

# Cabinet Agenda



**Date:** Tuesday, 22 January 2019

**Time:** 4.00 pm

**Venue:** Conference Hall - City Hall, College Green,  
Bristol, BS1 5TR

## Distribution:

**Cabinet Members:** Mayor Marvin Rees, Nicola Beech, Craig Cheney, Asher Craig, Kye Dudd, Helen Godwin, Helen Holland, Anna Keen and Paul Smith

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**Date:** Monday, 14 January 2019



# Agenda

## PART A - Standard items of business:

### 1. Welcome and Safety Information

Members of the public intending to attend the meeting are asked to please note that, in the interests of health, safety and security, bags may be searched on entry to the building. Everyone attending this meeting is also asked please to behave with due courtesy and to conduct themselves in a reasonable way.

Please note: if the alarm sounds during the meeting, everyone should please exit the building via the way they came in, via the main entrance lobby area, and then the front ramp. Please then assemble on the paved area in front of the building on College Green by the flag poles.

If the front entrance cannot be used, alternative exits are available via staircases 2 and 3 to the left and right of the Conference Hall. These exit to the rear of the building. The lifts are not to be used. Then please make your way to the assembly point at the front of the building. Please do not return to the building until instructed to do so by the fire warden(s).

### 2. Public Forum

Up to one hour is allowed for this item

Any member of the public or Councillor may participate in Public Forum. Petitions, statements and questions received by the deadlines below will be taken at the start of the agenda item to which they relate to.

#### **Petitions and statements (must be about matters on the agenda):**

- Members of the public and members of the council, provided they give notice in writing or by e-mail (and include their name, address, and 'details of the wording of the petition, and, in the case of a statement, a copy of the submission) by no later than 12 noon on the working day before the meeting, may present a petition or submit a statement to the Cabinet.
- One statement per member of the public and one statement per member of council shall be admissible.
- A maximum of one minute shall be allowed to present each petition and statement.
- The deadline for receipt of petitions and statements is noon on **Monday 21<sup>st</sup>**



**January.** These should be sent, in writing or by e-mail to: Democratic Services, City Hall, College Green, Bristol, BS1 5TR  
e-mail: [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

**Questions (must be about matters on the agenda):**

- A question may be asked by a member of the public or a member of Council, provided they give notice in writing or by e-mail (and include their name and address) no later than 3 clear working days before the day of the meeting.
- Questions must identify the member of the Cabinet to whom they are put.
- A maximum of 2 written questions per person can be asked. At the meeting, a maximum of 2 supplementary questions may be asked. A supplementary question must arise directly out of the original question or reply.
- Replies to questions will be given verbally at the meeting. If a reply cannot be given at the meeting (including due to lack of time) or if written confirmation of the verbal reply is requested by the questioner, a written reply will be provided within 10 working days of the meeting.
- The deadline for receipt of questions is 16<sup>th</sup> January 19 at 5.00 pm. These should be sent, in writing or by e-mail to: Democratic Services, City Hall, College Green, Bristol BS1 5TR.  
Democratic Services e-mail: [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

**When submitting a question or statement please indicate whether you are planning to attend the meeting to present your statement or receive a verbal reply to your question**

### **3. Apologies for Absence**

### **4. Declarations of Interest**

To note any declarations of interest from the Mayor and Councillors. They are asked to indicate the relevant agenda item, the nature of the interest and in particular whether it is a **disclosable pecuniary interest**.

Any declarations of interest made at the meeting which is not on the register of interests should be notified to the Monitoring Officer for inclusion.



## **5. Matters referred to the Mayor for reconsideration by a scrutiny commission or by Full Council**

(subject to a maximum of three items)

## **6. Reports from scrutiny commission**

## **7. Chair's Business**

To note any announcements from the Chair

## **PART B - Key Decisions**

### **8. Exclusion of Press and Public**

That under s.100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) of business on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in paragraph(s)3 (respectively) of Part 1 of schedule 12A of the Act

*Please note that some of the reports below contain exempt information and it may be necessary for the Mayor/Cabinet to go into closed session i.e. exclude the press and public from the gallery whilst relevant matters are discussed.*

### **9. 2018/19 Period 7 Forecast Outturn Report**

**(Pages 6 - 34)**

### **10. Dedicated Schools Grant 2019/20 Budget Proposals**

**(Pages 35 - 128)**

### **11. Housing Revenue Account 2019/20 Budget Proposals**

**(Pages 129 - 173)**

### **12. Budget Recommendation to Full Council**

**(Pages 174 - 285)**

### **13. Somewhere Safe to Stay (early adopter)**

**(Pages 286 - 296)**

### **14. Mobile Phone Contract Renewal**

**(Pages 297 - 302)**



- 15. **Reprofiling Children's Homes** (Pages 303 - 321)
- 16. **Department for Transport Road Maintenance Grant** (Pages 322 - 361)
- 17. **Bristol Waste Business Plan** (Pages 362 - 494)
- 18. **Procurement of Contract for Avon and Somerset Coroners Deceased Transport** (Pages 495 - 504)
- 19. **Cattlemarket Road Site Demolition** (Pages 505 - 518)

## **PART C - Non-Key Decisions**

- 20. **Risk Management and Assurance Policy** (Pages 519 - 545)
- 21. **Q3 Risk Register** (Pages 546 - 580)
- 22. **Social Value Policy Refresh** (Pages 581 - 595)
- 23. **Local Government Corporate Peer Challenge Report** (Pages 596 - 625)





# Decision Pathway – Report

**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|  |  |  |
|--|--|--|
| <b>TITLE</b>   | <b>2018/19 Period 7 Forecast Outturn Report</b>                  |  |
| <b>Ward(s)</b>   | n/a  |  |
| <b>Author:</b> Michael Pilcher   | <b>Job title:</b> Finance Business Partner                       |  |
| <b>Cabinet lead:</b> Cllr Cheney   | <b>Executive Director/ Statutory Officer lead:</b> Denise Murray |  |
| <b>Proposal origin:</b> Other  |  |  |
| <b>Decision maker:</b> Cabinet Member  |  |  |
| <b>Decision forum:</b> Cabinet   |  |  |
| <p><b>Purpose of Report:</b> The report provides update on the Council’s financial performance and forecast use of resources during the financial year 2018/19 and seeks approval to reallocate specifies budgets and a transfer of earmarked reserves.</p> <p>The Council budget for 2018/19 was agreed by Council on 20<sup>th</sup> February 2018 and this report focuses on the forecast position against that budget.</p> <p>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 within the directorate’s overall budget limit. Budget holders forecasting a risk of overspend should in the first instance set out in-service options for mitigation. Where these are considered undeliverable or pressures cannot be contained across the directorate a request can be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source. The Adults, Children’s and Education Directorate (ACE) requested a supplementary estimate for 2018/19, which was approved by Cabinet on 4<sup>th</sup> December 2018. Cabinet also approved a revised capital programme to re-profile project budgets in line with the anticipated delivery for 2018/19.</p>   |  |  |
| <p><b>Evidence Base:</b></p> <p>The Council’s overall annual revenue spend during 2018/19 is managed across a number of areas:</p> <ul style="list-style-type: none"> <li>• The General Fund with a net budget of £361.8m, providing revenue funding for the majority of the Council’s services;</li> </ul> <p>Ring Fenced Accounts:</p> <ul style="list-style-type: none"> <li>• The Housing Revenue Account (HRA) of £119.9m gross spend, is ring-fenced, money received in rent in order to plan and provide services to current and future tenants, and is managed within Communities Directorate;</li> <li>• The Dedicated Schools Grant (DSG) of £346.6m, which is a ring-fenced grant that must be used in support of the schools budget as defined in the School and Early Years Finance Regulations and cannot be used for any other purpose. The grant is managed within the ACE Directorate;</li> <li>• Public Health, a ring-fenced grant of £32.5m, must be spent to support the delivery of the Public Health Outcomes Framework exclusively for all ages and is managed within ACE Directorate.</li> </ul> <p>Full detail for each of these areas is provided in the main monitoring report, Appendix A.</p> <p>The position has improved due to reductions in borrowing costs due to re-profiling of the capital programme - the recently announced social care grant for 18/19 and various improvements across services, details of which are provided in Appendix A.</p> |  |  |
| <b>Cabinet Member / Officer Recommendations:</b>   |  |  |

**That Cabinet**

1. Notes at P7, the overall forecast outturn position for general funded services is an underspend of (£0.4m), with Directorates now forecasting to be within budget when Communities budgets are transferred to other Directorates following the restructure. (Appendix A, para 1).
2. Endorses the utilisation of up to £250k of the forecast underspend to support urgent Brexit preparation work (Appendix A, para.1.3).
3. Approves the re-allocation of the 2018/19 budgeted fees and charges savings as agreed by Full Council to services as set out in Appendix A, Table 2.
4. Notes the re-allocation of £0.5m corporate recharging budget to permanently address the identified need to enable the delivery of core services. (Appendix A, Table 3)
5. Notes the current forecast position with regard to the Housing Revenue Account, Dedicated Schools Grant and Public Health Accounts. (Appendices A5, A6 and A7).
6. Notes the current forecast spend of £160.3m against the capital programme budget of £162.6m. (Appendix A, section 5 and Directorate Appendices A2 to A5).
7. Notes the forecast movement in reserves of £21.6m (Appendix A, Table 8).
8. Approves the transfer £5.021m of ear-marked reserves no longer required for the purpose intended to general reserves for reallocation as part of the 2019/20 budget process (Appendix A, Table 7).

**Corporate Strategy alignment:** This report sets out progress against our budget, part of delivering the financial plan described in the Corporate Strategy 2018-23 (p4) and acting in line with our organisational priority to 'Be responsible financial managers' (p11).

**City Benefits:** Cross priority report that covers whole of Council's business.

**Consultation Details:** n/a

|  |  |   |  |
|--|--|---|--|
| <b>Revenue Cost</b>                          | <b>Net: £361.8m</b>                          | <b>Source of Revenue Funding</b>                | Total approved revenue budget including ring-fenced accounts |
| <b>Capital Cost</b>                          | <b>£162.6m</b>                               | <b>Source of Capital Funding</b>                | Total capital programme incl. HRA                            |
| <b>One off cost</b> <input type="checkbox"/> | <b>Ongoing cost</b> <input type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input type="checkbox"/>   |

**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:** Chris Holme

**2. Legal Advice:** There are no direct legal implications in this report. The report, including the detail in Appendix A, assists the Cabinet to monitor the budget position with a view to meeting the Council's legal obligation to deliver a balanced budget.

**Legal Team Leader:** Nancy Rollason, Head of Legal Service,

**3. Implications on IT:** There are no IT implications arising from production of this report.

**IT Team Leader :** Ian Gale, Head of IT

**4. HR Advice:** Expenditure on staffing is monitored on a monthly basis by budget holders. Managers are required to manage expenditure within the agreed staffing budget that has been set for 2018/19.

**HR Partner:** Mark Williams, Head of Human Resources

|  |              |                              |
|--|--------------|------------------------------|
| <b>EDM Sign-off</b>                                | Mike Jackson | 21 <sup>st</sup> November 18 |
| <b>Cabinet Member sign-off</b>                     | Cllr Cheney  | 8 <sup>th</sup> January 19   |
| <b>CLB Sign-off</b>                                | Mike Jackson | 11 <sup>th</sup> December 18 |
| <b>For Key Decisions - Mayor's Office sign-off</b> | n/a          |                              |

|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b>       | <b>YES</b> |
| <b>Appendix B – Details of consultation carried out - internal and external</b> | <b>NO</b>  |
| <b>Appendix C – Summary of any engagement with scrutiny</b>                     | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>   | <b>NO</b>  |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>        | <b>NO</b>  |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>         | <b>NO</b>  |
| <b>Appendix G – Financial Advice</b>  | <b>NO</b>  |
| <b>Appendix H – Legal Advice</b>  | <b>NO</b>  |
| <b>Appendix I – Combined Background papers</b>                                  | <b>NO</b>  |
| <b>Appendix J – Exempt Information</b>  | <b>NO</b>  |
| <b>Appendix K – HR advice</b>   | <b>NO</b>  |
| <b>Appendix L – ICT</b>   | <b>NO</b>  |



## 1. General Fund

- 1.1. The Council is currently forecasting an underspend (£0.4m) on the latest budget. This is an improvement of (£0.8m) on the position reported at period 6. On 2<sup>nd</sup> October the Government announced an additional funding for Adult Social Care Winter pressures which hadn't been assumed in the original P06 figures. This funding has been incorporated within the supplementary estimate approved by Cabinet on 4<sup>th</sup> December 2018. A number of variations have also been noted in directorate forecasts.
- 1.2. In December 2018, Cabinet approved a supplementary estimate to address the demand pressures on the Adults, Children's and Education Directorate funded by additional funding, some ongoing budgets and one off contingencies. As a result, Directorate forecast outturn positions are now forecast to be within budget allocations, except for Communities whose budgets are being realigned to reflect the implementation of the new organisational management structure.
- 1.3. Table 1 provides an overview of the Council's current forecast position for the 2018/19 financial year. Additional service detail is provided for each Directorate in individual appendices. Given the current uncertainties regarding the Brexit process, and the risks set out in the initial analysis undertaken by the Council, it is proposed to set aside up to £250k for further preparatory work in the eventuality that a no deal Brexit occurs. That will reduce the forecast underspend to £150k.

Table 1: General Fund Forecast Net Expenditure

| Approved Budget<br>£m | Directorate                      | Revised Budget<br>£m | Outturn<br>£m  | Variance<br>£m |
|-----------------------|----------------------------------|----------------------|----------------|----------------|
| 205.518               | Adults, Children's and Education | 230.565              | 230.298        | (0.267)        |
| 63.466                | Communities                      | 63.576               | 63.766         | 0.189          |
| 5.490                 | Growth and Regeneration          | 4.707                | 4.522          | (0.184)        |
| 40.784                | Resources                        | 42.726               | 42.650         | (0.076)        |
| <b>315.259</b>        | <b>Sub-total</b>                 | <b>341.574</b>       | <b>341.236</b> | <b>(0.337)</b> |
| 40.973                | Other Budgets*                   | 22.041               | 21.943         | (0.098)        |
| <b>356.232</b>        | <b>Net Expenditure Total</b>     | <b>363.614</b>       | <b>361.758</b> | <b>(0.435)</b> |

\*Other Budgets includes capital financing and borrowing costs, and un-apportioned central overheads.

