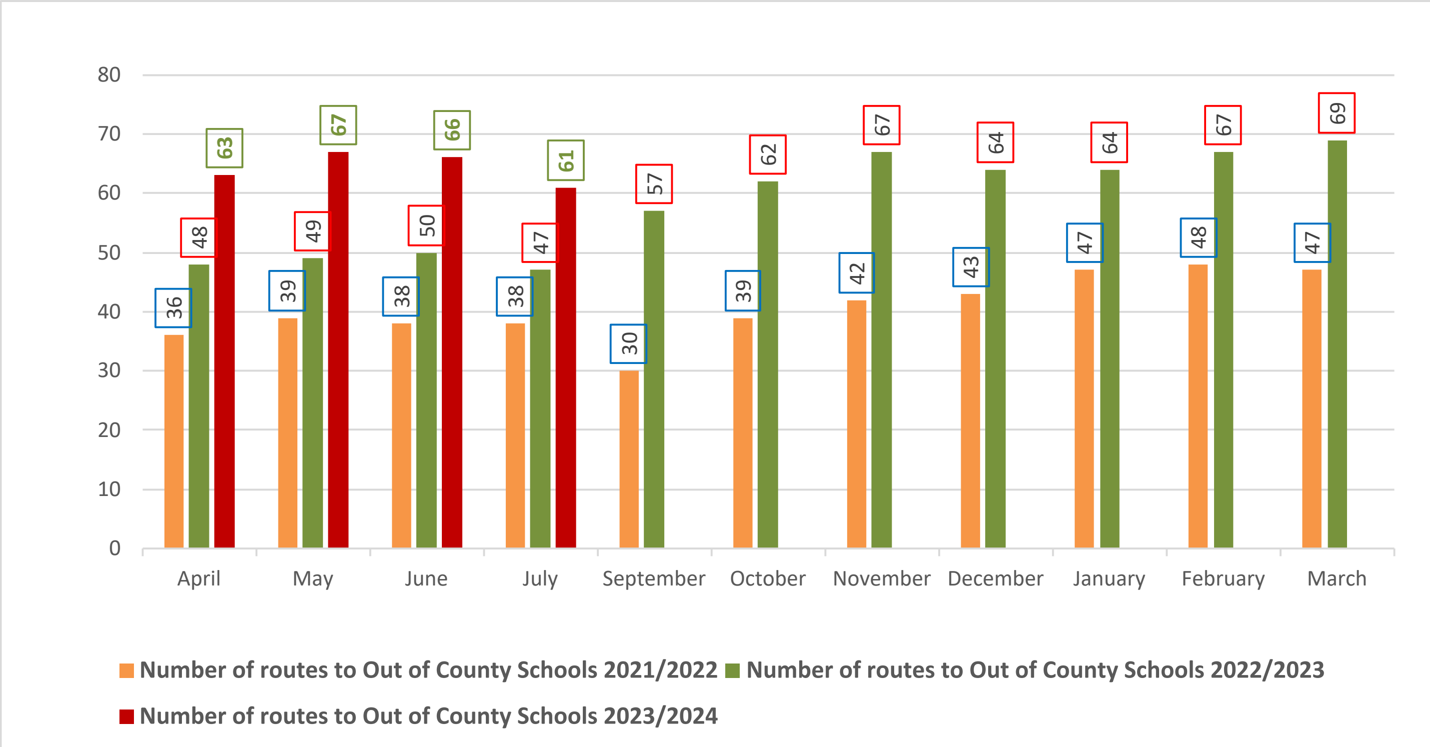
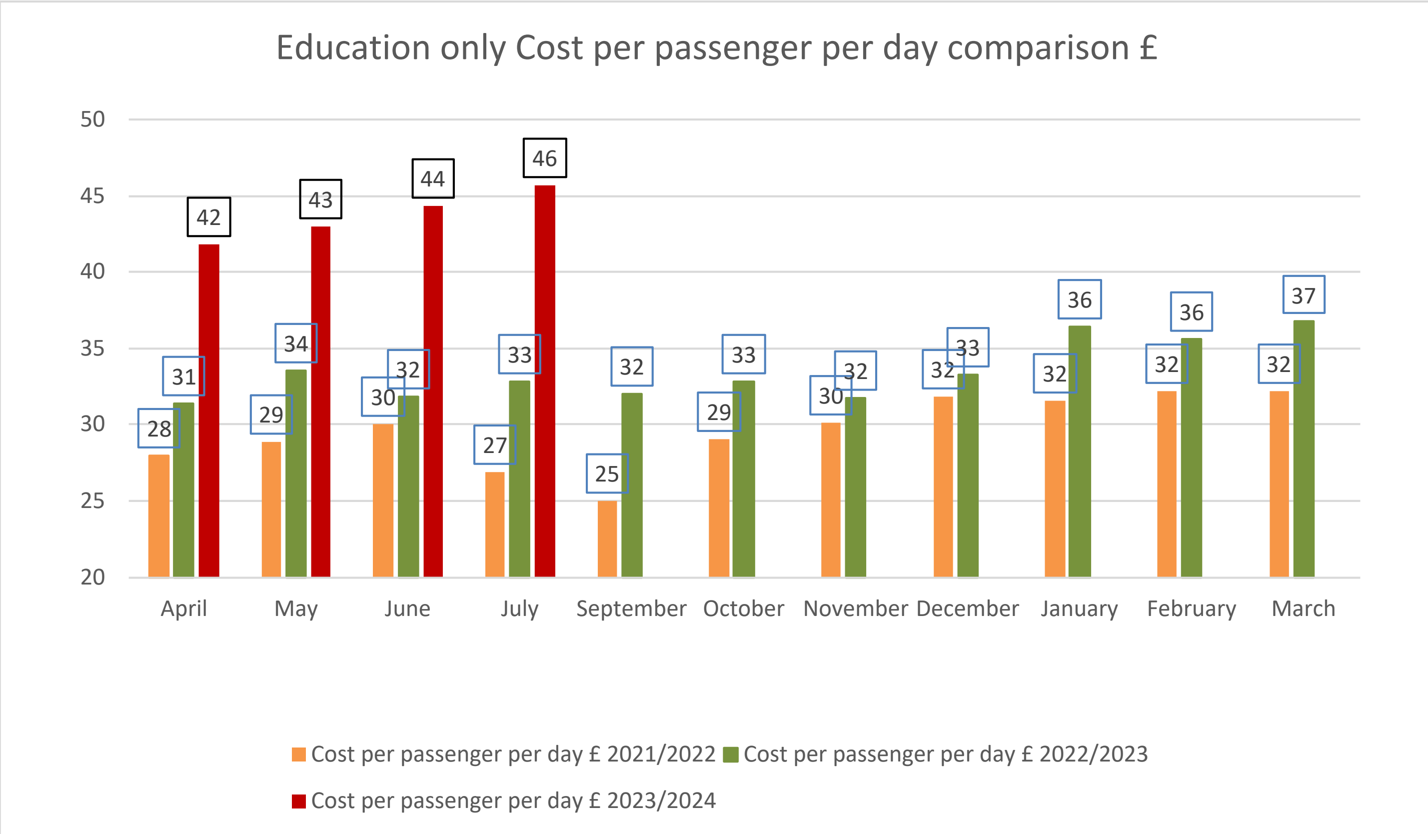


Table: Per Passenger Per Day Education Cost



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Savings Delivery

23/24 Children & Families Directorate Savings Target (£'000s):	3,160

	This month			Last month		
	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk
No - savings are at risk	635	656	103%	650	671	103%
Yes - savings are safe	2,525	0	0%	2,510	0	0%
SAVING CLOSED - CONFIRMED AS 'SECURED & DELIVERED'	0	0	n/a	0	0	n/a
NO RAG PROVIDED	0	0	n/a	0	0	n/a
Grand Total	**3,160**	**656**	**21%**	3,160	671	21%
Represents increased cost rather than saving	-432	0	0%	-432	0	0
n/a - represents last year's saving was due one off only	0	0	n/a	0	0	n/a
Grand Total	**2,728**	**656**	**24%**	2,728	671	25%
n/a - represents a saving was mitigated last year	-144			-144		
WRITTEN OFF	0			0		
Grand Total	**2,584**	**656**	**25%**	2,584	671	26%

Top 5 largest savings at risk in year (ordered by size of saving at risk)		
ID	Name of Proposal	Value at Risk in 24/25 (£'000)
NEW2223_CF6b	Review special guardianship order arrangements	£ 584
2324-P13	Keeping Families Together/Family Network	£ 60
NEW2223_E2	Introduce nominal charge for first referrals for attendance penalty notices	£ 12

Mitigated savings from previous years' that remain 'due' for delivery this year (£m)	
Amount due from previous year(s):	£ 0.14
Amount reported at risk:	£ 0.11

Key Changes since last month

1. 2324 P-17 Early Years: Family Information Website - full £15k in-year saving has been marked as safe in P5.

Section B: Risks and Opportunities

Children & Families

Division	Service	Risk or Opportunity	Description of Impact	Risk (Opportunity) £'000	Likelihood	Net Risk (Opportunity) £'000
15	Placements	Risk	Forecast mostly based on steady state. Estimated additional risk from pattern and trends	5,000	60%	3,000
15	Placements	Opportunity	Potential mitigations: Forecast mostly based on steady state. Estimated additional risk from pattern and trends	(5,000)	61%	(3,060)
15	Savings delivery	Risk	Risks of some delivery slipping into future years identified on savings tracker. Further risk on delivery of management/workforce and change targers	559	85%	475
15	Placements	Opportunity	Mitigations identified to manage placement costs	(1,500)	60%	(900)
15	Children	Risk	Risks flagged with in year mitigations identified in P4	450	60%	270
15	Educational Improvement	Risk	Risks flagged with in year mitigations identified in P4	100	60%	60
16	Savings delivery	Risk	Home To School Transport Costs	368	42%	155
Total - Children and Education				**(23)**		**(0)**

Section C: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£31.4m	**£31.4m**	**£4.9m** 16% of Budget	**£21.1m** 67% of Budget	**(£10.3m)**

Gross Expenditure by Programme

Ref	Scheme	Current Year (FY2023) - Period 5				Performance to budget	
		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
		£000s				%	
Children & Education							
CRF2	South Bristol Youth Zone	5,786	106	5,786	0	2%	100%
PE01	School Organisation/ Children's Services Capital Programme	11,785	982	5,869	(5,916)	8%	50%
PE02	Schools Organisation/SEN Investment Programme	10,178	3,477	6,227	(3,951)	34%	61%
PE03	Schools Devolved Capital Programme	1,330	279	923	(407)	21%	69%
PE05	Children & Families - Aids and Adaptations	110	0	127	17	0%	116%
PE06	Children Social Care Services	2,232	66	2,232	0	3%	100%
Total Children & Education		**31,421**	**4,909**	**21,164**	**(10,257)**	**16%**	**67%**

Key Messages:

PE01 – Schools Organisation / Childrens Services (variance £5.9m)
This programme budget is to be reprofiled. The re-profiling of projects within this programme primarily relates to main-stream schools that are manged by the Private Finance Initiative (PFI) provider / operator with any works to these schools being carried out by the PFI provider as per the PFI agreement. Works have begun later than first anticipated with project forecasts being significantly impacted.

PE02 – Schools Organisation / SEN Investment Programme (variance £4.0m)
This programme budget is also to be reprofiled. The programme has numerous projects that have encountered technical, planning and procurement challenges reported by the project team.

The above two programmes are included in the council's top 10 programmes for re-profiling (Appendix A1b).

Section A: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance
P05	**£45.9m**	**£44.3m**	**(£1.6m) underspend**
P02	***£45.6m***	***£45.6m***	***£0.0m***

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
0.0	0.0	0.0	(1.6)						
▲↑			▲↑						

Position by Division

Period 5/ Quarter 2 - Summary	Approved budget	Revised Budget	Q2/P5 Forecast	Q1/P2 variance	P3/P4 variance	Q2/P5 variance	Total Variance	Total Variance %
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
2 - Resources								
21 - Policy, Strategy and Digital	21,008	21,215	20,517	2	(0)	(700)	(698)	-3.3%
22 - Legal and Democratic Services	14,575	14,871	14,617	0	0	(254)	(254)	-1.7%
24 - Finance	6,142	6,679	6,239	(3)	0	(437)	(440)	-6.6%
25 - HR, Workplace & Organisational Design	3,155	2,954	2,790	0	0	(164)	(164)	-5.6%
26 - Management - Resources	181	153	153	0	0	0	0	0.0%
Total 2 - Resources	45,061	45,872	44,316	(1)	0	(1,555)	(1,556)	-3.4%

Key Messages:

The Resources Directorate is currently forecasting a favourable movement /underspend of £1.6m against the revised Budget position of £45.9m. This £1.6m favourable movement in Period 5 represents the recovery mitigations identified to be held in abeyance for offset against Children and Education’s in-year pressures.
£0.2m of this comes from an expected uptake in Annual Leave Top-Up introduced in September and £1.4m of this is mainly attributable to increase in chargeable/ recoverable activities.

Emerging risks to this budget position are captured on the Risk and Opportunities register which is currently estimated at a net weighted risk of £0.6m with the main risks being a potential increase in the contract cost for transport of the deceased for the Coroners and Mortuary service within Legal and Democratic Services division, a dependence on agency and interim staff to fill critical vacant positions within the Finance division and an increase in agency/locum solicitors in Legal Services working mainly on Adult care and Child Protection cases.

Savings Delivery

Resources Led Savings

23/24 Resources Directorate Savings Target (£'000s):	5,916
23/24 Cross Cutting (Resources Led) Savings Target (£'000s):	3,402
In Year (23/24) Total:	**9,318**

	A - Resources Directorate						B - Cross cutting (Resources led)					
	This month			Last month			This month			Last month		
	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk
No - savings are at risk	125	125	100%	125	125	100%	0	0	n/a	500	250	50%
Yes - savings are safe	5,560	0	0%	5,560	0	0%	3,402	0	0%	2,902	0	0%
SAVING CLOSED - CONFIRMED AS 'SECURED & DELIVERED'	231	0	0%	231	0	0%	0	0	n/a	0	0	n/a
NO RAG PROVIDED	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
Grand Total	**5,916**	**125**	**2%**	5,916	125	2%	**3,402**	**0**	**0%**	3,402	250	7%
Represents increased cost rather than saving	-25	0	0%	-25	0	0%	0	0	n/a	0	0	n/a
n/a - represents last year's saving was due one off only	-150	0	0%	-150	0	0	0	0	n/a	0	0	n/a
Grand Total	**5,741**	**125**	**2%**	5,741	125	2%	**3,402**	**0**	**0%**	3,402	250	7%
n/a - represents a saving was mitigated last year	-150			-150			-2,970			-2,970		
WRITTEN OFF	0			0			0			0		
Grand Total	**5,591**	**125**	**2%**	5,591	125	0	**432**	**0**	**0%**	432	250	1

Top 5 largest savings at risk in 23/24 (ordered by size of saving at risk)

ID	Cross cutting?	Name of Proposal	Value at Risk in 23/24 (£'000)
2324-R7	N	Mayor's Office	£ 75
NEW2223_R8	N	Review democratic engagement to modernise service delivery	£ 50

Mitigated savings from previous years' that remain 'due' for delivery this year (£m)

Amount due from previous year(s):	£ 2.77
Amount reported at risk:	£ 0.04

Key changes since last month

Target for 22/23 has remained at £9.3m.

1. NEW2223_CEN05b Strategic Business Review of Fees and Charges is reporting the full 500k saving as safe in P5, a reduction of £250k in at risk savings since P4.

Key messages/ Comments

1. Resources started the 23/24 FY year with a target of £11.6m savings to find (30 savings lines)- of which £5.1m were Resources specific, and £6.5m cross cutting in nature (of which £5.5m relates to the Management & Capacity review. This has now reduced after M&C savings apportioned to other Directorates.
2. Note this updated £9.3m target includes £2.8m of undelivered rollovers from last year that remain due - this comes primarily from rolled over Management & Capacity savings (£2), but also rollovers from fees and charges review, Common Activities, and several smaller items.
3. The largest savings at risk are shown in the top right corner - P5 shows the full £500k saving for Strategic Review of Fees and Charges as safe (an improvement of £250k from P4). The Mayor's office savings (£0.08m) and Review of democractic engagement to modernise service delivery (£0.05m) currently reporting the highest amounts at risk.
4. Note that these figures above exclude additional savings committed in summer 2022 relating to recurring mitigations and others signed-off in business cases - specifically Digital Transformation programme which has a net £428k net savings due this year (assuming some rollover from last year) DTP is looking at a proposal to rebaseline the timeline and phasing of savings.
5. In total Resources (when accounting for business case savings) Resources has 36 separate savings due in 23/24 with £10m due.