- 1.5 In setting the 2018/19 budget it was agreed that an in-year baseline of fees and charges would be undertaken to accurately reflect current fees levels and deliver £1m saving. The income is currently budgeted for within corporate costs, but needs to be aligned to those services where it is generated. A review has been undertaken to reflect net additional fees and charges income, and associated additional costs, based on the position as at Period 7, and an initial re-baselining is proposed as set out below in Table 2. This will continue to be monitored and a further re-baselining is intended to be undertaken at the year-end following further review.

Table 2: Proposed re-allocation of fees and charges savings target

| Directorate                    | Division                                | Proposed Saving<br>£000 |
|--------------------------------|---|-------------------------|
| Adults, Children and Education | Adult Social Care                       | 25                      |
| Adults, Children and Education | Public Health - General Fund            | 16                      |
| Resources                      | Commercialisation and Citizens          | 41                      |
| Resources                      | Digital Transformation                  | 12                      |
| Resources                      | Finance                                 | 1                       |
| Resources                      | HR, Workplace and Organisational Design | 28.4                    |

|                                 |                               |              |
|---------------------------------|-------------------------------|--------------|
| Resources                       | Legal and Democratic Services | 4            |
| Growth and Regeneration         | Economy of Place              | 100          |
| Growth and Regeneration         | Development of Place          | 450          |
| Growth and Regeneration         | Housing and Landlord Services | 40           |
| Growth and Regeneration         | Management of Place           | 75           |
| <b>Total</b>                    |                               | <b>792.4</b> |
| Amount still to be re-allocated |                               | <b>207.6</b> |

1.6 It is also intended to transfer £0.5m internal recharge budget which is held within corporate costs to balance recharges between services and corporate activities, along with the potential impact of savings on rechargeable activities, at the year end. This proposed transfer will provide a permanent basis to enable core and priority work to be sustained on an on-going basis in three areas as set out in Table 3. The proposed action will utilise all of this corporate budget.

Table 3:

|                                   |            |
|-----------------------------------|------------|
| Service                           | £000       |
| Internal Audit                    | 160        |
| Commercialisation (core delivery) | 200        |
| Corporate Design and Print        | 140        |
| <b>Total</b>                      | <b>500</b> |

## 2. Ring-Fenced Accounts

### Housing Revenue Account

2.1. There is a forecast underspend on the HRA of £4.438m due to staff vacancies and an underspend on rechargeable services. Plans will be developed to utilise this underspend in line with the service objectives.

### Dedicated Schools Grant

2.2. The total Dedicated Schools Grant (DSG), including amounts recouped by the Education and Skills Funding Agency for Academies, is £346.6m for 2018/19 and £1.0m deficit carried forward from prior year.

2.3. The DSG is currently forecasting an in year underspend of £1.2m. The cumulative position on High Needs is a forecast £2.0m deficit and the long term sustainability of the High Need budget is being discussed with Schools Forum. The underspent areas include £0.3m for de-delegated funds which are treated as ring-fenced for maintained schools. The largest underspend is in the Early Years Block, based on pupil numbers as at May 2018, though the final financial position will only be known once the details of the October 2018 and January 2019 pupil censuses are known.

### Public Health

2.4. The original Public Health business plan for 2018/19 assumes a drawdown of ring-fenced reserves of £1.8m in order to deliver the business plan. Public Health forecast a balance year end position; however this must be seen in the context of a 2.6% reduction (£0.9m) in the grant funding allocated by Public Health England in 2018/19.

2.5. The service is currently exploring the mechanisms by which this will be delivered which may include restructuring and reviewing contracts to ensure that it can deliver a sustainable offer that meets the core priorities of the funding for 2018/19 and beyond.

## 3. Savings Programme

3.1. To balance the 2018/19 budget, savings totalling £34.5m were approved by Full Council. There was also £8.7m of savings from 2017/18 which whilst were mitigated as one off in 2017/18 still remain as an ongoing saving requirement for delivery in 2018/19. £1.6m of savings targets have been

written off in 2018/19 as they are undeliverable.

- 3.2. There remains a risk regarding £8.7m of savings where further work / mitigating actions are required in order to deliver, of this £6.2m relates to savings within Adult Social Care, £0.7m for organisational redesign, £0.5m for reduced Education Services grant and £0.5m for review of fees and charges and £0.4m for Facilities Management saving target. Table 4 provides a breakdown of the realisation of the planned 2018/19 savings by directorate.

Table 4: Summary of Delivery of Savings by Directorate

|                                  | 2018/19 Savings<br>£m | 2018/19 Savings reported as safe<br>£m | 2018/19 Savings reported as at risk |             |
|----------------------------------|-----------------------|--|-------------------------------------|-------------|
|                                  |                       |  | £m                                  | %           |
| Adults, Children's and Education | 11.520                | 4.577                                  | 6.943                               | 60.3        |
| Resources                        | 12.511                | 11.823                                 | 0.688                               | 5.5         |
| Communities                      | 6.001                 | 5.143                                  | 0.858                               | 14.3        |
| Growth and Regeneration          | 3.908                 | 3.706                                  | 0.202                               | 5.2         |
| <b>Total</b>                     | <b>33.940</b>         | <b>25.249</b>                          | <b>8.691</b>                        | <b>25.6</b> |

- 3.3. Members should note that delivery of savings is based on Directors assessment of whether the savings agreed by Council have been delivered and whilst other areas of underspends and income generation is being realised with budgets, until this is reallocated via a change control process the savings delivery tracker and forecast outturn will not be aligned.

#### 4. Risk and Opportunities

- 4.1. There are other financial risks and opportunities to the Council which have been identified which could materialise during the financial year, these costs/income are not reflected in the forecast and are detailed within the specific directorate appendices.

#### 5. Capital Programme

- 5.1. The following table sets out the forecast Capital Outturn position for 2018/19 by Directorate. The budgets have been realigned from £244m to £163m for 2018/19 to reflect new funding and the re-profiled delivery of projects as approved by Cabinet in December. The Arena decision accounts for over £30m of this reduction, with details of further re-profiling provided in Directorate Appendices.

Table 5: Capital Forecast Outturn position for 2018/19 by Directorate

| Approved Budget<br>£m | Directorate                      | Revised Budget<br>£m | Forecast Outturn<br>£m | Variance<br>£m |
|-----------------------|----------------------------------|----------------------|------------------------|----------------|
| 33.200                | Adults, Children's and Education | 27.470               | 27.470                 | 0              |
| 8.600                 | Communities                      | 16.175               | 16.174                 | (0.001)        |
| 133.500               | Growth and Regeneration          | 71.792               | 71.792                 | 0              |
| 3.500                 | Resources                        | 5.428                | 5.428                  | 0              |
| <b>178.800</b>        | <b>Sub-total</b>                 | <b>120.865</b>       | <b>120.864</b>         | <b>(0.001)</b> |
| 18.600                | Corporate                        | 2.500                | 2.500                  | 0              |
| 47.000                | Housing Revenue Account          | 39.209               | 39.209                 | 0              |
| <b>244.400</b>        | <b>Total</b>                     | <b>162.574</b>       | <b>162.573</b>         | <b>(0.001)</b> |

## 6. Debt Management

6.1. As at 31/10/2018, there was £18.2m outstanding sundry debt owed to Bristol City Council that has been outstanding for longer than three months (not including Housing Rent, Council Tax or Business Rates). This is an improvement of £2.9m on the previous month's level mainly due to reductions in ACE (£2.1m) and Communities (£0.7m). There are still over 24,000 invoices outstanding, of which two thirds relate to individuals for provision of Adult Social Care.

## 7. Reserves

### Overall Revenue Reserves Position

7.1. The opening revenue reserves are £104.4m, made up of £84.4m earmarked reserves and £20m general reserves. Current planned drawdowns of earmarked reserves are £21.6m and if the current forecast underspend of £0.4m materialises at the year-end then this could be transferred to reserves as shown in Table 6.

Table 6: Summary of movement in revenue reserves

|                    | Opening balance  | Forecast Net Drawdown | Transfer | Forecast Underspend | Closing Balance |
|--------------------|------------------|-----------------------|----------|---------------------|-----------------|
| Earmarked Reserves | (87.420)         | 21.621                | (5.021)  | -                   | -60.778         |
| General Reserves   | (20.000)         | -                     | 5.021    | (0.435)             | -25.456         |
|                    | <b>(107.420)</b> | <b>21.621</b>         | <b>-</b> | <b>(0.435)</b>      | <b>-86.234</b>  |

7.2. Following a review of earmarked reserves £5m has been identified for which the original purpose has been fulfilled and the reserve is no longer required, this enables these reserves to be moved to general reserves for consideration on planned use. Table 7 shows the reserves that have been identified.

Table 7: Earmarked reserves to be released into general reserves

| Directorate             | Descriptions   | Reason  | £000         |
|-------------------------|--|---|--------------|
| ACE                     | ACE Operational Reserves<br>e.g. Care Act Implementation                         | Residual balances following implementation.                                   | 209          |
| Communities             | Communities Operational Reserves<br>e.g. Citizen Services projects, Pest control | Residual balances following implementation.                                   | 245          |
| Growth and Regeneration | Operational Project Reserves e.g. Events - Tour of Britain                       | Residual balances following implementation.                                   | 423          |
| Growth and Regeneration | Transport  | Residual balances following implementation.                                   | 714          |
| Resources               | Local Tax – Interactive Voice Recording System for Universal Credit              | Residual balance following implementation of system.                          | 240          |
| Resources               | Housing Benefits Subsidy – Volatility  | Improvements have reduced risk of charges for errors.                         | 1,000        |
| Corporate               | Operational Risk Reserve   | Legacy operational risk reserve for which the risk has significantly reduced. | 1,000        |
| Corporate               | Grants with fulfilled conditions   | Residual grants where all conditions have been met.                           | 1,100        |
|                         |  |   | <b>5,021</b> |

#### Earmarked Reserves

7.3. The current forecast contributions to reserves are in line with the budgeted £7.5m. Drawdowns from earmarked reserves are slightly higher than budgeted. This is expected as at the end of 2017/18 additional contributions to reserves were made where income was received in advance or planned expenditure was delayed until this financial year.

7.4. Following the decision regarding Arena Island a forecast of £12m has been included as a drawdown from capital investment reserve and risk reserves against the necessary revenue reversion related to the aborted project.

Table 8: Summary of Forecast year end position

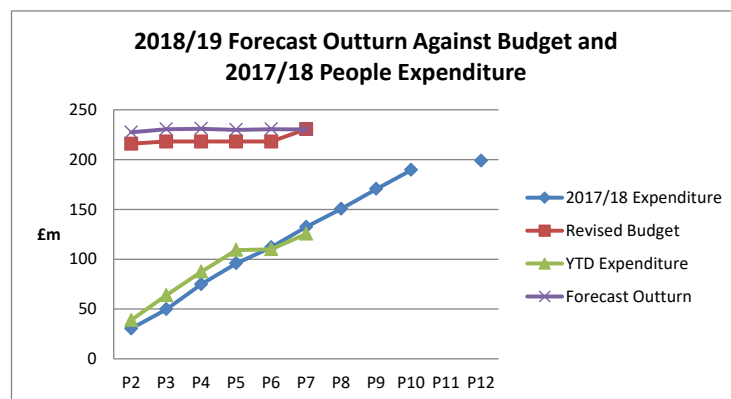
|                     | Opening balance | Forecast Net Drawdown | Closing Balance |
|---------------------|-----------------|-----------------------|-----------------|
| Capital Investment  | (22.479)        | 8.345                 | (14.134)        |
| Risk Management     | (21.239)        | 6.461                 | (14.778)        |
| Ring-Fenced         | (14.642)        | 1.670                 | (12.972)        |
| Financing/Technical | (13.600)        | 3.025                 | (10.575)        |
| Service Specific    | (15.460)        | 2.120                 | (13.340)        |
|                     | <b>(87.420)</b> | <b>21.621</b>         | <b>(65.799)</b> |

## a: 2018/19 Summary Headlines

|  |   |  |  |
|--|---|--|--|
| <b>Revised Budget</b><br>P6 £218.2m<br><b>P7 £230.6m</b> | <b>Forecast Outturn</b><br>P6 £230.6m<br><b>£230.3m</b> | <b>Outturn Variance</b><br>P6 £12.3m<br><b>(£0.3m)</b> | <b>Movement from P6</b><br>Revised Budget £12.3m<br>Forecast Outturn (£0.3m) |
|--|---|--|--|

## b: Budget Monitor

## 1. Overall Position and Movement

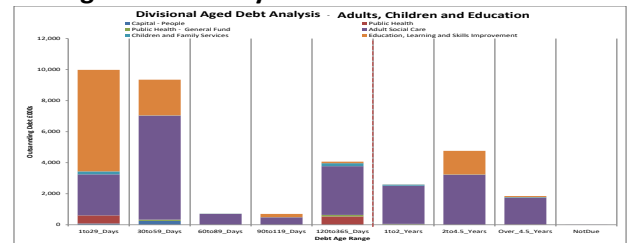


| Forecast Outturn Variance 2018/19 |      |      |      |      |      |       |     |     |     |     |     |
|-----------------------------------|------|------|------|------|------|-------|-----|-----|-----|-----|-----|
| £000                              |      |      |      |      |      |       |     |     |     |     |     |
| Revised budget                    | May  | Jun  | Jul  | Aug  | Sep  | Oct   | Nov | Dec | Jan | Feb | Mar |
| £230.6m                           | 11.4 | 13.0 | 11.7 | 11.7 | 12.3 | (0.3) |     |     |     |     |     |
|                                   | ▲    | ▲    | ▼    | ▼    | ▲    | ▼     |     |     |     |     |     |

## 2. Revenue Position by Division

| Revenue Position by Division               | 2018/19 - Full Year |                |                  |                  |
|--|---------------------|----------------|------------------|------------------|
|  | Approved Budget     | Revised Budget | Forecast Outturn | Outturn Variance |
|  | £000s               |                |                  |                  |
| Adult Social Care                          | 130.6               | 149.7          | 149.7            | (0.0)            |
| Children and Family Services               | 60.3                | 60.3           | 60.3             | 0.0              |
| Education, Learning and Skills Improvement | 12.6                | 18.8           | 18.5             | (0.3)            |
| Public Health - General Fund               | 2.0                 | 1.8            | 1.8              | 0.0              |
| <b>Total</b>                               | <b>205.5</b>        | <b>230.6</b>   | <b>230.3</b>     | <b>(0.3)</b>     |

## 3. Aged Debt Analysis



## Overall position in Education

The General Fund position for Education is showing a forecast underspend of (£0.3m), an improvement of (£1.3m) since Period 6 (£1.6m due to increased budget through a Supplementary Estimate agreed at Cabinet and (£0.3m) improvement attributable to Special Educational Needs). The Supplementary Estimate addressed budget pressures arising from not yet allocating £0.8m of savings from the loss of the 2017/18 Education Services Grant, Home School Transport pressures arising from costs, demand and a larger than usual number of school days this financial year, a shortfall on the surplus to be generated by Trading with Schools and higher team costs due to the need to engage agency staff. All partly offset by vacancies in Early Years, a budget saving in SEND and Employment and Skills and lower pension commitments due to having slightly fewer beneficiaries.

Table: Education and Skills Service budget components, forecast at Period 7 2018/19

| Service                       | Component                      | Revised budget | Period 7 Forecast | Period 7 Variance | Period 6 Variance | Movement     |
|-------------------------------|--------------------------------|----------------|-------------------|-------------------|-------------------|--------------|
| Early Years Learning          | Children's Centres (net)       | 3,071          | 3,071             | 0                 |                   |              |
| Early Years Learning          | Other GF Early Years           | 693            | 694               | 1                 | (54)              | 1            |
| School Partnerships           | School Improvement             | 123            | 123               | 0                 | 4                 | (4)          |
| School Partnerships           | Education Welfare              | 335            | 335               | 0                 |                   |              |
| Education Management          | School Pensions                | 4,258          | 4,236             | (22)              | (213)             | (22)         |
| Education Management          | Team costs                     | 730            | 718               | (12)              | 120               | (12)         |
| Education Management          | Grant contributions            | (1,067)        | (1,067)           | 0                 |                   |              |
| Education Management          | Unallocated savings from ESG   | 0              |                   | 0                 | 786               |              |
| Education Management          | Overheads charged to TWS / DSG | (983)          | (983)             | 0                 | 28                |              |
| Additional Learning Needs     | Home to School Transport       | 5,509          | 5,493             | (16)              | 760               | (16)         |
| Additional Learning Needs     | SEND support                   | 1,712          | 1,416             | (296)             | 25                | (295)        |
| Employment, Learning & Skills | Team costs                     | 680            | 710               | 30                | (30)              | 30           |
| Trading with Schools          | Service cost                   | (395)          | (395)             | 0                 | 178               |              |
| Schools PFI                   | Contribution to DSG            | 1,400          | 4,126             | 26                |                   | 26           |
| <b>TOTAL</b>                  |                                | <b>18,766</b>  | <b>18,477</b>     | <b>(289)</b>      | <b>1,604</b>      | <b>(292)</b> |

## Education (continued)

The in-year position points to four broad areas of concern for the Education budget in the medium term.

1. **Loss of Education Services Grant.** A further £0.8m loss in 2019/20 is part of the MTFP currently. The Education Review has been assessing how the authority's statutory responsibilities and aspirations can square with the available resources. In the context of the service also having acute financial difficulties in containing the High Needs Budget within approvals, progress has been limited. Indeed, the service is reporting resource pressures in managing the Education Health and Care plan process, which is being addressed through the use of one-off reserves.

The Service Director has commissioned work to assist in drawing conclusions about the future configuration of the Education Service which will contribute to the budget and service planning for 2019/20.

2. **Home-School Transport.** Officers in Education, Finance and Transport are working together to identify service efficiencies and better ways of tracking and forecasting costs. Variations in school days should be anticipated better in future years. Consideration is being given to the introduction of a dynamic purchasing system to optimise the costs of routes and to improve management information. Demand pressures in the system may have to be considered as part of the analysis for how best to organise SEND (as part of the high needs budget review) and what strategic capital investment in specialist provision might have an associated benefit of lower home-school transport costs (because provision might be more local).

3. **Trading with Schools.** The services have a turnover of £9.4m. 2/3rds of their income is generated from schools and 1/3<sup>rd</sup> from Council services. After absorbing around £1m of central recharges, and they are forecasting a surplus of £0.4m for 2018/19, which is now on budget.

Tight school and Council budgets and increasing academisation of schools has put pressure on income generation. Fixed overhead charges and inflationary pressures have affected spending levels. Partnerships with schools are good, but schools are wary of services becoming expensive and surpluses reverting to the council, rather than to schools through lower prices. The Director of Commercialisation will be reviewing the operation of the TWS model to identify a future strategy for these services.

4. **Additional Educational Needs.** Following the judicial review on SEND in August 2018, additional capacity has been introduced to deal with workload levels, using reserves. In principle, up to 20 additional temporary posts will be recruited for six months to March 2019 at a cost of up to £0.340m. There is no funding for these additional posts beyond March 2019, if all that funding is spent by then. A plan for resource management for 2019/20 will be needed either to revert to established levels of staffing, or to reflect any unavoidable requirements in the service and budget planning process for that year.

An improvement of (£0.3m) has been recorded for Period 7 arising from a regularisation of the arrangements for the SEN Reform Grant: there had been some discussion around whether the expenditure on the grant was represented in the base budget or not. This has now been resolved.

Overall the Supplementary Estimate addresses the 2018/19 pressures, but there remain issues to resolve for 2019/20.

## Adult Social Care

At Period 7 (October 2018) the forecast is a balanced budget on the revised net revenue budget of £149.7m due to the supplementary estimate addition of £11.1m budget offsetting the pressures in the following areas:

- Older People
  - Adverse variance of £7.8m due to ongoing pressures from both demand and the cost of care. The Better Lives Programme has successfully implemented demand interventions that has reduced placements for both residential and nursing with an associated increase in the homecare, (with new placements in care home capped at the Bristol Rate), which has led to forecast gross expenditure being lower than the 2017/18 outturn.
  - Placement rates in residential and nursing settings continue to be affected by a challenged local acute health system and therefore impact on cost. Bristol continues to have a very poor rate of Delayed Transfers of Care (DTC) attributable to Adult Social Care, ranked 142<sup>nd</sup> in the country. Performance improvement has been mandated by the Department of Health and NHS England. A new approach is being developed to improve discharge flow and at the same time maximise, where possible, a discharge from hospital followed by period of reablement to enable an individual to return home. It is hoped that this work will improve DTC performance across the winter and will not cause cost pressures on the already overspent social care budgets.
- Working Age Adults
  - Adverse variance of £9.7m, there is continued use of high cost residential placements due to is a lack of accommodation based support i.e. where a service user can have their own tenancy. Included in the forecast variance is £1.3m of lost income where the BNSSG CCG have implemented revised methodology associated with health share of funding for individuals eligible for S117. These changes were introduced as a result of severe financial challenges faced by the CCG, eventually the change may be cost neutral from a BCC point of view once reviews are completed and services are commissioned, though in the short term there is a direct financial impact.
  - The next phase of the Better Lives Programme will directly address the demand and cost pressures arising from Working Age Adults. In broad terms, Bristol supports a similar number of individuals in long term support to the average of like councils but places considerably more in higher cost residential setting. The plan is to increase the amount of accommodation based support to provide a viable alternative to residential placements and to maximise service users' independence.
  - Whilst some of these changes will take longer to deliver, a short term range of changes will be implemented to contain costs that include: introduce a price cap on residential placements; working collaboratively with neighbouring authorities to control the market; reviewing all high cost packages and seeking to either renegotiate price or to provide alternative support; encouraging greater use of Personal Budgets and Personal Assistants.
- Preparing for Adulthood – forecast adverse variance of £3m on a budget of £5.8m, this budget covers transitions from Children's social care.
  - One of the key pressures is 22 service users who are supported in residential placements at an average cost of £3,170 per week.
  - The key outcomes of the diagnostic work completed on this area include improvements in the interface between children's and adults, working with service users at a much earlier age, developing and managing the market and expanding the use of assistive technology.
- Service User Contributions and Other Income – forecast positive variance of £4.6m
  - Service user income is expected to be £2.0m higher than budget reflecting the higher costs in long term older people placements and S117 income from the CCG is also expected to be £2.6m higher than budget. Though the income would have been an additional £1.3m if the method of funding applied in prior years had continued to be applied.
- Staffing and other costs/funding – forecast positive variance of £4.8m
  - This comprises use of the balance of iBCF after programme costs of £3.4m, use of the one-off social care grant for 2018/19 of £1.3m and underspends on staffing and other costs of £0.1m.



## Children and Family Services

The Children and Families position is reported as a breakeven. This is broadly consistent with the position that has been reported in previous months. The balance arises because there are vacancies across the service with pressures in the placements budgets. The forecast assumes that there will be a reduction in placements of (£157k) between now and end of financial year, this reduction in placement numbers would need to be achieved if the forecast position is to be delivered.

The Strengthening Families programme is still at an early stage and much of the service improvement work is still to happen, but the budget position is forecast to be on track for this financial year.

| Placement Category                        | Cost Centre name   | AVERAGE<br>APR TO<br>OCT | ANNUAL<br>BUDGET<br>£000 | ANNUAL<br>FORECAST<br>£000 | FORECAST<br>VARIATION<br>£000 | ACTUAL<br>AVERAGE<br>WEEKLY<br>COST |
|---|--|--------------------------|--------------------------|----------------------------|-------------------------------|-------------------------------------|
| Bristol Residential                       | Inhouse Supported Accom - (Pre 18)                                   | 6                        | 85                       | 200                        | 115                           | 125                                 |
|   | Inhouse Supported Accom - (Post 18)                                  | 25                       |                          |                            |                               |                                     |
|   | Childrens Residential Homes (FTE based on number of nights occupied) | 11                       | 3,037                    | 2,621                      | (416)                         | 4,674                               |
| <b>Bristol Residential Total</b>          |  | <b>42</b>                | <b>3,122</b>             | <b>2,821</b>               | <b>(301)</b>                  | <b>4,798</b>                        |
| Foster Care                               | In house Foster care (Pre 18)  | 398                      | 6,091                    | 6,107                      | 16                            | 267                                 |
|   | In house Foster care - (Post 18)                                     | 43                       |                          |                            |                               |                                     |
|   | Independent Fostering Agencies (Pre 18)                              | 158                      | 7,072                    | 6,505                      | (567)                         | 679                                 |
|   | Independent Fostering Agencies (Post 18)                             | 26                       |                          |                            |                               |                                     |
|   | Adoption - Looked after (pre 18)                                     | 66                       | 651                      | 498                        | (154)                         | 135                                 |
|   | Adoption (Post 18)   | 5                        |                          |                            |                               |                                     |
| <b>Foster Care Total</b>                  |  | <b>695</b>               | <b>13,814</b>            | <b>13,109</b>              | <b>(705)</b>                  | <b>1,081</b>                        |
| Non-Bristol Residential                   | Out of Authority   | 37                       | 5,345                    | 5,415                      | 70                            | 2,836                               |
|   | Parent & Baby Unit   | 6                        | 704                      | 638                        | (66)                          | 2,044                               |
|   | ESA - Looked after (Pre 18)  | 7                        | 750                      | 1,224                      | 474                           | 2,459                               |
|   | ESA - (Post 18)  | 2                        |                          |                            |                               |                                     |
| <b>Non-Bristol Residential Total</b>      |  | <b>52</b>                | <b>6,798</b>             | <b>7,277</b>               | <b>478</b>                    | <b>7,340</b>                        |
| Other                                     | Secure Unit  | 1                        | 160                      | 249                        | 89                            | 4,194                               |
| <b>Other Total</b>                        |  | <b>1</b>                 | <b>160</b>               | <b>249</b>                 | <b>89</b>                     | <b>4,194</b>                        |
| Permanency                                | SGO/RO/CAO - (Pre 18)  | 518                      | 3,628                    | 4,684                      | 1,057                         | 173                                 |
|   | RO/SGO/CAO (Post 18)   | 2                        |                          |                            |                               |                                     |
| <b>Permanency Total</b>                   |  | <b>520</b>               | <b>3,628</b>             | <b>4,684</b>               | <b>1,057</b>                  | <b>173</b>                          |
| <b>Grand Total of all placements</b>      |  | <b>1,311</b>             | <b>27,523</b>            | <b>28,141</b>              | <b>618</b>                    | <b>17,587</b>                       |
| <b>Total for Teams and Other Services</b> |  |                          | <b>32,778</b>            | <b>32,190</b>              | <b>(587)</b>                  |                                     |
| <b>Children's Totals</b>                  |  |                          | <b>60,300</b>            | <b>60,331</b>              | <b>31</b>                     |                                     |

## Public Health (GF)

The forecast position variance for the GF element of the Public Health budget is that it will be to budget. The previously reported forecast underspend was incorporated as part of the supplementary estimate adjustment.