Section B: Risks and Opportunities

Division	Service	Risk or Opportunity	Description of Impact	Risk (Opportunity) £'000	Likelihood %	Net Risk (Opportunity) £'000
Resources	Finance - ARI	Risk	Risk due to recruitment challenges in finance and requirement to use interim resource at a higher price point that anticipated to cover urgent and critical areas including HRA.	300	75%	225
Resources	Finance - Rev & Benefits	Risk	Annual approved Local Authority errors on DWP subsidy payments above the lower threshold for 2021/22 resulting in loss of subsidy payments	340	100%	340
Resources	Finance - Rev & Benefits	Opportunity	Reserves earmarked to fund loss in subsidy payments to be used to mitigate risk above	(340)	100%	(340)
Resources	Legal Services	Risk	Staffing (including Agency) cost pressure - additional locums and agency staff to take on additional work mainly for Adult Care & Child Protection	360	90%	324

Resources	Democratic Services	Risk	Existing budget of £8.5k to organise Remembrance Sunday activities when in-house. Richmond Events Management have now taken the organisation at a yearly contract cost of £25k, resulting in an on-going pressure of £16.5k On-going pressure of £8.5k costs pa for the hire of the Lord Mayor's car, with no budget	25	90%	23
Resources	Statutory Registration	Risk	Increase in contract price for 23/24 for seven-month period to October 23, after which the current contract lapses to be replaced either by a new temporary contract or for service to come in-house. This risk assumes that there will be a new temporary contract for the rest of the financial year with unit cost rising from £275 to £400	155	100%	155
Resources	Statutory Registration	Opportunity	Registrars fee income actual at P4 forecast an overachievement of income budget plus underspend across salary budgets through vacancies	(170)	95%	(162)
Resources	Executive Office	Risk	In advance of the closure of City Mayor's office in 24/25, MTFP savings of £75k at risk	75	100%	75
			Assumed internal mitigations	(640)	100%	(640)
Total - Resources			**TOTAL**			**0**

Section C: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£8.4m	**£8.4m**	**£2.1m** 25% of Budget	**£7.0m** 83% of Budget	**(£1.4m)**

Gross Expenditure by Programme		Current Year (FY2023) - Period 5				Performance to budget	
Ref	Scheme	Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
		£000s				%	
Resources							
RE01	ICT Refresh Programme	1,795	0	1,795	0	0%	100%
RE03	ITTP - IT Transformation Programme (CLOSED March 2023)	0	(2)	0	0		
RE07	Digital Transformation Programme - Networks	4,511	1,691	3,507	(1,005)	37%	78%
RE08	Digital Transformation Programme	1,053	412	557	(496)	39%	53%
RE09	Expansion of Flax Bourton Mortuary	1,066	15	1,125	59	1%	105%
Total Resources		8,425	2,116	6,983	(1,442)	25%	83%

Key Messages:

- **(RE07) Digital Transformation – Networks** – The project has re-profiled its 23/24 spend, requesting £1.0m budget be moved back into 24/25.
- **(RE08) Digital Transformation Programme** – £0.45m of 23/24 spend has been re-profiled to next year for Telephony / Contact Centre and CRM & Channel Shift. In addition, eDiscovery for SARS is forecasting an in-year underspend of £0.043m due to the project being descoped.
- **(RE09) Expansion of Flax Bourton Mortuary** – Expansion has now been approved and the project is now moving ahead with its remaining budget forecasted to be spent in 23/24. Currently, the project is showing a £0.06m overspend, and discussions with the Budget Manager is being held to find how this can be mitigated within the financial year.

Section A: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance
P05	**£61.6m**	**£61.6m**	**£0.0m**
P02	*£61.5m*	*£61.5m*	*(£0.0m)*

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
(0.0)	0.0	0.0	0.0						
▲↑									

Position by Division

Period 5/ Quarter 2 - Summary	Approved budget	Revised Budget	Q2/P5 Forecast	Q1/P2 variance	P3/P4 variance	Q2/P5 variance	Total Variance	Total Variance %
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
4 - Growth & Regeneration								
37 - Housing & Landlord Services	20,559	20,955	20,956	0	0	1	1	0.0%
46 - Economy of Place	2,885	2,862	2,845	0	(0)	(17)	(18)	-0.6%
47 - Management of Place	(1,890)	(2,383)	(2,430)	(31)	31	(48)	(48)	2.0%
4A - Management - G&R	(170)	(675)	(675)	0	0	0	0	0.0%
4B - Property, Assets and Infrastructure	40,011	40,808	40,872	0	(0)	64	64	0.2%
Total 4 - Growth & Regeneration	**61,395**	**61,568**	**61,568**	**(31)**	**31**	**(0)**	**(0)**	**0.0%**

Key Messages:

The Growth & Regeneration Directorate is reporting a forecast breakeven position against a revised net expenditure budget of £61.6m (following minor virements since budget approval per Appendix A1a Table 3).

The Directorate is also reporting a breakeven position against its net risks and opportunities. Risks are driven predominantly by energy costs, a shortfall in parking income, as well as anticipated increase in the demand for Temporary Accommodation. These risks are offset by underspends resulting from staff vacancies, as well as an anticipated net increase in CAZ revenue, some of which is likely to offset the management review savings.

Housing & Landlord Services

The division is reporting a breakeven position against a revised budget of £21.0m. Work is ongoing to address the demand pressure in Temporary Accommodation (TA) from subsidy loss. However, the homelessness pressures from increasing demand continue to pose a risk. These pressures have been substantially mitigated by the TA Savings Programme that has successfully increased the supply of properties available through various initiatives to house people into less expensive accommodation.

Economy of Place
The division is reporting a breakeven position against a revised budget of £2.9m.

Management of Place
The division is reporting a £0.05m favourable variance against a revised budget of (£2.4m). The Division has flagged in the Risk & Opportunities register potential risk to Car parking income totalling £1.6m based on year-to-date trends, which is likely to be offset by additional revenue from the CAZ scheme. This will be monitored over the next quarter and opportunities to mitigate any potential shortfall explored.

Property, Asset Strategy and Investment
The division is reporting a breakeven position against a revised budget of £40.8m. While the energy prices are on the decline, there is an anticipated pressure in energy costs being flagged by the service (including street lighting energy) of £4m which continues to be regularly reviewed. This is however expected to be fully mitigated using a combination of initiatives and sources.

Savings Delivery

Growth & Regeneration Led Savings

23/24 G&R Directorate Savings Target (£'000s):	9,396
23/24 Cross Cutting (G&R Led) Savings Target (£'000s):	3,467
In Year (23/24) Total:	**12,863**

	A - G&R Directorate						B - Cross cutting (G&R led)					
	This month			Last month			This month			Last month		
	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk
No - savings are at risk	6,021	1,867	31%	6,021	3,217	53%	3,467	1,811	52%	3,467	1,500	43%
Yes - savings are safe	3,375	0	0%	3,375	0	0%	0	0	n/a	0	0	n/a
SAVING CLOSED - CONFIRMED AS 'SECURED & DELIVERED'	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
NO RAG PROVIDED	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
Grand Total	9,396	1,867	20%	9,396	3,217	34%	3,467	1,811	52%	3,467	1,500	43%
Represents increased cost rather than saving	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
n/a - represents last year's saving was due one off only	-200	0	0%	-200	0	0%	0	0	n/a	0	0	n/a
Grand Total	9,196	1,867	20%	9,196	3,217	35%	3,467	1,811	52%	3,467	1,500	43%
n/a - represents a saving was mitigated last year	-695			-695			-1,467			-1,467		
WRITTEN OFF	0			0			0			0		
Grand Total	8,501	1,867	22%	8,501	3,217	38%	2,000	1,811	91%	2,000	1,500	75%

Top 5 largest savings at risk in year (ordered by size of saving at risk)			
ID	Cross cutting?	Name of Proposal	Value at Risk in 23/24 (£'000)
NEW2223_CEN03b	Y	Reduce council-owned property & Continued Corporate Landlord	£ 1,811
2324-GR7	N	Temporary Accommodation need	£ 397
NEW2223_GR001	N	Increase revenue through bus shelter advertising	£ 300
2324-GR2.1	N	City Transport discretionary activities	£ 250
IN27b	N	Generating and saving money through energy generation and efficiency	£ 230

Mitigated savings from previous years' that remain 'due' for delivery this year (£m)	
Amount due from previous year(s):	£ 2.16
Amount reported at risk:	£ 1.95

Key Changes since last month

Since last month the target for G&R has remained at £12.9m.

1. 2223-GR055 Increase fees for Pay and Display Parking Bays (£200k) - reporting a reduction in the value of savings at risk this month, from £200k to £100k.
2. 2324-NEW10 Charging for DIY Waste at Recycling Centres - reporting a reduction in the value of savings at risk this month, from £300k to £150k.
3. NEW2223_CEN03b Reduce Council-Owned Porterty & Continued Corporate Landlord - reporting an increase in the value of savings at risk this month, from £1.5mil to £1.81 mil (this is cross-cutting).
4. NEW2223_GR011 Review Charges at all off-street car parks and on-street Parking Spaces - reporting a reduction in the value of savings at risk this month, from £1.1mil to £100k.

Key messages/ Comments

1. Following P3 the apportioned Management & Capacity savings were applied to G&R's savings list (£1m). This is continuing to report as green but Directors are in the process of confirming which roles/vacancies to apply to in order to complete /cash the saving.
2. Note that the G&R target target includes £2.2m of undelivered rollovers from last year that remain due , and of this the majority is continuing to report as at risk (£2m) . This comes primarily from rolled over property savings (£1.5m), but also non delivery of energy savings, parking savings, and others.
3. The largest savings reported at risk are shown in the top right corner - with Property savings continuing to be largest at risk and Temporary accommodation savings second - these are both being delivered through programme vehicles as part of the 'top 4' (approved Cabinet June 2023).
4. Note last month showed .a signficant amount at risk for parking which has now reduced signficantly - as referenced above, and has fallen out the top 5 at risk - a legacy energy saving is now showing within the top 5.
5. Note that these figures above **exclude** additional savings committed in summer 2022 relating to recurring mitigations - the largest of which is £0.5M of savings related to BottleYard and several Housing savings - for which £0.9m rolled over, and £0.7M reported at risk. The total 23/24 target increases to £13.8m when accounting for these additional savings due, and 39 savings lines due in total.

Note nil reporting received for majority of Housing division savings lines.

Section B: Risks and Opportunities

Div No	Div Name	Risk / Opp	Description of Impact	Risk (Opportunity) £'000	Likelihood %	Net Risk (Opportunity) £'000
47	MOP	Risk	Expenditure Pressures & Income defecits	5,740	97%	5,576
4B	PAI	Risk	Expenditure Pressures & Income deficits	6,814	100%	6,790
4B	PAI	Risk	Savings at Risk- Corporate Landlord	1,811	100%	1,811
37	HSL	Risk	Savings at Rsk - Temporary Accommodation	684	100%	684
47	MOP	Risk	Savings at Risk	830	100%	830
37	HSL	Risk	Demand Pressure - Temporary Accommodation	333	100%	333
46	EOP	Risk	Savings at Risk	730	100%	730
4B	PAI	Risk	Savings at Risk	500	100%	500
46	EOP	Risk	Income Deficit	117	100%	117
SubTotal - Risks				**17,559**		**17,371**
46	EOP	Opportunity	Mitigation - Reduced Costs	(1,113)	100%	(1,113)
37	HSL	Opportunity	Mitigation - Income	(288)	100%	(288)
4B	PAI	Opportunity	Mitigation	(4,410)	100%	(4,410)
47	MOP	Opportunity	Mitigation	(3,578)	100%	(3,578)
46/47	EOP/MOP	Opportunity	Mitigation - alternative funding to support delivery of local and sustainable transport	(7,852)	100%	(7,852)
SubTotal - Opportunities				**(17,241)**		**(17,241)**
Net Total				**318**	**0**	**130**

The net risks and opportunities flagged by service managers shows a largely breakeven position. This risk is driven predominantly by energy costs, a shortfall in parking income, as well as anticipated increase in the demand for Temporary Accommodation. These are offset by underspends resulting in a number of in year mitigations as well as an anticipated net increase in CAZ revenue. All risks and pressures are carefully monitored and, if needed, the service will take further measures to address these pressures.

Section C: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£175.2m	£175.2m	£33.5m	£137.5m	(£37.7m)
		19% of Budget	78% of Budget	
2022/23	Comparator			
£170.0m	£157.7m	£34.5m	£139.0m	(£18.7m)

Gross Expenditure by Programme

Ref	Scheme	Current Year (FY2023) - Period 5 Budget	Expenditure to Date	Forecast	Variance	Performance to budget: Expenditure to date	Forecast
		£000s				%	
Growth & Regeneration							
CRF3	Covid Recovery Fund – Economic Infrastructure	1,666	163	1,223	(443)	10%	73%
GR01	Strategic Property – Temple Meads Development	16,647	1,617	8,022	(8,626)	10%	48%
GR03	Economy Development - ASEA 2 Flood Defences	8,236	2,039	7,600	(636)	25%	92%
GR05	Strategic Property - Hawkfield Site	122	8	122	0	6%	100%
GR05A	South Bristol Light Industrial Workspace Redevelopment	2,550	1,904	2,465	(86)	75%	97%
GR07	Areas for Growth & Regeneration - Pending Business Case Development	500	0	0	(500)	0%	0%
GR07A	Strategic CIL Capital Funds - Transport and Parks & Green Spaces	1,000	0	0	(1,000)	0%	0%
GR08	Delivery of Regeneration of Bedminster Green	5,536	843	4,666	(870)	15%	84%
GR09	Clean Air Zone Programme	16,388	1,479	10,386	(6,002)	9%	63%
GR10	Improvements to Local Centres	1,500	0	39	(1,461)	0%	3%
NH01	Libraries for the Future	49	(29)	12	(37)	-59%	24%
NH02	Investment in parks and green spaces	3,417	567	2,196	(1,221)	17%	64%
NH02A	Invest in Parks Sports Outdoor Equipment & Facility Improvements	260	0	260	0	0%	100%
NH03	Cemeteries & Crematoria investment	1,022	11	192	(830)	1%	19%
NH04	Third Household Waste Recycling and Re-use Centre	348	342	348	0	98%	100%
NH06A	Bristol Operations Centre - Phase 2	443	113	443	0	26%	100%
NH07	Private Housing	4,773	1,447	5,024	251	30%	105%
PL01	Metrobus	2,766	339	1,130	(1,637)	12%	41%
PL02	Passenger Transport	240	(83)	311	70	-34%	129%
PL03	Residents Parking Schemes	650	0	0	(650)	0%	0%
PL04	Strategic Transport	13,457	1,115	13,574	117	8%	101%
PL05	Sustainable Transport	4,296	434	2,838	(1,458)	10%	66%
PL06	Portway Park & Ride Investment	(1,195)	(275)	500	1,695	23%	-42%
PL09	Highways infrastructure - bridge investment	469	291	469	0	62%	100%
PL09A	Highways infrastructure - Cumberland Road Stabilisation Scheme	1,241	343	941	(300)	28%	76%
PL10	Highways & Traffic Infrastructure - General	18,741	3,286	14,507	(4,234)	18%	77%
PL10B	Highways & Traffic - Street Lighting	3,760	2,276	7,000	3,240	61%	186%
PL10C	Transport Parking Services	398	61	148	(250)	15%	37%
PL11A	Cattle Market Road site re-development	1,874	79	935	(939)	4%	50%
PL15	Environmental Improvements Programme	38	0	38	0	0%	100%
PL17	Resilience Fund (£1m of the £10m Port Sale)	19	0	19	0	0%	100%
PL18	Energy services - Renewable energy investment scheme	3,545	1,847	2,541	(1,003)	52%	72%
PL18A	Energy Services- Bristol Heat Networks (CLOSED Jan 2023)	0	(22)	0	0		
PL18B	Energy Services - School Efficiencies	(10)	4	0	10	-40%	0%
PL20	Strategic Property	580	475	505	(75)	82%	87%
PL21	Building Practice Service - Essential H&S	3,617	684	2,958	(659)	19%	82%
PL24	Bristol Beacon	29,317	10,110	26,469	(2,848)	34%	90%
PL27	Vehicle Fleet Replacement Programme	2,681	468	1,942	(739)	17%	72%
PL30	Housing Delivery Programme	20,046	1,495	16,520	(3,526)	7%	82%
PL32	Western Harbour Design Development	280	0	0	(280)	0%	0%
PL34	Strategic property - Community investment scheme	749	0	400	(349)	0%	53%
PL35	Harbour Operational Infrastructure	2,774	38	313	(2,462)	1%	11%
PL36	Investment in Markets infrastructure & buildings	455	62	455	0	14%	100%
Total Growth & Regeneration		**175,245**	**33,531**	**137,510**	**(37,735)**	**19%**	**78%**

Key Messages:

G&R are reporting an underspend of **£37.7m** against a Budget of **£175.2m**. The year-to-date spend of **£33.5m** (19%) represents an average of £6.8m per month**.** To achieve the forecast target for 2023/24, the directorate will need to increase the average spend per month by **£8m** to an average of **£14.9m** each month for the rest of the year.

The Directorate is working on an improvement plan that is expected to accelerate the delivery of the Capital programme over the year 23/24 and into the future.

Below are comments provided for variances over £0.5m:

Growth & Regeneration Capital Programme

Ref	Scheme	Variance	Comments
GR01	Strategic Property – Temple Meads Development	(8,626)	This project is currently under review owing to the recent fire and other events. All budget to be moved to 2024/25 and beyond to account for project delays.
GR09	Clean Air Zone Programme	(6,002)	The take up for this scheme is below expected levels. This has led to an underspend will be transferred into the following year.
PL10	Highways & Traffic Infrastructure - General	(4,234)	The forecast for this year is below budget due to delays in delivery, this has led to the current underspend which will be moved into the following year.
PL30	Housing Delivery Programme	(3,526)	Awaiting comments
PL24	Bristol Beacon	(2,848)	A review of the latest forecast has identified contingencies that will no longer be required for 23/24 and this will be moved to next year.
PL35	Harbour Operational Infrastructure	(2,462)	The forecast for this year is below budget due to delays in delivery, this has led to the current underspend which will be moved into the following year.
PL01	Metrobus	(1,637)	This is a forecasting error; the service indicates this will be corrected and the allocated funds for 23/24 will be fully spent
GR10	Improvements to Local Centres	(1,461)	Minimal spend expected against this scheme this year following a review. The budget is to be reprofiled to 24/25.