## c: Risks and Opportunities

### 4. Savings Delivery RAG Status

| <b>18/19 ACE Directorate Savings Target (£'000s):</b>                      |   |                                |            | <b>16,462</b>  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
|--|---|--------------------------------|------------|--|---|---|---|--------------------------------|----------------------------------|--|--|---|-----|----|------------------|--------------------------------|--|--|--|
|  | <table border="1"> <thead> <tr> <th colspan="3">This month</th> </tr> <tr> <th>18/19 - Total value of savings (£'000s)</th> <th>18/19 - Value at risk (£'000s)</th> <th>Proportion at risk</th> </tr> </thead> </table> |                                |            | This month   |   |   | 18/19 - Total value of savings (£'000s) | 18/19 - Value at risk (£'000s) | Proportion at risk               | <table border="1"> <thead> <tr> <th colspan="3">Top 5 largest savings at risk in 18/19 (ordered by size of saving at risk)</th> </tr> <tr> <th>ID</th> <th>Name of Proposal</th> <th>Value at Risk in 18/19 (£'000)</th> </tr> </thead> </table> | Top 5 largest savings at risk in 18/19 (ordered by size of saving at risk) |   |     | ID | Name of Proposal | Value at Risk in 18/19 (£'000) |  |  |  |
| This month   |   |                                |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| 18/19 - Total value of savings (£'000s)                                    | 18/19 - Value at risk (£'000s)  | Proportion at risk             |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| Top 5 largest savings at risk in 18/19 (ordered by size of saving at risk) |   |                                |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| ID   | Name of Proposal  | Value at Risk in 18/19 (£'000) |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| <b>18/19 Savings</b>   |   |                                |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| No - savings are at risk   | 6,943   | 6,943                          | 100%       | <table border="1"> <tr> <td>FP33</td> <td>Introduce Better Lives Programme (Improving outcomes for adults in Bristol)</td> <td>6221</td> </tr> <tr> <td>FP05</td> <td>Reduced education services grant</td> <td>497</td> </tr> <tr> <td>FP18-2</td> <td>*17/18 rollover* More efficient home to school travel</td> <td>225</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </table> | FP33  | Introduce Better Lives Programme (Improving outcomes for adults in Bristol) | 6221                                    | FP05                           | Reduced education services grant | 497  | FP18-2   | *17/18 rollover* More efficient home to school travel | 225 |    |                  |                                |  |  |  |
| FP33   | Introduce Better Lives Programme (Improving outcomes for adults in Bristol)   | 6221                           |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| FP05   | Reduced education services grant  | 497                            |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| FP18-2   | *17/18 rollover* More efficient home to school travel   | 225                            |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
|  |   |                                |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
|  |   |                                |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| Yes - savings are safe   | 6,934   | 0                              | 0%         |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| SAVING CLOSED - CONFIRMED AS SECURED & DELIVERED                           | 2,585   | 0                              | 0%         |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| NO RAG PROVIDED  | 0   | 0                              | n/a        |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| <b>Grand Total</b>   | <b>16,462</b>   | <b>6,943</b>                   | <b>42%</b> |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| n/a - represents one off savings or mitigations in previous year           | -4,942  | 0                              | 0%         | <table border="1"> <thead> <tr> <th colspan="2">Mitigated 17/18 savings that remain 'due' for delivery in 18/19 (£'000)</th> </tr> </thead> <tbody> <tr> <td>Amount due from 17/18:</td> <td>4942</td> </tr> <tr> <td>Amount reported at risk:</td> <td>225</td> </tr> </tbody> </table>   | Mitigated 17/18 savings that remain 'due' for delivery in 18/19 (£'000) |   | Amount due from 17/18:                  | 4942                           | Amount reported at risk:         | 225  |  |   |     |    |                  |                                |  |  |  |
| Mitigated 17/18 savings that remain 'due' for delivery in 18/19 (£'000)    |   |                                |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| Amount due from 17/18:   | 4942  |                                |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| Amount reported at risk:   | 225   |                                |            |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| WRITTEN OFF  | 0   | 0                              | n/a        |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |
| <b>Grand Total</b>   | <b>11,520</b>   | <b>6,943</b>                   | <b>60%</b> |  |   |   |   |                                |                                  |  |  |   |     |    |                  |                                |  |  |  |

### 5. Risks and Opportunities

| Division  | Description   | Net Risk / Opportunity £000 |
|-----------|---|-----------------------------|
| Adults    | CCG - Turnaround impact on BCF  | 3,000                       |
| Adults    | Provider Market Failure leading to paying higher prices for care  | 1,000                       |
| Adults    | Court of Appeal decision on treatment of Sleep ins as not being working time reversing a previous tribunal decision and HMRC guidance   | 150                         |
| Children  | Opportunities or pressures associated with the occupancy levels of in-house children's homes, whether through new homes or existing.  | 125                         |
| Education | Possible demand and cost pressures in Home School Transport beyond those being reported   | 300                         |
| Education | Possible write-off of Children's Centre, Early Years or Childcare deficits or redundancy costs as a consequence of management of change processes or through an acceptance that deficits had got to a stage where it was infeasible for the school to be able to pay it off within a reasonable time-frame. Moreover, there may be some contributory elements of individual schools' deficits which were beyond their control which the LA might wish to acknowledge. | 900                         |
| Education | Write-off of deficits at two academising schools: Badocks Wood and Ashton Park.   | 1,080                       |
| Education | Possible write-off of other school deficits e.g. if DfE direct the school to become a sponsored Academy or in circumstances where it was infeasible for the school to be able to pay it off within a reasonable time-frame.   | 500                         |
| Total     |   | <b>7,055</b>                |

## d: Capital

| Approved Budget | Revised Budget | Expenditure to Date              | Forecast Outturn | Outturn Variance |
|-----------------|----------------|----------------------------------|------------------|------------------|
| <b>£32.9m</b>   | <b>£27.5m</b>  | <b>£11.8m</b>                    | <b>£27.5m</b>    | <b>£0.0m</b>     |
|                 |                | 43% of budget<br>43% of forecast | 100% of budget   |                  |

| Gross expenditure by Programme              |  | Current Year (FY2018) |                     |               |          | Performance to budget |             |
|---|--|-----------------------|---------------------|---------------|----------|-----------------------|-------------|
|   |  | Budget                | Expenditure to Date | Forecast      | Variance | Expenditure to date   | Forecast    |
|   |  | £000s                 |                     |               |          | %                     |             |
| <b>Adults, Children and Education</b>       |  |                       |                     |               |          |                       |             |
| PE01  | School Organisation/ Children's Services Capital Programme | 21,428                | 11,047              | 21,428        | (0)      | 52%                   | 100%        |
| PE02  | Schools Organisation/ SEN Investment Programme             | 0                     | 0                   | 0             | 0        |                       |             |
| PE03  | Schools Devolved Capital Programme                         | 900                   | 0                   | 900           | 0        | 0%                    | 100%        |
| PE04  | Non Schools Capital Programme                              | 795                   | 161                 | 795           | 0        | 20%                   | 100%        |
| PE05  | Children & Families - Aids and Adaptations                 | 330                   | 51                  | 330           | 0        | 16%                   | 100%        |
| PE06  | Adult & Children's Social Care Services                    | 1,148                 | 0                   | 1,148         | 0        | 0%                    | 100%        |
| PE07  | Extra care Housing   | 1,624                 | 42                  | 1,624         | 0        | 3%                    | 100%        |
| PE08  | Care Management/Care Services                              | 230                   | 80                  | 230           | 0        | 35%                   | 100%        |
| PE09  | Strengthening Families Programme                           | 1,015                 | 442                 | 1,015         | 0        | 44%                   | 100%        |
| <b>Total Adults, Children and Education</b> |  | <b>27,470</b>         | <b>11,824</b>       | <b>27,470</b> | <b>0</b> | <b>43%</b>            | <b>100%</b> |

### Key Messages

The capital budgets were reprofiled in P6 and the revised 2018/19 programme is anticipated to be delivered.

**a: 2018/19 Summary Headlines**

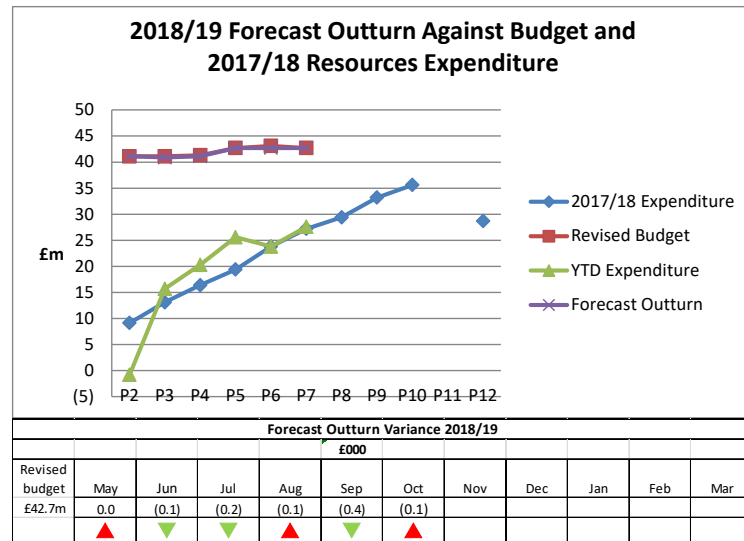
|                                    |                                      |                                       |   |
|------------------------------------|--------------------------------------|---------------------------------------|---|
| <b>Revised Budget</b><br>P6 £43.1m | <b>Forecast Outturn</b><br>P6 £42.7m | <b>Outturn Variance</b><br>P6 (£0.4m) | <b>Movement from P6</b><br>Revised Budget (£0.4m) |
| <b>£42.7m</b>                      | <b>£42.7m</b>                        | <b>(£0.1m)</b>                        | Forecast Outturn £0.0m                            |

**b: Budget Monitor**

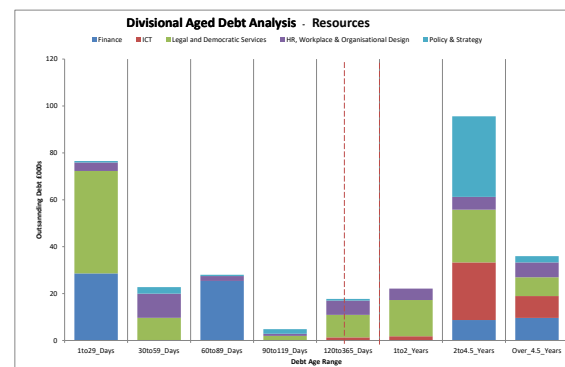
**1. Revenue Position by Division**

| Revenue Position by Division          | 2018/19 - Full Year |                |                  |                  |
|---------------------------------------|---------------------|----------------|------------------|------------------|
|                                       | Approved Budget     | Revised Budget | Forecast Outturn | Outturn Variance |
|                                       | £000s               |                |                  |                  |
| ICT                                   | 12.5                | 12.8           | 12.8             | 0.0              |
| Legal and Democratic Services         | 6.2                 | 6.4            | 6.3              | (0.1)            |
| Finance                               | 8.9                 | 10.4           | 10.4             | 0.0              |
| HR, Workplace & Organisational Design | 10.7                | 10.7           | 10.7             | 0.0              |
| Policy & Strategy                     | 2.5                 | 2.4            | 2.4              | 0.0              |
| <b>Total</b>                          | <b>40.8</b>         | <b>42.7</b>    | <b>42.7</b>      | <b>(0.1)</b>     |

**2. Overall Position and Movement**



**3. Aged Debt Analysis**



**Key Messages**

- Forecast savings reported in P6 of £0.45m along with £0.13m of further identified reductions have been removed from the Resources budget as part of the supplementary estimate process to contribute to pressures in Adults, Children’s and Education.
- The current forecast against the revised budget is £0.1m (£56k) underspend and this relates to minor variances across the Directorate against a £42m net budget.
- Service Directors are aware of the need to review expenditure to contribute to pressures in line with the councils supplementary estimate policy and this could lead to temporary one off savings by delaying recruitment or further permanent savings through early delivery of planned 2019/20 savings.

## c: Risks and Opportunities

### 4. Savings Delivery RAG Status

| 18/19 Resources Directorate Savings Target (£'000s):             |   |                                |                    | 13,224   |   |                                |
|--|---|--------------------------------|--------------------|--|---|--------------------------------|
| 18/19 Savings  | This month                              |                                |                    | Top 5 largest savings at risk in 18/19 (ordered by size of saving at risk)     |   |                                |
|  | 18/19 - Total value of savings (£'000s) | 18/19 - Value at risk (£'000s) | Proportion at risk | ID   | Name of Proposal  | Value at Risk in 18/19 (£'000) |
| No - savings are at risk   | 1,573                                   | 688                            | 44%                | IN24   | Review budgets for fees and charges   | 500                            |
| Yes - savings are safe   | 9,717                                   | 0                              | 0%                 | FP34-B   | Subset of "Better use of developer contributions for infrastructure improvements" (One off) | 100                            |
| SAVING CLOSED - CONFIRMED AS SECURED & DELIVERED                 | 1,934                                   | 0                              | 0%                 | BE23-B   | *17/18 Rollover* Registrar's Office -improvements   | 65                             |
| NO RAG PROVIDED  | 0                                       | 0                              | n/a                | BE58   | Review and reduce operating costs for the Lord Mayor's chapel                               | 23                             |
| <b>Grand Total</b>   | <b>13,224</b>                           | <b>688</b>                     | <b>5%</b>          |  |   |                                |
| n/a - represents one off savings or mitigations in previous year | -1,218                                  | 0                              | 0%                 | <b>Mitigated 17/18 savings that remain 'due' for delivery in 18/19 (£'000)</b> |   |                                |
| WRITTEN OFF  | 505                                     | 0                              | 0%                 | Amount due from 17/18:   |   | 527                            |
| <b>Grand Total</b>   | <b>12,511</b>                           | <b>688</b>                     | <b>5%</b>          | Amount reported at risk:   |   | 0                              |