PL05	Sustainable Transport	(1,458)	The variance reflects the fact that the budget has not yet been updated will all approved grant funding. Once this has been done and the forecast corrected the service indicates that the scheme will spend to the amount allocated for 23/24.
NH02	Investment in parks and green spaces	(1,221)	The forecast for this year is below budget due to delays in delivery, this has led to the current underspend which will be moved into the following year.
PL18	Energy services - Renewable energy investment scheme	(1,003)	This underspend reflects the latest position regarding the level of grants received. As further grant applications are received these will be processed and the underspend will reduce accordingly.
PL11A	Cattle Market Road site re-development	(939)	This forecast currently reflects the current assessment of the project following delay, disputes, and adjudication re the design stage. Decision awaited on dredging of harbour which will determine ongoing programme and forecast costs. The underspend that has been forecast because of the delays will be slipped to next year.
GR08	Delivery of Regeneration of Bedminster Green	(870)	The forecast for this year is below budget as it reflects slippage due to delays in starting on site. This underspend will be moved into the following year.
NH03	Cemeteries & Crematoria investment	(830)	Work has paused to undertake strategy review. This has resulted in an underspend of the 23/24 budget. However, this will be moved to next year.
PL27	Vehicle Fleet Replacement Programme	(739)	Although attempts are being made to spend the remaining capital budget, the latest forecast reflects current commitment of known planned expenditure.
PL21	Building Practice Service - Essential H&S	(659)	Underspend based on latest assessment of planned works in 2023-24
PL03	Residents Parking Schemes	(650)	No expenditure is expected on this scheme this year to allow for a review. The budget to be reprofiled to 24/25.

GR03	Economy Development - ASEA 2 Flood Defences	(636)	This is a joint scheme with South Glos. Council and Environment Agency. The forecast expenditure and underspend reflect the latest assessment of the Council's commitment for 23/24.
GR07	Areas for Growth & Regeneration - Pending Business Case Development	(500)	This budget is to be reallocated elsewhere following a decision by Full Council.
PL06	Portway Park & Ride Investment	1,695	The budget for this project has not been loaded leading to an erroneous variance. When this is corrected, the scheme is expected to spend its 23/24 allocation.
PL10B	Highways & Traffic - Street Lighting	3,240	Programme has been accelerated, funding to be reprofiled back into 2023-24.
Total Growth & Regeneration		**(37,735)**	

Section A: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance
P05	**£137.4m**	**£141.0m**	**3.6m overspend**
P02	***£137.4m***	***£135.7m***	***(£1.7m) underspend***

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
(1.7)	(1.6)	2.7	3.6						
▲↑	▼↓	▼↓	▼↓						

Position by Division

Period 5/ Quarter 2 - Summary	Approved budget	Revised Budget	Q2/P5 Forecast	Q1/P2 variance	P3/P4 variance	Q2/P5 variance	Total variance	Total Variance %
Total Housing Revenue Account	137,365	137,365	140,949	(1,681)	4,407	858	3,584	2.6%

Key Messages:

The Housing Revenue Account at the end of period 5 is reporting an overspend of £3.6m (shown in the table below). Any instance of an overspend on the HRA will be funded by a transfer from the HRA general reserve at the end of the financial year. The overall movement from P4 of £0.9m is due to additional repair costs of £0.6m, £0.3m overspend forecast for Rents, rates, taxes, and other charges and an adjustment of £0.3m for a previous forecasting error.

The main reasons for the variance against budget are set out below:

Summary – Housing Revenue Account

HOUSING REVENUE ACCOUNT	Approved Budget £M	Current Forecast £M	Outturn Variance £M	Previous Forecast £M	Movement £M
Income	**(137.5)**	**(136.6)**	**0.9**	(137.5)	**1.0**
Repairs & Maintenance	40.0	43.2	3.1	41.4	**1.8**
Supervision & Management	44.8	44.5	(0.3)	44.4	**0.1**
Special Services	15.0	14.3	(0.7)	14.2	**0.1**
Rents, rates, taxes and other charges	0.6	0.9	0.3	0.9	**0.0**
Depreciation and bad debt provision	32.6	32.6	0.0	32.6	**0.0**
Total expenditure - core services	**133.1**	**135.5**	**2.5**	**133.5**	**2.0**
Net cost of core HRA services	**(4.4)**	**(1.0)**	**3.4**	**(4.0)**	**3.0**
Net interest payable, pension costs and other non operational charges	10.9	11.2	0.3	11.1	**0.1**
(Surplus) / Deficit for the year on HRA services	**6.5**	**10.1**	**3.6**	**7.1**	**3.0**
Drawn down from HRA reserves	**(6.5)**	**(10.1)**	**(3.6)**	**(7.1)**	**(3.0)**
Net		**0.0**	**0.0**	**0.0**	**0.0**

Income is reporting a shortfall of £0.9m at the end of P5 compared to budget. The main contributing factor to the negative variance is due to handover of certain new schemes being behind schedule because of project delays, negatively impacting the dwelling rent income forecast.

The forecast for **repairs & maintenance,** was running £3.1m behind the budget at the end of P5. The main elements are overspends in the budgets for;

- +£22k Heat Management - Slight overspend due to additional costs for monthly testing on sprinklers for AFRS,
- +£567k for additional cost of adaptation on relets,
- +£619k Fire Safety Works - Minor misc works - £90k. Croydon / Rawsley - £506k. Twinnel / Lansdown communal works - £298k. Brandon Hse / Northfield Hse - £450k,
- +£207k Response Repairs - Internal costs for salaries, fleet & materials. Significant spend on external contractors and likely to overspend due to internal vacancies, backlog from covid / 2022 & damp / mould. Joinery recharge costs have increased from budget set
- +£1,041k Relets Repairs - Showing o/spend as decision made to complete less full capital works resulting in higher revenue spend. Paying for waste tipping via ETM (£200k) but funding via reduction on external contractors. Internal costs for salaries, fleet & materials.

- +£600k - Additional costs due to high backlog of works, increased damp & mould, disrepair, delays to planned programmes, decant cases.

The **supervision and management service** are forecasting an underspend of £0.3m in P5. The main elements are underspends in the budgets for;

- -£151k Planned Programmes Overheads -
- -£174k Rapid Response Project – Lower than expected costs

Special Services are reporting a £0.7m positive variance in P5.
The main elements are underspends in the budgets for;

- -£650k Communal Amenities - Forecast based on prior year outturn. Awaiting further information from Energy Program Manager and this will continue to be monitored throughout the year.

Section B: Risks and Opportunities

Division	**Risk or Opportunity**	**Detailed Comment**	**Net Risk / (Opportunity) £**
HRA	Opportunity	The Energy Price Guarantee set maximum consumer prices from October 2022 to June 2023. A lower price cap from July 23 means energy prices are likely to fall for the first time in around 20 months.	(£0.5m)
HRA	Risk	CPI Inflation continues to be significantly high. As at April 2023, this was 8.7%, this means that Repairs & Maintenance costs may be slightly higher than forecasted.	£1.5m

Section C: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£141.6m	**£141.6m**	**£21.2m** 15% of Budget	**£122.1m** 86% of Budget	**£19.4m**

Gross Expenditure by Programme		Current Year (FY2023) - Period 5				Performance to budget	
Ref	Scheme	Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
		£000s				%	
Housing Revenue Account							
HRA1	Planned Programme - Major Projects	69,756	10,144	57,260	(12,497)	15%	82%
HRA2	New Build and Land Enabling	70,015	11,101	63,093	(6,922)	16%	90%
HRA4	HRA Infrastructure	1,789	0	1,789	0	0%	100%
Total Housing Revenue Account		141,560	21,245	122,142	(19,418)	15%	86%

Key Messages:

There is an overall slippage of £19.4m for the Capital Works Budget of £141.6m. The year-to-date spend of £21.2m (15%) represents an average of £4.2m per month. This slippage is being shown within the Planned Programme – Major Projects, £12.50m and, New Build and Land Enabling, £6.92m.

Planned Programme

The Planned Programme slippage of £12.5m includes:
- £6.4m, Fire Alarms and Sprinklers installation.
- £1.6m, External Major Repairs Blocks.
- £1.5m, various planned programmes including windows and bathroom replacements
- £1.3m various HIP schemes.

New Build and Land Enabling

The New Build and Land Enabling programmes are showing slippage of £6.9m for the current year. There is an intention to reprofile these so that the programme balances over the years of the capital timeframe. Various slippages in the current year are partially balanced by bringing some spend from future years into the current year, including:
- New Housing Programme – Brunel Ford £4.8m (slippage).
- New Housing Programme – Inns Court Shops £1.9m (slippage).
- New Housing Programme – Hengrove Apartments £3.8m (slippage).
- New Housing Programme – Romney House £2.3m (anticipated earlier spend).
- New Housing Programme – Oakhanger £1.3m (anticipated earlier spend)

HRA Infrastructure

At the end of P5, the scheme is forecasted to spend in line with budget.

Appendix A7 – DSG

2023/24 – P5 Budget Monitor Report

Section A: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance
P05	**452.3m**	**468.7m**	**16.4m overspend**
P02	***£453.2m***	***£471.0m***	***£18.7m overspend***

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
18.7	18.7	18.7	16.4						
▼↓			▲↑						

Summary of 2023/24 DSG forecast position as at P05

Table 1 - Bristol Dedicated Schools Grant 2023/24	**2022/23 b/f balance**	**Gross DSG funding / Budget 2023/24***	**P05 Gross DSG forecast outturn**	**In-year variance as at P05**	**Cummulative c/f forecast position as at P05**
			£'000		
Schools Block	(787)	323,851	323,851	(0)	(787)
De-delegation	(527)	0	(1)	(1)	(528)
Central School services Block	8	2,717	2,709	(8)	(0)
Early Years	(605)	37,432	38,333	902	296
High Needs Block	42,520	86,675	103,221	16,546	59,067
High Needs Transformation	(928)	1,627	2,677	1,049	121
Funding	0	(452,302)	(452,302)	0	0
Total (Unmitigated position)	**39,680**	**(0)**	**18,488**	**18,488**	**58,170**
Mitigations (budget v.s. forecast in 2023-24)		(3,180)	(2,112)	(1,068)	(2,112)
Total - Mitigated position	**39,680**		**16,376**	**(1,068)**	**56,058**

* Bristol gross DSG Allocations, including recoupment and deductions for NNDR, and for direct funding of high needs places directly passported to schools by ESFA totalling £255.752m as at 20th July 2023.

Key Messages:

2023-24 gross allocation for DSG is £452.3m as announced by ESFA on 20th July 2023 (or net amount £196.6m after deduction for academies recoupment, NNDR and direct funding of high needs places by ESFA). The DSG is forecasting to overspend by £16.4m in 2023/24. This is the mitigated forecast position reflecting the benefits of transformation work currently underway.

The main drivers for in year deficit forecast position are increasing in EHCP and complexity of Children with SEN, overspend was forecasted in top up funding of £5m, special placement (pre- and post-16) £7.4m, ISP £2m and Teachers pay & pension £1.2m.

Early Years is forecasting an in-year overspend of just over £1.0m, of which £0.2m was planned overspend on EY improvement programme and £0.7m was due to increase demand in EY top up funding on SEN.

High Needs Transformation programme is forecasting an in-year overspend of £1.0m which will be covered by carry-forward funding from previous years.

Two workstreams funded through a Department for Education Delivering Better Value (DBV) Grant are starting to move from the development to the delivery phase. A tender process for workstream 2 was completed in July to secure a delivery partner to review High Needs Block funding which is subject to public consultation. In workstream 1 a steering group was formulated to scope the project and identify schools to take part in a test and learn pilot for the new academic year. However, £1.0m potential mitigations are currently highlighted as at risk due to further due diligence work is still required and delay in securing a delivery partner to delivery workstream 2 mitigation proposals. This means the mitigated in-year deficit position for 2023-24 could be reduced to £16.4m if mitigation proposals benefits materialise. It is vital that these mitigation proposals are monitored and delivered on a timely basis in order to restore and secure financial health of DSG funding in the longer term.

Appendix A8 – Communities and Public Health

2023/24 – P05 Budget Monitor Report

Introduction

The aim of the Communities and Public Health division is to have a healthy city where no one is left behind. This is underpinned by making Communities at the heart of all policy and practices, improving the health of the population, preventing disease, reducing inequalities, and increasing equality.
The division consists of 3 services:

- Public Health (funded by the Public Health grant)
- Communities
- Environmental health – statutory food safety, health and safety and port health services.

Public Health Grant (Division 34)

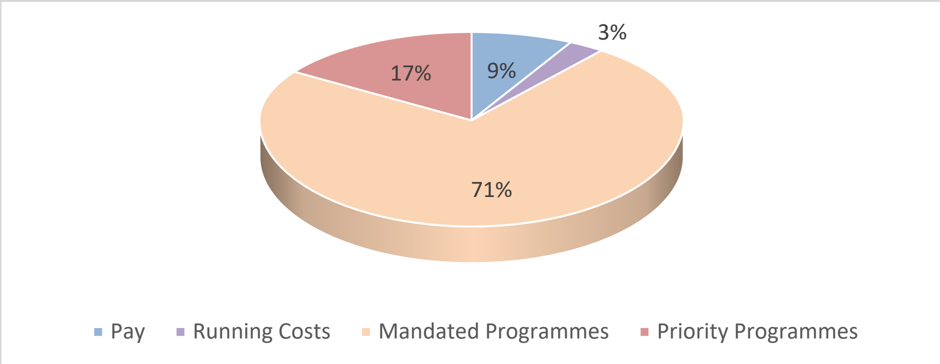
Public Health (PH) Grant of £35.7m was awarded for 2023/24. The Public Health Grant is awarded annually to the local authority and is ring fenced for the purposes of public health. The grant enables the Director of Public Health to discharge their statutory duties. Where appropriate, we joint fund services with other bodies and receive income from partners according for this purpose.

An annual return must be provided by the authority to Office for Health Improvement and Disparities (OHID), which is audited against the grant regulations.

The table below shows the current budget and forecast, utilising the OHID national coding system against which the grant is measured.

Ringfenced Public Health Grant by Categories	Budget	Forecast	Variance
P5	**23-24**	**23-24**	**23-24**
	£m	**£m**	**£m**
Sexual health services	9.733	9.733	0.000
NHS health check programme	0.433	0.433	0.000
Health protection	0.372	0.372	0.000
Public health Support to ICB	0.113	0.113	0.000
Healthy Weight & Physical Activity	1.542	1.659	0.117
Substance Use	9.671	9.671	0.000
Smoking & Tobacco Control	0.487	0.487	0.000
Children & Young People	14.778	14.792	0.014
Public mental health	0.046	0.046	0.000
Community Health Development	1.227	1.227	0.000
Impact Fund & Advice	0.728	0.728	0.000
Domestic Abuse & Sexual Violence	0.998	0.998	0.000
Intelligence, Quality & Governance	1.563	1.563	0.000
Overheads & Running Costs	0.978	0.974	(0.003)
Public Health Spend Relating to COVID 19	0.626	0.626	0.000
Total Expenditure	**43.294**	**43.421**	**0.128**
Public Health Grant Allocation	(35.716)	(35.716)	0.000
Partnership Income	(6.630)	(6.650)	(0.019)
Drawdown from COMF Reserves	(0.626)	(0.626)	0.000
PH Grant Drawdown on reserves (-=drawdown)	(0.322)	(0.430)	(0.108)
Total Income	**(43.294)**	**(43.421)**	**(0.128)**

Apportionment of Public Health grant



Communities & Public Health (Divisions 36 & 3B)

This division encompasses a wide range of public health service commissioning and provision, within three major areas: communities, environmental health (including public health protection) and other grants. These grants are in addition to the £35m Public Health grant, which include substance use, housing and homelessness supplemental grants, Domestic Abuse Bill Act funding and Sport England.
This division comprises of £5.9m General Fund and £11.7m non-public health grant related investment, set out below.