### 5. Revenue Risks and Opportunities

| Division                       | Risk or Opportunity | Description   | Risk /Opportunity £ | Likelihood (%age) | Net Risk /(Opportunity) £ |
|--------------------------------|---------------------|---|---------------------|-------------------|---------------------------|
| Legal & Democratic Services    | Risk                | Estimated shortfall on Land charge income based on Trend analysis and current income                                    | 363,000             | 90%               | 326,700                   |
| Legal & Democratic Services    | Opportunity         | Forecast savings for disbursements which are subject to volatility.   | (99,000)            | 70%               | (69,300)                  |
| Legal & Democratic Services    | Opportunity         | Expected saving in Electoral Registration relating to printing, FM and non contractual overtime                         | (284,000)           | 90%               | (255,600)                 |
| Policy & Strategy              | Risk                | Potential pressure within the forecast for Bristol Design re internal income currently under review for central funding | 182,800             | 50%               | 91,400                    |
| Policy & Strategy              | Opportunity         | Mitigate above pressure from current income review / Policy Initiatives reserve / further in-year saving                | (182,800)           | 50%               | (91,400)                  |
| <b>Total Risk/-Opportunity</b> |                     |   |                     |                   | <b>1,800</b>              |

## d: Capital

| Approved Budget | Revised Budget | Expenditure to Date              | Forecast Outturn | Outturn Variance |
|-----------------|----------------|----------------------------------|------------------|------------------|
| <b>£3.5m</b>    | <b>£5.4m</b>   | <b>£1.1m</b>                     | <b>£5.4m</b>     | <b>£0.0m</b>     |
|                 |                | 19% of budget<br>19% of forecast | 100% of budget   |                  |

| Gross expenditure by Programme | Current Year (FY2018)                               |                     |              |              | Performance to budget |            |             |
|--------------------------------|---|---------------------|--------------|--------------|-----------------------|------------|-------------|
|                                | Budget  | Expenditure to Date | Forecast     | Variance     | Expenditure to date   | Forecast   |             |
|                                |   |                     |              | £000s        |                       | %          |             |
| Resources                      |   |                     |              |              |                       |            |             |
| RE01                           | ICT Refresh Programme                               | 810                 | 0            | 810          | 0                     | 0%         | 100%        |
| RE02                           | ICT Development - HR/Finance                        | 1,362               | 352          | 1,362        | 0                     | 26%        | 100%        |
| RE03                           | ICT Strategy Development                            | 1,956               | 381          | 1,956        | 0                     | 19%        | 100%        |
| RE04                           | Bristol Workplace Programme                         | 483                 | 253          | 483          | 0                     | 52%        | 100%        |
| RE05                           | Mobile Working for Social Care (Adults & Childrens) | 817                 | 73           | 817          | (0)                   | 9%         | 100%        |
| <b>Total Resources</b>         |   | <b>5,428</b>        | <b>1,058</b> | <b>5,428</b> | <b>(0)</b>            | <b>19%</b> | <b>100%</b> |

**Key Messages**

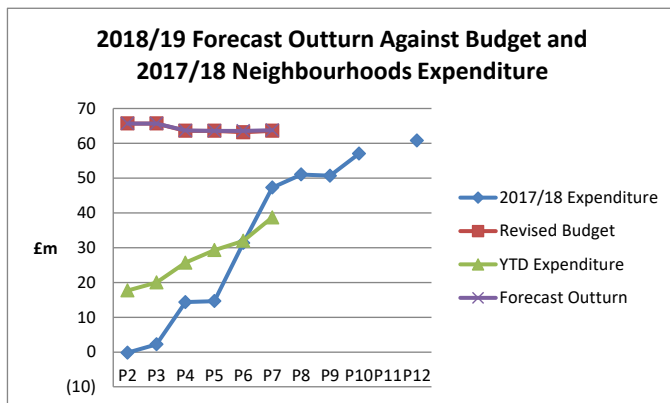
Costs in year reflect the current ongoing works relating to cloud migration, end user productivity and security. The recently appointed Director of Digital Transformation along with the project managers have reviewed the remaining work streams in relation to value for money and resourcing and have re-profiled the expenditure. It is expected that commitment against projects will increase significantly over the remaining months of this financial year

**a: 2018/19 Summary Headlines**

|   |   |   |   |
|---|---|---|---|
| <b>Revised Budget</b><br>P6 £63.2m<br><b>£63.6m</b> | <b>Forecast Outturn</b><br>P6 £63.6m<br><b>£63.8m</b> | <b>Outturn Variance</b><br>P6 £0.4m<br><b>£0.2m</b> | <b>Movement from P6</b><br>Revised Budget £0.4m<br>Forecast Outturn £0.2m |
|---|---|---|---|

**b: Budget Monitor**

**1. Overall Position and Movement**

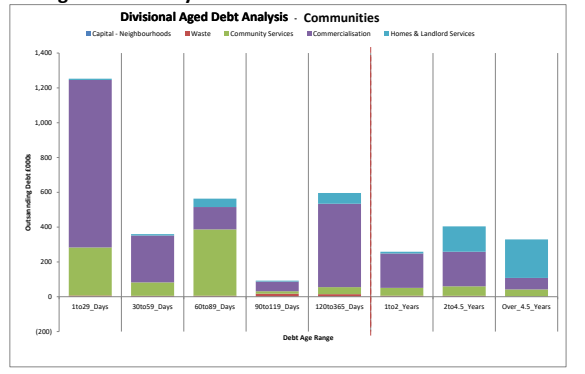


| Forecast Outturn Variance 2018/19 |      |     |     |     |     |     |     |     |     |     |     |
|-----------------------------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|                                   | £000 |     |     |     |     |     |     |     |     |     |     |
| Revised budget £63.6m             | May  | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar |
|                                   | 0.4  | 0.1 | 0.1 | 0.4 | 0.4 | 0.2 |     |     |     |     |     |
|                                   | ▲    | ▲   | ▲   | ▲   | ▼   | ▼   |     |     |     |     |     |

**2. Revenue Position by Division**

| Revenue Position by Division | 2018/19 - Full Year |                |                  |                  |
|------------------------------|---------------------|----------------|------------------|------------------|
|                              | Approved Budget     | Revised Budget | Forecast Outturn | Outturn Variance |
|                              | £000s               |                |                  |                  |
| Waste                        | 29.0                | 29.0           | 29.1             | 0.0              |
| Homes & Landlord Services    | 12.9                | 12.8           | 12.8             | (0.0)            |
| Commercialisation            | 13.9                | 14.1           | 14.1             | 0.1              |
| Community Services           | 7.7                 | 7.6            | 7.8              | 0.2              |
| Capital - Neighbourhoods     | 0.0                 | 0.0            | 0.0              | 0.0              |
| <b>Total</b>                 | <b>63.5</b>         | <b>63.6</b>    | <b>63.8</b>      | <b>0.2</b>       |

**3. Aged Debt Analysis**



**Key Messages**

- Communities are forecasting a net overspend of £0.2m, a reduction of (£0.2m) from period 6.
- Commercialisation is now on budget (£0.3m overspent at period 6). Within Commercialisation, Facilities Management (FM) continues to forecast a £0.4m pressure from non-recurring 17/18 spend reductions. Also within Commercialisation and offsetting this FM pressure, Cemeteries and Crematoria are forecasting additional income of (£0.2m) and Neighbourhood Management is forecasting a (£0.1m) underspend due to a revised assessment of redundancy liabilities (now decreased). From 1<sup>st</sup> December, these services will no longer be reported within the same division. Facilities Management will move to Resources Commercialisation and Parks and Neighbourhood Management will move to Growth and Regeneration - Management of Place thereby removing this offsetting approach.
- The remaining £0.2m overspend and movement in variance from period 6 is mainly attributable to Regulatory Services within Community Services which now forecasts reduced funding from Public Health in the current year due to a rephasing of funding in to next year, plus some pressure on income.
- The £0.4m increase in total budget is due to the transfer of Culture's net income budgets from Communities to Growth and Regeneration. The transfer of these budgets accounts for an increase in the forecast and a reduction in overspend.
- Aged debt has decreased by (£1.0m) from P6 to £3.9m. This is mainly attributable to the payment of almost all outstanding debt within Waste.
- Debt>1yr has decreased by (£0.2m) from P6, mainly within Homes and Landlord Services. Homes and Landlord Services accounts for 32% and the majority of this is provided against (as bad debt).
- Risks and Opportunities show a net risk of £0.5m, an increase of £0.1m since P6. This is largely due to new risks identified within Energy which relate primarily to rising electricity costs.

**Aged Debt 1yr**

| Service                     | £k         |
|-----------------------------|------------|
| Homes & Landlord Services   | 376        |
| Facilities Management       | 272        |
| Energy                      | 109        |
| Bristol Operations Centre   | 69         |
| Parks and Green Spaces      | 55         |
| Regulatory Services         | 36         |
| Neighbourhood Management    | 27         |
| Library Services            | 27         |
| Waste                       | 12         |
| Customer Service Operations | 10         |
| <b>Total</b>                | <b>992</b> |

## c: Risks and Opportunities

### 4. Savings Delivery RAG Status

| 18/19 Communities Directorate Savings Target (£'000s):           |   |                                |                    | 5,261  |   |                                |
|--|---|--------------------------------|--------------------|--|---|--------------------------------|
|  | This month                              |                                |                    | Top 5 largest savings at risk in 18/19 (ordered by size of)                    |   |                                |
|  | 18/19 - Total value of savings (£'000s) | 18/19 - Value at risk (£'000s) | Proportion at risk | ID   | Name of Proposal  | Value at Risk in 18/19 (£'000) |
| <b>18/19 Savings</b>   |   |                                |                    |  |   |                                |
| No - savings are at risk   | 1,148                                   | 648                            | 56%                | NEW1   | *17/18 Rollover* Facilities Management Savings                                | 400                            |
| Yes - savings are safe   | 2,876                                   | 210                            | 7%                 | FP36   | Identify alternative funding to continue to support people in Council Housing | 210                            |
| SAVING CLOSED - CONFIRMED AS 'SECURED & DELIVERED'               | 1,236                                   | 0                              | 0%                 | FP01   | Reduce third-party payments   | 158                            |
| NO RAG PROVIDED  | 0                                       | 0                              | n/a                | FP11   | Single city-wide Information, Advice and Guidance Service                     | 90                             |
| <b>Grand Total</b>   | <b>5,261</b>                            | <b>858</b>                     | <b>16%</b>         |  |   |                                |
| n/a - represents one off savings or mitigations in previous year | -300                                    | 0                              | 0%                 | <b>Mitigated 17/18 savings that remain 'due' for delivery in 18/19 (£'000)</b> |   |                                |
| WRITTEN OFF  | 1,040                                   | 0                              | 0%                 | Amount due from 17/18:   |   | 673                            |
| <b>Grand Total</b>   | <b>6,001</b>                            | <b>858</b>                     | <b>14%</b>         | Amount reported at risk:   |   | 400                            |

### 5. Revenue Risks and Opportunities

| Division          | Risk or Opportunity | Description  | Net Risk / (Opportunity) £000 |
|-------------------|---------------------|--|-------------------------------|
| Various           | Risk                | This relates to 3rd party payments budget saving of £225k  | 64                            |
| Commercialisation | Risk                | Risk of overspend due to delay in processing Replicate and Warm Up grants which could lead to potential loss of funding, whilst costs are still being incurred.  | 75                            |
| Commercialisation | Opportunity         | Opportunity due to new European funding (ELENA 2). This could be used to mitigate the above risk if the funding is not secured, with staff being transferred across from Replicate and Warm up bristol programmes.   | (75)                          |
| Commercialisation | Risk                | Risk to sale of CRC's, we bulk purchased in advance but we have to sell plus 20% VAT to the public, putting us at more expensive than buying directly from the government.   | 10                            |
| Commercialisation | Risk                | Increased cost of energy purchases - 23.5% increase in gas cost in 2018/19 to 2021/22 following tender (assumed thereafter) and predicted 20% increase in electricity cost, due to 40% increase in global wholesale energy market in last 12 months. Estimated pressure by 19/20 - £440k. Known increase in gas and electricity cost in the Corporate Estate 2019/20 to 2021/22 will also due to increases in the Climate Change Levy. This replaces the Carbon Reduction Commitment which ends in 18/19 and is corporately funded: the CCL is directly applied to utility bills. The CCL will also be an additional cost to schools (they were previously exempt) but not to HRA (because domestic supplies are exempt) | 183                           |
| Commercialisation | Opportunity         | Opportunity due to release of funds from DECC (as formerly known) to spend on current energy initiatives   | (59)                          |
| Commercialisation | Risk                | Risk of overspend on R&M. This is partly due to delayed delivery of savings on Hard FM contract.   | 250                           |
| Commercialisation | Risk                | Risk of overspend due to delay in delivery of Print and Mail savings   | 170                           |
| Commercialisation | Risk                | Risk of overspend due to pressure on salary costs  | 200                           |
| Commercialisation | Risk                | Risk of overspend due to historic budget pressure on Waste Management within Facilities Management   | 415                           |
| Commercialisation | Opportunity         | Opportunity arising from increased income within Harbour   | (186)                         |
| Commercialisation | Opportunity         | Opportunity to reduce costs within cleaning in the short and long term. Current figure is based on rationalisation of workforce. Further work yet to be done around reducing reactive spend and doing more planned spend e.g. by tackling use of agencies and overtime, also reviewing of management. This should generate additional opportunities.   | (489)                         |
| Commercialisation | Opportunity         | Opportunity arising from efficiencies due to new fleet vehicles which is reducing spend on fuel and hires.   | (80)                          |
| <b>Total</b>      | <b>Risk</b>         |  | <b>478</b>                    |