		Funded by				
Communities & Public Health (Divisions 36 & 3B)	**Forecast Spend 2023-24**	**Other Grants & Income**	**Funding from PH Grant (Division 34)**	**General Fund**	**Total Funding**	**Variance**
P5	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Voluntary Sector Investment	**3.982**	0.136	0.728	3.118	**3.982**	**0.000**
Public Protection & Environmental Health	**2.104**	0.728	0.000	1.376	**2.104**	**0.000**
Domestic Abuse & Sexual Violence	**2.683**	1.135	0.998	0.551	**2.683**	**0.000**
Hengrove Leisure PFI	**3.826**	3.325	0.000	0.501	**3.826**	**0.000**
Healthwatch	**0.353**	0.163	0.000	0.190	**0.353**	**0.000**
Community Development	**1.602**	0.214	1.180	0.208	**1.602**	**0.000**
Pest Control	**0.208**	0.208	0.000	0.000	**0.208**	**0.000**
Externally Funded Projects	**1.082**	1.082	0.000	0.000	**1.082**	**0.000**
Health & Wellbeing Transformational Fund	**0.711**	0.711	0.000	0.000	**0.711**	**0.000**
Substance Use Grants	**3.915**	3.915	0.000	0.000	**3.915**	**0.000**
UK Shared Prosperity Fund	**0.158**	0.158	0.000	0.000	**0.158**	**0.000**
Totals	**20.625**	**11.775**	**2.906**	**5.944**	**20.625**	**0.000**

Appendix A9

Directorate –

Growth and Regeneration

Subject –

WECA Mayoral Priority Skills Fund for a Film & HETV Workforce Development Programme

Background

There is a growing demand for production space and production activity in Bristol and across the West Country. Alongside studio expansion is the requirement for High-end TV (HETV) skills. These skills are planned to be delivered through a tailored Workforce Development Programme. At the same time this programme is expected to deliver almost 1,000 new FTE jobs over a 10 year period.
If the application bid is successful the fund will be awarded directly to BCC and managed by the programme strategic leads, in liaison with BCC finance colleagues.

Financial Implications

£0.376m 100% grant with a requirement for BCC to match fund £0.028m.

Summary

The council has submitted an application on 11 September 2023 to the WECA Mayoral priority Skills Fund for £0.376m 100% grant funding with a planned council match funding of £0.028m for a Film and High End (HE) TV Workforce Development Programme.

Cabinet is requested to note the decision to submit a grant funding application to the WECA Mayoral Priority Skills Fund for £0.376m with requirement for BCC to match fund £0.028m.

Cabinet is requested to give approval for the Executive Director, Growth and Regeneration, in consultation with the council's S151 Officer and the Deputy Mayor with responsibility for Finance, Governance and Performance to accept the WECA Mayoral Priority Skills grant if successful and to procure and award contracts for expenditure of that funding.

Gross Expenditure by Programme

Ref	Scheme	Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
		Current Year 2023/24 - Period 5				Performance to budget	
		£000s				%	
Children & Education							
CRF2	South Bristol Youth Zone	5,786	106	5,786	0	2%	100%
PE01	School Organisation/ Children's Services Capital Programme	11,785	982	5,869	(5,916)	8%	50%
PE02	Schools Organisation/SEN Investment Programme	10,178	3,477	6,227	(3,951)	34%	61%
PE03	Schools Devolved Capital Programme	1,330	279	923	(407)	21%	69%
PE05	Children & Families - Aids and Adaptations	110	0	127	17	0%	116%
PE06	Children Social Care Services	2,232	66	2,232	0	3%	100%
Total Children & Education		**31,421**	**4,909**	**21,164**	**(10,257)**	**16%**	**67%**
Adult & Communities							
CRF1	Covid Recovery Fund – Community Improvements	1,000	0	1,000	0	0%	100%
PE06B	Adult Social Care – Better Lives at Home Programme	1,116	(24)	1,116	0	-2%	100%
PE06C	Local Authority Housing Fund - Refugee Resettlement	4,181	0	4,181	0	0%	100%
Total Adult & Communities		**6,297**	**(24)**	**6,297**	**0**	**0%**	**100%**
Growth & Regeneration							
CRF3	Covid Recovery Fund – Economic Infrastructure	1,666	163	1,223	(443)	10%	73%
GR01	Strategic Property – Temple Meads Development	16,647	1,617	8,022	(8,626)	10%	48%
GR03	Economy Development - ASEA 2 Flood Defences	8,236	2,039	7,600	(636)	25%	92%
GR05	Strategic Property - Hawkfield Site	122	8	122	0	6%	100%
GR05A	South Bristol Light Industrial Workspace Redevelopment	2,550	1,904	2,465	(86)	75%	97%
GR07	Areas for Growth & Regeneration - Pending Business Case Development	500	0	0	(500)	0%	0%
GR07A	Strategic CIL Capital Funds - Transport and Parks & Green Spaces	1,000	0	0	(1,000)	0%	0%
GR08	Delivery of Regeneration of Bedminster Green	5,536	843	4,666	(870)	15%	84%
GR09	Clean Air Zone Programme	16,388	1,479	10,386	(6,002)	9%	63%
GR10	Improvements to Local Centres	1,500	0	39	(1,461)	0%	3%
NH01	Libraries for the Future	49	(29)	12	(37)	-59%	24%
NH02	Investment in parks and green spaces	3,417	567	2,196	(1,221)	17%	64%
NH02A	Invest in Parks Sports Outdoor Equipment & Facility Improvements	260	0	260	0	0%	100%
NH03	Cemeteries & Crematoria investment	1,022	11	192	(830)	1%	19%
NH04	Third Household Waste Recycling and Re-use Centre	348	342	348	0	98%	100%
NH06A	Bristol Operations Centre - Phase 2	443	113	443	0	26%	100%
NH07	Private Housing	4,773	1,447	5,024	251	30%	105%
PL01	Metrobus	2,766	339	1,130	(1,637)	12%	41%
PL02	Passenger Transport	240	(83)	311	70	-34%	129%
PL03	Residents Parking Schemes	650	0	0	(650)	0%	0%
PL04	Strategic Transport	13,457	1,115	13,574	117	8%	101%
PL05	Sustainable Transport	4,296	434	2,838	(1,458)	10%	66%
PL06	Portway Park & Ride Investment	(1,195)	(275)	500	1,695	23%	-42%
PL09	Highways infrastructure - bridge investment	469	291	469	0	62%	100%
PL09A	Highways infrastructure - Cumberland Road Stabilisation Scheme	1,241	343	941	(300)	28%	76%
PL10	Highways & Traffic Infrastructure - General	18,741	3,286	14,507	(4,234)	18%	77%
PL10B	Highways & Traffic - Street Lighting	3,760	2,276	7,000	3,240	61%	186%
PL10C	Transport Parking Services	398	61	148	(250)	15%	37%
PL11A	Cattle Market Road site re-development	1,874	79	935	(939)	4%	50%
PL15	Environmental Improvements Programme	38	0	38	0	0%	100%
PL17	Resilience Fund (£1m of the £10m Port Sale)	19	0	19	0	0%	100%
PL18	Energy services - Renewable energy investment scheme	3,545	1,847	2,541	(1,003)	52%	72%
PL18A	Energy Services- Bristol Heat Networks (CLOSED Jan 2023)	0	(22)	0	0		
PL18B	Energy Services - School Efficiencies	(10)	4	0	10	-40%	0%
PL20	Strategic Property	580	475	505	(75)	82%	87%
PL21	Building Practice Service - Essential H&S	3,617	684	2,958	(659)	19%	82%
PL24	Bristol Beacon	29,317	10,110	26,469	(2,848)	34%	90%
PL27	Vehicle Fleet Replacement Programme	2,681	468	1,942	(739)	17%	72%
PL30	Housing Delivery Programme	20,046	1,495	16,520	(3,526)	7%	82%
PL32	Western Harbour Design Development	280	0	0	(280)	0%	0%
PL34	Strategic property - Community investment scheme	749	0	400	(349)	0%	53%
PL35	Harbour Operational Infrastructure	2,774	38	313	(2,462)	1%	11%
PL36	Investment in Markets infrastructure & buildings	455	62	455	0	14%	100%
Total Growth & Regeneration		**175,245**	**33,531**	**137,510**	**(37,735)**	**19%**	**78%**
Resources							
RE01	ICT Refresh Programme	1,795	0	1,795	0	0%	100%
RE03	ITTP - IT Transformation Programme (CLOSED March 2023)	0	(2)	0	0		
RE07	Digital Transformation Programme - Networks	4,511	1,691	3,507	(1,005)	37%	78%
RE08	Digital Transformation Programme	1,053	412	557	(496)	39%	53%
RE09	Expansion of Flax Bourton Mortuary	1,066	15	1,125	59	1%	105%
Total Resources		**8,425**	**2,116**	**6,983**	**(1,442)**	**25%**	**83%**
Total General Fund service Total		**221,387**	**40,532**	**171,953**	**(49,434)**	**18%**	**78%**
Housing Revenue Account							
HRA1	Planned Programme - Major Projects	69,756	10,144	57,260	(12,497)	15%	82%
HRA2	New Build and Land Enabling	70,015	11,101	63,093	(6,922)	16%	90%
HRA4	HRA Infrastructure	1,789	0	1,789	0	0%	100%
Total Housing Revenue Account		**141,560**	**21,245**	**122,142**	**(19,418)**	**15%**	**86%**

Gross Expenditure by Programme

Ref	Scheme	Current Year 2023/24 - Period 5				Performance to budget	
		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
		£000s				%	
HRA & GF Service Total		362,947	61,777	294,095	(68,852)	17%	81%
Corporate Contingencies & Funds (General Fund)							
CP03	Corporate Contingencies	3,490	0	3,490	0	0%	100%
CP05	Decarbonisation Fund - Pending Business Case Development	6,000	0	500	(5,500)	0%	8%
CP06	Assumed level of capital programme slippage (23-24 Budget Report)	(5,741)	0	(5,741)	0	0%	100%
Total Corporate Contingencies & Funds (General Fund)		3,749	0	(1,751)	(5,500)	0%	-47%
Capital Programme Grand Total		366,696	61,777	292,344	(74,352)	17%	80%

Environmental Impact Assessment [version 1.0]

Proposal title: 2023/24 Quarter 2/Period 5 Finance Report		
Project stage and type: ☐ Initial Idea Mandate	☐ Outline Business Case	☐ Full Business Case
☐ Policy ☐ Strategy ☐ Function ☐ Service ☐ Other [please state]	☐ New ☐ Already exists / review	☐ Changing
Directorate: Finance	**Lead Officer name: Jemma Prince**	
Service Area: Accountancy, Risk and Insurance	**Lead Officer role: Finance Business Partner – Financial Planning and Reporting**	

Step 1: What do we want to do?