## d: Capital

| Approved Budget | Revised Budget | Expenditure to Date | Forecast Outturn | Outturn Variance |
|-----------------|----------------|---------------------|------------------|------------------|
| <b>£8.6m</b>    | <b>£16.2m</b>  | <b>£3.5m</b>        | <b>£16.2m</b>    | <b>£0.0m</b>     |
|                 |                | 22% of budget       | 100% of budget   |                  |
|                 |                | 22% of forecast     |                  |                  |



| Gross expenditure by Programme |   | Current Year (FY2018) |                     |               |            | Performance to budget |             |
|--------------------------------|---|-----------------------|---------------------|---------------|------------|-----------------------|-------------|
|                                |   | Budget                | Expenditure to Date | Forecast      | Variance   | Expenditure to date   | Forecast    |
|                                |   | £000s                 |                     |               |            | %                     |             |
| <b>Communities</b>             |   |                       |                     |               |            |                       |             |
| NH01                           | Libraries for the Future                              | 134                   | 12                  | 134           | 0          | 9%                    | 100%        |
| NH02                           | Investment in parks and green spaces                  | 1,762                 | 265                 | 1,762         | (0)        | 15%                   | 100%        |
| NH03                           | Cemeteries & Crematoria                               | 0                     | 0                   | 0             | 0          |                       |             |
| NH05                           | Sports Provision                                      | 0                     | 0                   | 0             | 0          |                       |             |
| NH06                           | Bristol Operations Centre                             | 2,173                 | 583                 | 2,173         | 0          | 27%                   | 100%        |
| NH07                           | Housing Solutions                                     | 3,231                 | 1,070               | 3,231         | 0          | 33%                   | 100%        |
| NH08                           | Omni Channel Contact Centre (ICT System development). | 255                   | 229                 | 255           | (0)        | 90%                   | 100%        |
| PL18                           | Energy services - Renewable energy investment scheme  | 3,510                 | 522                 | 3,510         | (0)        | 15%                   | 100%        |
| PL19                           | Energy Services - workstream 2                        | 0                     | 0                   | 0             | 0          |                       |             |
| PL21                           | Strategic Property - Essential H&S                    | 2,978                 | 657                 | 2,978         | (0)        | 22%                   | 100%        |
| PL27                           | Strategic Property - vehicle replacement              | 2,132                 | 204                 | 2,132         | 0          | 10%                   | 100%        |
| PL35                           | Harbourside operational infrastructure                | 0                     | 0                   | 0             | 0          |                       |             |
| PL36                           | Investment in Markets infrastructure & buildings      | 0                     | 0                   | 0             | 0          |                       |             |
| <b>Total Communities</b>       |   | <b>16,175</b>         | <b>3,543</b>        | <b>16,174</b> | <b>(1)</b> | <b>22%</b>            | <b>100%</b> |

### Key Messages

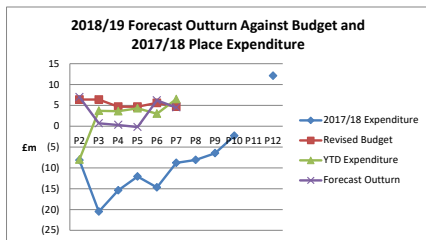
- The budgets were reprofiled in P6 and the revised programme for 2018/19 is anticipated to be delivered.
- NH04 Third Household Waste Recycling and Re-Use Centre is now being reported within Growth and Regeneration.

a: 2018/19 Summary Headlines

|   |   |   |   |
|---|---|---|---|
| <b>Revised Budget</b><br>P6 £5.6m<br><b>£4.7m</b> | <b>Forecast Outturn</b><br>P6 £6.2m<br><b>£4.5m</b> | <b>Outturn Variance</b><br>P6 £0.6m<br><b>(£0.2m)</b> | <b>Movement from P6</b><br>Revised Budget (£0.9m)<br>Forecast Outturn £1.6m |
|---|---|---|---|

b: Budget Monitor

1. Overall Position and Movement



| Revised budget | May | Jun | Jul | Aug   | Sep | Oct   | Nov | Dec | Jan | Feb | Mar |
|----------------|-----|-----|-----|-------|-----|-------|-----|-----|-----|-----|-----|
| £4.7m          | 0.6 | 0.7 | 0.3 | (0.2) | 0.6 | (0.2) |     |     |     |     |     |
|                | ▲   | ▲   | ▼   | ▼     | ▲   | ▼     |     |     |     |     |     |

2. Revenue Position by Division

| Revenue Position by Division             | 2018/19 - Full Year |                |                  |                  |
|--|---------------------|----------------|------------------|------------------|
|  | Approved Budget     | Revised Budget | Forecast Outturn | Outturn Variance |
|  | £000s               |                |                  |                  |
| Planning                                 | 0.8                 | 0.7            | 0.7              | (0.1)            |
| Transport                                | 5.7                 | 4.5            | 3.8              | (0.7)            |
| City Growth, Investment & Infrastructure | (0.9)               | (0.5)          | 0.1              | 0.6              |
| <b>Total</b>                             | <b>5.5</b>          | <b>4.7</b>     | <b>4.5</b>       | <b>(0.2)</b>     |

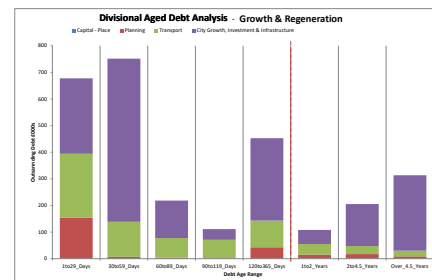
Key Messages: Forecast underspend £0.2m

**Planning** – (£0.1m) underspend forecast due to Development Management income. In-year salary savings offset by use of consultants / increased Record Management charges.

**Transport** – (£0.7m) underspend forecast as a result of additional street numbering income (£0.3m) and reduced WECA payments (£0.4m). Additional Parking Income (bus lane enforcement) has help offset shortfall in Trenchard Street and WestEnd parking income and extra costs from new Street Lighting energy contract.

**City Growth, Investment & Infrastructure** – £0.6m overspend forecast is mainly due to a shortfall in the delivery of Property savings in particular corporate asset disposals.

3. Aged Debt Analysis



c: Risks and Opportunities

4. Savings Delivery RAG Status

18/19 G&R Directorate Savings Target (£'000s):

6,091

| 18/19 Savings  | This month                              |                                |                    | Top 5 largest savings at risk in 18/19 (ordered by size of saving at risk)     |   |                                |
|--|---|--------------------------------|--------------------|--|---|--------------------------------|
|  | 18/19 - Total value of savings (£'000s) | 18/19 - Value at risk (£'000s) | Proportion at risk | ID   | Name of Proposal  | Value at Risk in 18/19 (£'000) |
| No - savings are at risk   | 3,210                                   | 202                            | 6%                 | NEW3   | Generate additional income from our historic assets   | 150                            |
| Yes - savings are safe   | 2,233                                   | 0                              | 0%                 | NEW2   | *17/18 Rollover* - Review our approach to managing and optimising the value of public sector land and buildings | 52                             |
| SAVING CLOSED - CONFIRMED AS 'SECURED & DELIVERED'               | 647                                     | 0                              | 0%                 |  |   |                                |
| NO RAG PROVIDED  | 0                                       | 0                              | n/a                |  |   |                                |
| <b>Grand Total</b>   | <b>6,091</b>                            | <b>202</b>                     | <b>3%</b>          |  |   |                                |
| n/a - represents one off savings or mitigations in previous year | -2,220                                  | 0                              | 0%                 | <b>Mitigated 17/18 savings that remain 'due' for delivery in 18/19 (£'000)</b> |   |                                |
| WRITTEN OFF  | 38                                      | 0                              | 0%                 | Amount due from 17/18: 1713  |   |                                |
| <b>Grand Total</b>   | <b>3,908</b>                            | <b>202</b>                     | <b>5%</b>          | Amount reported at risk: 0   |   |                                |

## 5. Revenue Risks and Opportunities

| Division                                 | Risk or opportunity | Description  | Net Risk / Opportunity £ |
|--|---------------------|--|--------------------------|
| City Growth, Investment & Infrastructure | Opportunity         | Costs of consultants eg: Asset Management Plan specialist / Economic Strategy (ARUP's) not forecast to be funded from Corporate reserves at this stage   | (399,855)                |
| Transport                                | Opportunity         | OPP: £400k One-off payment from WECA for Supported Bus Services Could be used to cover overspend on Supported Bus Services that have had to be supported whilst Metrobus is delayed ceased on 2nd Sept. 903 = 6k per month/506 = £20k per month<br>At present M2 should start in September = 5 months<br>So total = £30k+£100k = £130k | (97,500)                 |
| Transport                                | Risk                | Need to pay back Bus Lane Enforcement income at Stoke Lane (new camera) - 50% of gross income in forecast.   | 215,000                  |
| Transport                                | Opportunity         | £400k for repayment of Metrobus Loan will not be taken until this year. This amount is forecast as a payment to cover car park structural repairs following survey   | (400,000)                |
| Transport                                | Risk                | Developing Street Works Permit Scheme, new legislation from DFT. £60k is current estimate.   | 60,000                   |
| Total                                    |                     |  | (622,355)                |

### Key messages

**RISK:** Culture division has taken on responsibilities for five under-performing Historic building assets. Income shortfall for 2018-19 is now estimated at £0.5m. The main issues are with City Hall and the registry office due to the complications in implementation which requires leadership endorsement and change of operating culture at these locations. Furthermore Passenger Shed is within the Temple Quarter redevelopment zone and its future availability is tied to a Network Rail agreement that will take the venue offline thereby adding further budget pressure.

**OPPORTUNITIES:** Some mitigations have been identified against the reported shortfall on property revenue savings delivery via assets disposal.

### d: Capital

| Approved Budget | Revised Budget | Expenditure to Date            | Forecast Outturn | Outturn Variance |
|-----------------|----------------|--------------------------------|------------------|------------------|
| <b>£133.5m</b>  | <b>£71.8m</b>  | <b>£27.7m</b>                  | <b>£71.8m</b>    | <b>£0.0m</b>     |
|                 |                | 39% of budget<br>39% of budget | 100% of budget   |                  |

|  |  | Current Year (FY2018) |                     |               |            | Performance to budget |             |
|--|--|-----------------------|---------------------|---------------|------------|-----------------------|-------------|
| Gross expenditure by Programme         |  | Budget                | Expenditure to Date | Forecast      | Variance   | Expenditure to date   | Forecast    |
| CD1                                    | Bristol Futures  | 0                     | 0                   | 0             | 0          |                       |             |
| NH04                                   | Third Household Waste Recycling and Re-use Centre              | 46                    | 0                   | 46            | 0          | 0%                    | 100%        |
| PL01                                   | Metrobus   | 3,000                 | 387                 | 3,000         | (0)        | 13%                   | 100%        |
| PL02                                   | Passenger Transport  | 1,982                 | 170                 | 1,982         | 0          | 9%                    | 100%        |
| PL03                                   | Residents Parking Schemes                                      | 1,016                 | 742                 | 1,016         | 0          | 73%                   | 100%        |
| PL04                                   | Strategic City Transport                                       | 8,594                 | 3,788               | 8,594         | (0)        | 44%                   | 100%        |
| PL05                                   | Sustainable Transport  | 13,510                | 5,625               | 13,510        | (0)        | 42%                   | 100%        |
| PL06                                   | Portway Park & Ride Rail Platform                              | 0                     | 0                   | 0             | 0          |                       |             |
| PL07                                   | Rail Stations Improvement Programme                            | 0                     | 0                   | 0             | 0          |                       |             |
| PL08                                   | Highways & Drainage Enhancements                               | 4,080                 | 2,619               | 4,080         | (0)        | 64%                   | 100%        |
| PL09                                   | Highways infrastructure - bridge investment                    | 250                   | 0                   | 250           | 0          | 0%                    | 100%        |
| PL09A                                  | Highways infrastructure - Chocolate Path                       | 580                   | 201                 | 580           | 0          | 35%                   | 100%        |
| PL10                                   | Highways & Traffic Infrastructure - General                    | 8,855                 | 3,354               | 8,855         | (0)        | 38%                   | 100%        |
| PL11                                   | Bristol Arena & Temple Meads East Regeneration                 | 654                   | 190                 | 654           | 0          | 29%                   | 100%        |
| PL11A                                  | Cattle Market Road Development                                 | 12,111                | 7,023               | 12,111        | 0          | 58%                   | 100%        |
| PL11B                                  | Temple Meads Master Plan                                       | 810                   | 119                 | 810           | (0)        | 15%                   | 100%        |
| PL12                                   | Filwood Broadway   | 1                     | 0                   | 1             | (0)        | 0%                    | 66%         |
| PL13                                   | Filwood Green Business Park                                    | 200                   | 42                  | 200           | 0          | 21%                   | 100%        |
| PL14                                   | Planning & Sustainable Development                             | 251                   | 63                  | 422           | 171        | 25%                   | 168%        |
| PL15                                   | Planning & Sustainable Development - Environmental Improvement | 291                   | 0                   | 120           | (171)      | 0%                    | 41%         |
| PL16                                   | Economy Development  | 118                   | 1                   | 118           | (0)        | 1%                    | 100%        |
| PL17                                   | Resilience Fund (£1m of the £10m Port Sale)                    | 530                   | 56                  | 530           | (0)        | 11%                   | 100%        |
| PL20                                   | Strategic Property   | 589                   | 188                 | 589           | 0          | 32%                   | 100%        |
| PL22                                   | Strategic Property - Investment in existing waste facilities   | 289                   | 0                   | 289           | 0          | 0%                    | 100%        |
| PL23                                   | Strategic Property - Temple St                                 | 169                   | 75                  | 169           | (0)        | 44%                   | 100%        |
| PL24                                   | Colston Hall   | 3,325                 | 689                 | 3,325         | (0)        | 21%                   | 100%        |
| PL25                                   | Strategic Property - Community Capacity Building               | 0                     | 0                   | 0             | 0          |                       |             |
| PL26                                   | Old Vic & St George's  | 498                   | 498                 | 498           | 0          | 100%                  | 100%        |
| PL28                                   | Bottleyard Studios   | 302                   | 160                 | 302           | 0          | 53%                   | 100%        |
| PL30                                   | Housing Strategy and Commissioning                             | 9,721                 | 1,693               | 9,722         | 1          | 17%                   | 100%        |
| PL32                                   | Cumberland Basin Design Development                            | 20                    | 0                   | 20            | 0          | 0%                    | 100%        |
| PL34                                   | Strategic property - Community investment scheme               | 0                     | 0                   | 0             | 0          |                       |             |
| <b>Total Growth &amp; Regeneration</b> |  | <b>71,792</b>         | <b>27,682</b>       | <b>71,792</b> | <b>(0)</b> | <b>39%</b>            | <b>100%</b> |

### Key Messages

- Budget amendments totalling £25m have been made since P6 principally for Bristol Arena (£31m reduction) offset by Metrobus £3.6m and Cattle Market Road overage payment £2.8m.

**a: 2018/19 Summary Headlines**

|    | Revised Budget | Forecast Outturn | Outturn Variance |
|----|----------------|------------------|------------------|
| P6 | £0m            | (£3.7m)          | (£3.7m)          |
| P7 | <b>£0m</b>     | <b>(£4.4m)</b>   | <b>(£4.4m)</b>   |

**b: Budget Monitor**

**1. Overall Position and Movement**

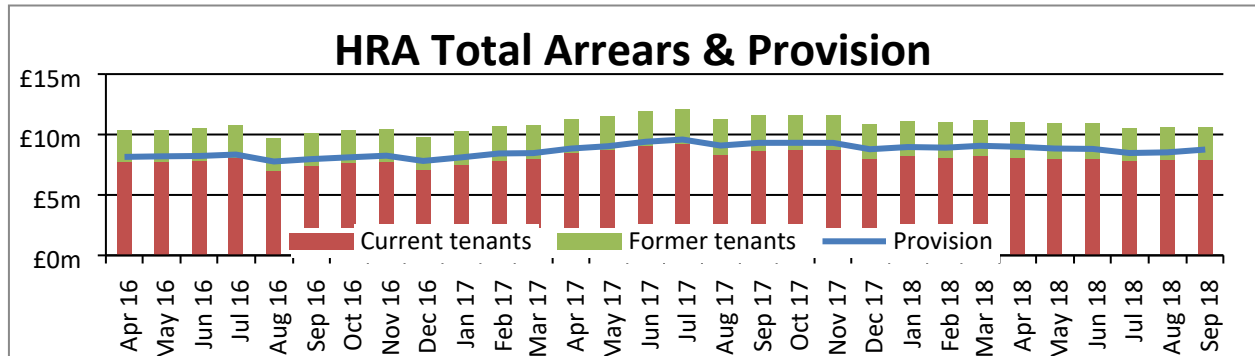
The forecast revenue underspend has increased marginally compared to Period 6.

| Forecast Outturn Variance 2018/19 |       |       |       |       |       |       |     |     |     |     |     |  |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|-----|--|
| £m                                |       |       |       |       |       |       |     |     |     |     |     |  |
| Revised budget                    | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov | Dec | Jan | Feb | Mar |  |
| £0m                               | (1.7) | (1.5) | (2.8) | (2.5) | (3.7) | (4.4) |     |     |     |     |     |  |
|                                   | ▼     | ▲     | ▼     | ▲     | ▼     | ▼     |     |     |     |     |     |  |

**2. Revenue Position**

| Revenue Position by Division                           | 2018/19 - Full Year |                     |                     |          |                               |
|--|---------------------|---------------------|---------------------|----------|-------------------------------|
|  | Revised Budget      | P7 Forecast Outturn | P6 Forecast Outturn | Variance | Movement in Forecast since P6 |
|  | £000s               |                     |                     |          |                               |
| Income   | (119.9)             | (121.0)             | (121.0)             | (1.1)    | 0.0                           |
| Repairs and Maintenance                                | 32.1                | 29.3                | 30.6                | (2.8)    | (1.3)                         |
| Supervision and Management                             | 27.4                | 27.9                | 26.9                | 0.6      | 1.0                           |
| Special Services (Rechargeable)                        | 8.6                 | 7.9                 | 8.1                 | (0.7)    | (0.2)                         |
| Rents, Rates etc                                       | 1.9                 | 1.6                 | 1.9                 | (0.3)    | (0.3)                         |
| Capital Funded from Revenue, Interest and Depreciation | 50.0                | 50.0                | 50.0                | 0.0      | 0.0                           |
| <b>(Surplus) on the HRA</b>                            | 0.0                 | (4.4)               | (3.7)               | (4.4)    | (0.7)                         |

**3. Debt Position**



**4. Key Messages**

Overall a surplus of £4.4m forecast at P7 an increase of £0.7m compared to P6. The key variances from Period 6 are as follows:

- Repairs and Maintenance - Largest underspend due to poor performance from external contractor - improvement plan agreed and being monitored.
- Supervision and Management – Savings on employee costs including vacancies pending recruitment.

There is an action plan in place that has reviewed all aspects associated with the reported HRA surplus for 2017/18 to ensure that there is no repetition of the large unforeseen movements.

## c: Risks and Opportunities

| Risk  | Key Causes   | Key Consequence  | Key Mitigations  |
|---|--|--|--|
| <b>Implementation of Universal Credit</b>     | Changes to rent policy and welfare benefit reform reducing income, Universal credit full service roll out from June and September 2018, to estimated 1500 tenants.             | Estimated impact on rent arrears of between £32k to £200k  | Universal Credit response plan including raising awareness of change for tenants, developing assessment of readiness and identification of tenants needing support to get ready or make transition. Income Collection Policy being reviewed to promote rent first approach which will reset rent payment culture for tenants, staff and partnership agencies. Joint cross service steering group for continuing development and delivery of corporate UC response action plan. |
| <b>Impact of Grenfell enquiry outcomes</b>    | Additional works as a result of Grenfell enquiry outcomes, or the outcomes of independent fire safety checks on clad blocks; public /political pressure to install sprinklers. | Lack of ability to deliver planned services, requirement to cut spending plans / reduce services, impact on New Build programmes | Need to retain flexibility in capital programme to meet outcomes of Grenfell enquiry that does not result in disruption to the rest of the programme.  |
| <b>Repayment of Right to Buy Receipts RTB</b> | Lack of any forward plan to use RTB receipts   | Loss of funding to support capital investment in new stock   | Develop a forward programme to utilise RTB receipts thereby reducing the amount to be repaid. This responsibility is shared with the Housing Delivery Team as they are responsible for new build. There is a remaining requirement for the Strategic Director for Communities to be informed about spend and to support the planning of the spend.   |

## d: Capital

| Approved Budget | Revised Budget | Expenditure to Date              | Forecast Outturn | Outturn Variance |
|-----------------|----------------|----------------------------------|------------------|------------------|
| <b>£47.0m</b>   | <b>£39.2m</b>  | <b>£16.1m</b>                    | <b>£39.2m</b>    | <b>£0.0m</b>     |
|                 |                | 37% of budget<br>37% of forecast | 100% of budget   |                  |

|  |   | Current Year (2018 ) |                     |               |          | Performance to budget |             |
|--|---|----------------------|---------------------|---------------|----------|-----------------------|-------------|
| Gross expenditure by *Programme & Scheme   |   | Budget               | Expenditure to Date | Forecast      | Variance | Expenditure to date   | Forecast    |
| * Programmes may cross division. The data below relates to the named division only |   | £000s                |                     |               |          | %                     |             |
| 13612  | Capital - Professional Charges - Planned    | 752                  | 0                   | 752           | 0        | 0%                    | 100%        |
| 13613  | Capital - Professional Charges - SP&G       | 801                  | 0                   | 801           | 0        | 0%                    | 100%        |
| 13614  | Capital - Capitalised Works                 | 3,840                | 1,420               | 3,840         | 0        | 37%                   | 100%        |
| 13615  | Capital - Disabled Adaptations              | 2,164                | 1,136               | 2,164         | 0        | 53%                   | 100%        |
| 13616  | Capital - Investment In Blocks - Planned    | 7,515                | 1,518               | 7,515         | 0        | 20%                   | 100%        |
| 13618  | Capital - Miscellaneous Schemes             | 206                  | 27                  | 206           | 0        | 13%                   | 100%        |
| 13619  | Capital - Neighbourhood Investment Projects | 600                  | 162                 | 600           | 0        | 27%                   | 100%        |
| 13620  | Capital - New Build / Land Enabling Works   | 12,175               | 6,503               | 12,175        | 0        | 53%                   | 100%        |
| 13621  | Capital - Planned Programme                 | 10,055               | 5,382               | 10,055        | 0        | 54%                   | 100%        |
| 14595  | Capital: New Housing Management System      | 1,100                | 0                   | 1,100         | 0        | 0%                    | 100%        |
| 15258  | Capital - Planned Other                     | 0                    | 0                   | 0             | 0        |                       |             |
| <b>HRA1</b>  | <b>Housing Revenue Account (HRA)</b>        | <b>39,209</b>        | <b>16,148</b>       | <b>39,209</b> | <b>0</b> | <b>41%</b>            | <b>100%</b> |

The capital budget for 2018/19 has been reduced from £47m to £39.2m in order to reflect the expected level of programme delivery in 2018/19. Overall, the service will be taking a more strategic approach going forward. Savills have been commissioned to give advice on the investment programme and business plan allowances for investment to enable better budget setting. This will take place over the coming weeks and impact next year's budget setting process.

The main reasons for reprofiling projects are as follows:

Blocks - Communal Rewire budget £500k set aside for possible additional emergency lighting works as part of our contingency planning post Grenfell- this is not required for this year. Also £1m repairs to cladding set aside, and (£650k) may not be needed until next year after we know the results of the independent checks.

Major Block Refurbishment projects - some carried forward from last year due to contractors and winter causing delays resulting in overspend this year, offset by some delayed starts leading to less budget required this year (contractor delays in signing contracts and performance bond issues). Delays due to tendering difficulties, lengthy approvals process, and staff issues. We have applied our experience on this at Spencer and Norton (now started on site) to forecasts for spend on Polden and Gaywood projects now out to tender / going out to tender. We will allow for this when setting future budgets. Conflicting procurement and legal advice has lengthened the process from tender to start on site, to be addressed at a strategic meeting.

Planned Programmes:

(a) Kitchen installs - change in contractor who will now only be providing a lower number before contract ends and new contractor takes over (current contractor supply chain leaving), plus there may be mobilisation issues. There is a reduced need for replacement kitchens / reduced number due.

(b) Heating installs - new contract is now at a lower price than envisaged when setting the budget, fewer numbers are due, and hard to access properties are causing some delays.

(c) External maintenance: one large external maintenance project subject to option appraisal and will now start next year (Vincent close);

New Build - unforeseen environmental issues on the Alderman Moores site.

**SUMMARY HEADLINES**

**1. Overall Position and Movement**

|                       |                         |                         |                             |
|-----------------------|-------------------------|-------------------------|-----------------------------|
| <b>Revised Budget</b> | <b>Forecast Outturn</b> | <b>Outturn Variance</b> | <b>Transfer to reserves</b> |
| <b>£0m</b>            | <b>£0m</b>              | <b>£0m</b>              | <b>(£1.2m)</b>              |

**2. Revenue Position by Division**

**Summary DSG position 2018/19 Period 7** (All figures in £000s)

|                       | b/f          | Funding<br>2018/19 | Forecast<br>2018/19 | In-year<br>variance | P7 Carry-<br>forward<br>2018/19 | Previous<br>(P6) c/f<br>2018/19 | Movement  |
|-----------------------|--------------|--------------------|---------------------|---------------------|---------------------------------|---------------------------------|-----------|
| Schools Block         |              | 253,423            | 253,423             |                     |                                 |                                 | 0         |
| De-delegation         | (357)        |                    | 18                  | 18                  | (339)                           | (57)                            | (282)     |
| Schools Central Block |              | 2,262              | 2,262               |                     |                                 |                                 | 0         |
| Early Years           | (500)        | 36,600             | 35,255              | (1,345)             | (1,845)                         | (1,865)                         | 20        |
| High Needs Block      | 2,055        | 54,471             | 54,431              | (40)                | 2,015                           | 1,814                           | 201       |
| Funding               | (182)        | (346,756)          | (346,574)           | 182                 |                                 |                                 | 0         |
| <b>Total</b>          | <b>1,016</b> |                    | <b>(1,185)</b>      | <b>(1,185)</b>      | <b>(169)</b>                    | <b>(108)</b>                    | <b>61</b> |

NB, to be consistent with the figures reported to Schools Forum, this summary includes £164m for mainstream academies and £9m for High Needs recouped by the ESFA.

**3. Latest Financial Position**

- The **overall DSG** forecast position has worsened slightly (+£61k) since Period 6. The main change is within the De-delegated budget for Schools in Financial Difficulty (+£0.282m improvement) and High Needs (£0.2m adverse).
- **De-delegated budgets.** The greater amount of scrutiny of schools in financial difficulty has, so far, not resulted in a stepped increase in the use of this fund. The brought forward of £0.290m on this budget will not be used in 2018/19 and, rather than seek a further de-delegated budget from maintained primary schools in 2019/20, the brought forward is expected to be carried forward for use in future years.
- It must be stressed that the **Early Years** forecast underspend is **tentative** because 2/3rds of the expenditure on early years settings and 7/12ths of the DSG Early Years Block income is dependent on the participation levels recorded in the October 2018 and January 2019 pupil censuses, which have not yet taken place. The forecast is based on patterns in 2017/18, so these may not be replicated.
- The **High Needs** position has had an adverse movement of £0.2m since period 6 due to changes in activity levels across all top-ups, but particularly in Alternative Provision.
- At year-end, there may be choices to make about how any balance is treated. If there is a cumulative underspend of (£0.2m), this would have to be carried forward into 2019/20. Decisions, however, would need to be made about whether any of the Early Years surplus could be transferred to the High Needs budget to reduce its cumulative deficit. Schools Forum deferred a decision about possibly offsetting one with the other (to year-end) when it met in September 2018.

**4. Risks and Opportunities**

- Variations in pupil numbers in early years may confirm a projected underspend or it may reverse the position.
- Cost and demand pressures and opportunities within High Needs have materialised and there is little scope for taking action to reduce them in this financial year in the context of plans for setting the High Needs Budget at Full council in November 2018.
- Further academisation could erode de-delegated funding for the authority
- There are 17 schools that ended the year with a deficit balance. These deficits have accumulated over a long period of time and for some schools represent a significant proportion of their annual school budget. Officers have been meeting with those schools to develop a plan whilst ensuring they are able to meet statutory responsibilities and, there is recognition that any repayment of deficit would be over much longer timescales than the 3 or so years that might normally be expected of schools. Two of the schools who have recently become academies had combined deficits of £1.1m which they will have to address this financial year.