The purpose of this Environmental Impact Assessment is to help you develop your proposal in a way that is compliant with the council's policies and supports the council's strategic objectives under the One City Climate Strategy, the One City Ecological Emergency Strategy and the latest Corporate Strategy.

This assessment should be started at the beginning of the project proposal process by someone with a good knowledge of the project, the service area that will deliver it, and sufficient influence over the proposal to make changes as needed.

It is good practice to take a team approach to completing the Environmental Impact Assessment. See further guidance on completing this document. Please email environmental.performance@bristol.gov.uk early for advice and feedback.

1.1 What are the aims and objectives/purpose of this proposal?

Briefly explain the purpose of the proposal and why it is needed. Please use plain English, avoiding jargon and acronyms.

> The Council budget for 2023/24 was agreed by Full Council 21 February 2023. This report provides information and analysis at Quarter 2/Period 5 (August 2023 extrapolated) on the Council's financial performance against the approved budget and forecast use of resources for the financial year. This report also serves as a mechanism for any finance approvals or adjustments that are required on the Council's approved budget.

1.2 Will the proposal have an environmental impact?

Could the proposal have either a positive or negative effects for the environment now or in the future? If 'No' explain why you are sure there will be no environmental impact, then skip steps 2-3 and request review by sending this form to environmental.performance@bristol.gov.uk

If 'Yes' complete the rest of this assessment.

☐ **Yes** ☒ **No** [please select]

> The report does not outline any specific changes to funds that are likely to affect delivery of the corporate environmental objectives.

1.3 If the proposal is part of an options appraisal, has the environmental impact of each option been assessed and included in the recommendation-making process?

If 'Yes' please ensure that the details of the environmental impacts of each option are made clear in the pros and cons section of the project management options appraisal document.

☐ **Yes**	☐ **No**	☐ **Not applicable**	[please select]

If 'No' explain why environmental impacts have not been considered as part of the options appraisal process.

Step 2: What kinds of environmental impacts might the project have?

Analysis of impacts must be rigorous. Please demonstrate your analysis of any impacts of the proposal in this section, referring to evidence you have gathered. See detailed [guidance documents] for advice on identifying potential impacts.

Does the proposal create any benefits for the environment, or have any adverse impacts?

Outline any potential benefits of the proposal and how they can be maximised. Identify how the proposal will support our corporate environmental objectives and the wider [One City Climate and Ecological Emergency strategies].

Consider how the proposal creates environmental impacts in the following categories, both now and in the future. **Reasonable efforts should be made to quantify stated benefit or adverse impacts wherever possible.**

Where the proposal is likely to have a beneficial impact, consider what actions would enhance those impacts. Where the proposal is likely to have a harmful impact, consider whether actions would mitigate these impacts.

Enhancements or mitigation actions are only required when there is a likely impact identified. Remember that where enhancements or mitigation actions are listed, they should be assigned to staff and appropriately resourced.

GENERAL COMMENTS (highlight any potential issues that might impact all or many categories)		
ENV1 Carbon neutral: Emissions of climate changing gases BCC has committed to achieving net zero emissions for its direct activities by 2025, and to support the city in achieving net zero by 2030. Will the proposal involve transport, or the use of energy in buildings? Will the proposal involve the purchase of goods or services? If the answer is yes to either of these questions, there will be a carbon impact. Consider the scale and timeframe of the impact,	**Benefits**	
	Enhancing actions	
	Persistence of effects: ☐ **1 year or less** ☐ **1 – 5 years** ☐ **5+ years**	
	Adverse impacts	

particularly if the proposal will lead to ongoing emissions beyond the 2025 and 2030 target dates. Further guidance ☐ **No impact**	**Mitigating actions**	
	Persistence of effects: ☐ **1 year or less** ☐ **1 – 5 years** ☐ **5+ years**	
ENV2 Ecological recovery: Wildlife and habitats BCC has committed to 30% of its land being managed for nature and to halve its use of pesticides by 2030. Consider how your proposal can support increased space for nature, reduced use of pesticides, reduce pollution to waterways, and reduce consumption of products that undermine ecosystems around the world. If your proposal will directly lead to a reduction in habitat within Bristol, then consider how your proposed mitigation can lead to a biodiversity net gain. Be sure to refer to quantifiable changes wherever possible. Further guidance ☐ **No impact**	**Benefits**	
	Enhancing actions	
	Persistence of effects: ☐ **1 year or less** ☐ **1 – 5 years** ☐ **5+ years**	
	Adverse impacts	
	Mitigating actions	
	Persistence of effects: ☐ **1 year or less** ☐ **1 – 5 years** ☐ **5+ years**	
ENV3 A cleaner, low-waste city: Consumption of resources and generation of waste Consider what resources will be used as a result of the proposal, how they can be minimised or swapped for less impactful ones, where they will be sourced from, and what will happen to any waste generated	**Benefits**	
	Enhancing actions	
	Persistence of effects: ☐ **1 year or less** ☐ **1 – 5 years** ☐ **5+ years**	
	Adverse impacts	

Further guidance ☐ **No impact**	**Mitigating actions**	
	Persistence of effects: ☐ **1 year or less** ☐ **1 – 5 years** ☐ **5+ years**	
ENV4 Climate resilience: Bristol's resilience to the effects of climate change Bristol's climate is already changing, and increasingly frequent instances of extreme weather will become more likely over time. Consider how the proposal will perform during periods of extreme weather (particularly heat and flooding). Consider if the proposal will reduce or increase risk to people and assets during extreme weather events. Further guidance ☐ **No impact**	**Benefits**	
	Enhancing actions	
	Persistence of effects: ☐ **1 year or less** ☐ **1 – 5 years** ☐ **5+ years**	
	Adverse impacts	
	Mitigating actions	
	Persistence of effects: ☐ **1 year or less** ☐ **1 – 5 years** ☐ **5+ years**	
Statutory duty: Prevention of Pollution to air, water, or land Consider how the proposal will change the likelihood of pollution occurring to air, water, or land and what steps will be taken to prevent pollution occurring. Further guidance ☐ **No impact**	**Benefits**	
	Enhancing actions	
	Persistence of effects: ☐ **1 year or less** ☐ **1 – 5 years** ☐ **5+ years**	
	Adverse impacts	
	Mitigating actions	

	Persistence of effects:	☐ 1 year or less	☐ 1 – 5 years	☐ 5+ years

Step 3: Action Plan

Use this section summarise and assign responsibility for any actions you have identified to improve data, enhance beneficial, or mitigate negative impacts. Actions identified in section two can be grouped together if named responsibility is under the same person.

This action plan should be updated at each stage of the project. Please be aware that the Sustainable City and Climate Change Service may use this action plan as an audit checklist during the project's implementation or operation.

Enhancing / mitigating action required	Responsible Officer	Timescale

Step 4: Review

The Sustainable City and Climate Change Service need at least five working days to comment and feedback on your impact assessment. Assessments should only be marked as reviewed when they provide sufficient information for decision-makers on the environmental impact of the proposal.

Please seek feedback and review by emailing environmental.performance@bristol.gov.uk before final submission of your decision pathway documentation[1].

Where impacts identified in this assessment are deemed significant, they will be summarised here by the Sustainable City and Climate Change Service and must be included in the 'evidence base' section of the decision pathway cover sheet.

Summary of significant beneficial impacts and opportunities to support the Climate, Ecological and Corporate Strategies (ENV1,2,3,4):
Summary of significant adverse impacts and how they can be mitigated:

Environmental Performance Team Reviewer: Daniel Shelton	**Submitting author:** Jemma Prince
Date: 20/09/2023	**Date:** 20/09/2023

[1] Review by the Sustainable City and Climate Change Service confirms there is sufficient analysis for decision makers to consider the likely environmental impacts at this stage. This is not an endorsement or approval of the proposal.