**a: 2018/19 Summary Headlines**

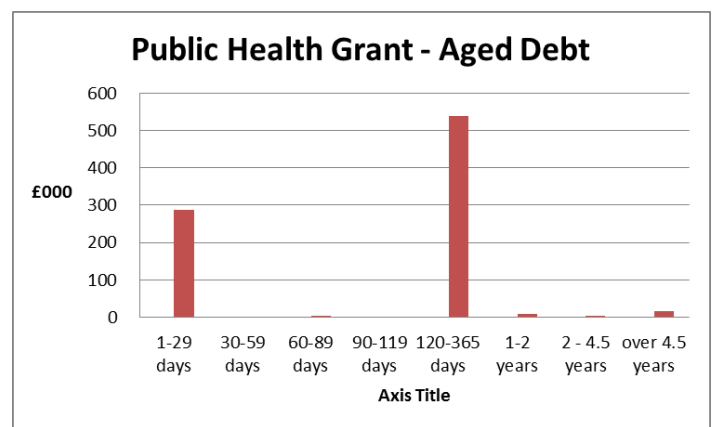
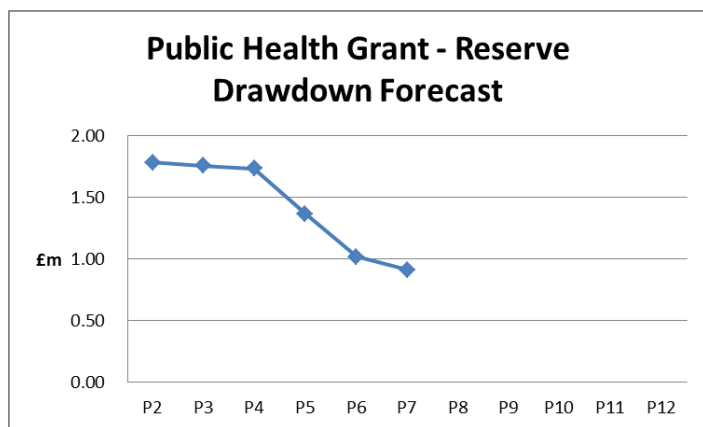
|           | Revised Budget | Forecast Outturn | Outturn Variance | Reserve Drawdown |
|-----------|----------------|------------------|------------------|------------------|
| P6        | £0m            | £0m              | £0m              | £1.017m          |
| <b>P7</b> | <b>£0m</b>     | <b>£0m</b>       | <b>£0m</b>       | <b>£0.913m</b>   |

**b: Budget Monitor**

Key Messages

Overall a net nil variance to budget is forecast at P7 (with a draw down of £0.913m forecast from the grant reserve).

- In response to ongoing funding challenges (there has been a 2.6% / £0.9m reduction in 18/19’s grant funding as allocated by Public Health England) Public Health are currently undertaking a restructure with the aim that the new structure be in place by end of December 2018.
- The forecast drawdown from the Public Health grant reserve has reduced from £1.017m to £0.913m, a reduction of £0.104m. The material change relates to a reduction in funding required by Public Health – Food Safety of £0.132 as a contribution to fund food inspectors, whilst additional funding of £0.028m has been agreed for NHS health checks at Knowle West Health Park.
- The forecast costs of likely redundancies are not currently reflected in the Public Health grant budget but are highlighted as a risk in the Risk / Opportunity section below.
- There is a 35% increase in aged debt from £0.635m to £0.854m, this increase relates to a new creditors invoices raised for £287k to North Somerset Council for sexual health services.



**C: Risks and Opportunities**

| Division      | Risk or Opportunity | Description  | Net Risk / Opportunity |
|---------------|---------------------|--|------------------------|
| Public Health | Risk                | Cost of redundancy will be charged to the Public Health grant reserves | £825k                  |

## Period 7 Budget Monitoring - Summary

|   | 2018/19 - Full Year |                |                  |                  | Period 6 Forecast    |                  |
|---|---------------------|----------------|------------------|------------------|----------------------|------------------|
|   | Approved Budget     | Revised Budget | Forecast Outturn | Outturn Variance | Movement in Forecast | Forecast Outturn |
|   | £000s               |                |                  |                  | £000s                |                  |
| <b>Adults, Children and Education</b>       |                     |                |                  |                  |                      |                  |
| Adult Social Care                           | 130,605             | 149,674        | 149,681          | 7                | 0                    | 149,681          |
| Children and Family Services                | 60,304              | 60,300         | 60,331           | 30               | 32                   | 60,299           |
| Education, Learning and Skills Improvement  | 12,610              | 18,766         | 18,478           | (289)            | (291)                | 18,769           |
| Public Health - General Fund                | 2,004               | 1,824          | 1,808            | (16)             | (14)                 | 1,822            |
| <b>Total Adults, Children and Education</b> | <b>205,523</b>      | <b>230,565</b> | <b>230,298</b>   | <b>(267)</b>     | <b>(273)</b>         | <b>230,571</b>   |
| <b>Resources</b>                            |                     |                |                  |                  |                      |                  |
| ICT   | 12,463              | 12,794         | 12,844           | 50               | 0                    | 12,844           |
| Legal and Democratic Services               | 6,193               | 6,383          | 6,326            | (57)             | (57)                 | 6,383            |
| Finance                                     | 8,910               | 10,404         | 10,405           | 1                | 1                    | 10,403           |
| HR, Workplace & Organisational Design       | 10,718              | 10,705         | 10,655           | (50)             | 118                  | 10,537           |
| Policy & Strategy                           | 2,500               | 2,440          | 2,420            | (20)             | (82)                 | 2,502            |
| <b>Total Resources</b>                      | <b>40,784</b>       | <b>42,726</b>  | <b>42,650</b>    | <b>(76)</b>      | <b>(20)</b>          | <b>42,670</b>    |
| <b>Communities</b>                          |                     |                |                  |                  |                      |                  |
| Waste                                       | 28,987              | 29,041         | 29,066           | 24               | 2                    | 29,064           |
| Homes & Landlord Services                   | 12,871              | 12,808         | 12,761           | (47)             | (40)                 | 12,801           |
| Commercialisation                           | 13,908              | 14,092         | 14,147           | 55               | 123                  | 14,024           |
| Community Services                          | 7,694               | 7,635          | 7,792            | 157              | 101                  | 7,691            |
| <b>Total Communities</b>                    | <b>63,461</b>       | <b>63,576</b>  | <b>63,766</b>    | <b>189</b>       | <b>186</b>           | <b>63,580</b>    |
| <b>Growth &amp; Regeneration</b>            |                     |                |                  |                  |                      |                  |
| Planning                                    | 753                 | 734            | 659              | (75)             | (66)                 | 725              |
| Transport                                   | 5,659               | 4,511          | 3,766            | (745)            | (950)                | 4,716            |
| City Growth, Investment & Infrastructure    | (921)               | (538)          | 97               | 636              | (632)                | 729              |
| <b>Total Growth &amp; Regeneration</b>      | <b>5,490</b>        | <b>4,707</b>   | <b>4,522</b>     | <b>(184)</b>     | <b>(1,648)</b>       | <b>6,170</b>     |
| <b>SERVICE NET EXPENDITURE</b>              | <b>315,258</b>      | <b>341,574</b> | <b>341,236</b>   | <b>(337)</b>     | <b>(1,755)</b>       | <b>342,991</b>   |
| <b>Levies</b>                               | <b>957</b>          | <b>957</b>     | <b>957</b>       | <b>0</b>         | <b>0</b>             | <b>957</b>       |
| Corporate Expenditure                       | 40,016              | 20,120         | 20,022           | (98)             | 2,249                | 17,773           |
| Capital Financing                           | 0                   | 964            | 964              | 0                | 763                  | 201              |
| <b>TOTAL REVENUE NET EXPENDITURE</b>        | <b>356,231</b>      | <b>363,614</b> | <b>363,179</b>   | <b>(435)</b>     | <b>1,257</b>         | <b>361,922</b>   |

## HOUSING REVENUE ACCOUNT SUMMARY

|                                      | 2018/19 - Full Year |                |                  |                  | Period 6 Forecast    |                  |
|--------------------------------------|---------------------|----------------|------------------|------------------|----------------------|------------------|
|                                      | Approved Budget     | Revised Budget | Forecast Outturn | Outturn Variance | Movement in Forecast | Forecast Outturn |
|                                      | £000s               |                |                  |                  | £000s                |                  |
| <b>Housing Revenue Account</b>       |                     |                |                  |                  |                      |                  |
| Strategy, Planning & Governance      | (106,783)           | (106,783)      | (108,079)        | (1,296)          | 119                  | (108,198)        |
| Responsive Repairs                   | 26,224              | 26,224         | 23,124           | (3,100)          | (1,349)              | 24,473           |
| Planned Programmes                   | 17,904              | 17,904         | 18,139           | 235              | 834                  | 17,305           |
| Estate Management                    | 14,697              | 14,697         | 14,417           | (280)            | (314)                | 14,732           |
| Capital - Neighbourhoods HRA         | 0                   | 0              | 3                | 3                | 0                    | 3                |
| HRA - Funding & Expenditure          | 12,116              | 12,116         | 12,116           | 0                | 0                    | 12,116           |
| HRA - Capital Financing              | 11,200              | 11,200         | 11,200           | 0                | 0                    | 11,200           |
| HRA - Year-end transactions          | 24,641              | 24,641         | 24,641           | 0                | 0                    | 24,641           |
| <b>Total Housing Revenue Account</b> | <b>(0)</b>          | <b>(0)</b>     | <b>(4,438)</b>   | <b>(4,438)</b>   | <b>(711)</b>         | <b>(3,728)</b>   |

## RING FENCED BUDGETS

|                                  | 2018/19 - Full Year |                |                  |                  | Period 6 Forecast    |                  |
|----------------------------------|---------------------|----------------|------------------|------------------|----------------------|------------------|
|                                  | Approved Budget     | Revised Budget | Forecast Outturn | Outturn Variance | Movement in Forecast | Forecast Outturn |
|                                  | £000s               |                |                  |                  | £000s                |                  |
| Public Health                    | 31                  | 31             | 31               | 0                | 0                    | 31               |
| Dedicated Schools Grant          | (0)                 | (0)            | 0                | 0                | 0                    | 0                |
| <b>Total Ring fenced budgets</b> | <b>31</b>           | <b>31</b>      | <b>31</b>        | <b>0</b>         | <b>0</b>             | <b>31</b>        |

## Decision Pathway – Report Template

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**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|  |  |  |  |
|--|--|--|--|
| <b>TITLE</b>   | Dedicated Schools Grant 2019/20 Budget Proposals                   |  |  |
| <b>Ward(s)</b>   | ALL  |  |  |
| <b>Author:</b> David Tully   | <b>Job title:</b> Finance Business Partner                         |  |  |
| <b>Cabinet lead:</b> Cllr Craig Cheney and Cllr Anna Keen  | <b>Executive Director lead:</b> Denise Murray, Director of Finance |  |  |
| <b>Proposal origin:</b> BCC Staff  |  |  |  |
| <b>Decision maker:</b> Mayor   |  |  |  |
| <b>Decision forum:</b> Cabinet   |  |  |  |
| <p><b>Purpose of Report:</b> Schools Forum has some limited powers to determine a small number of specific budgets. It must be consulted on all aspects of the use of the Dedicated Schools Grant (DSG) and the School Funding Regulations limit the scope for how funding may be used. Nonetheless, decisions on the amount of funding to distribute to schools and early years settings, the distribution mechanisms, the proposed spend on central services and the High Needs budget are matters to be determined by Cabinet and Council. This report sets out the proposed use of the DSG and how associated grants are to be applied during 2019/20.</p>   |  |  |  |
| <p><b>Evidence Base:</b> Officers have presented papers to Schools Forum and have engaged with schools to consider how best to use available funding in 2019/20 to address the financial issues facing Bristol schools, including academies. This paper reflects the strategy that has been agreed with the Schools Forum in the context of the available funding for 2019/20, subject to decisions and feedback from their meeting on 16<sup>th</sup> January 2019.</p> <p>In December 2018, the final allocations of DSG from the ESFA took account of 1,010 more pupils in October 2018, compared to October 2017. This produces £5.2m more than the indicative Schools Block allocation advised in July 2018, but this funding will substantially be needed to fund schools for those extra pupils. This is partly offset by a -£1.3m reduction in the Growth Fund allocation, compared to the indicative budget, but the DfE had provided some details of this and that loss had been anticipated. Finally, the DfE announced additional funding for High Needs beyond that advised in July 2018: £1m more for 2018/19, helping reduce the historic deficit in High Needs, plus another £1m for 2019/20, helping fund more of the pressures identified in the High Needs budget for that year.</p> <p>The key papers submitted to Schools Forum on 16<sup>th</sup> January 2019 are provided as appendices for reference:</p> <ul style="list-style-type: none"> <li>• <b>Appendix A.1: DSG Overview</b>, explaining the latest budget monitoring position for 2018/19 and an update on the implementation of the agreed strategy, now that the ESFA has confirmed the available DSG for 2019/20. Schools Forum had given conditional consent to permit further transfers to the High Needs block if the Growth Fund in the Schools Block allocation was greater than £3.9m. This would have been conditional on the Secretary of State for Education’s approval, but the Growth Fund allocation was £3.9m, so no additional funds are available to transfer.</li> <li>• <b>Appendix A.2: Schools Block</b>, which sets out how much funding is available and how it should be distributed through the funding formula for mainstream schools. The funding allocations for mainstream schools are paid directly to them each month; the funding allocations for academies and free schools are recouped by the Education and Skills Funding Agency from the DSG before it is received by the City Council.</li> </ul> |  |  |  |

- **Appendix A.3: Central School Services Block**, which includes the proposed use of the available funding, subject to the explicit approval of Schools Forum.
- **Appendix A.4: High Needs Block**, which includes the proposed allocation of available funding, after transfer of £2.566m into High Needs from other blocks. This is estimated to be insufficient to cover estimated commitment at existing rates, with existing policies; a cumulative deficit of £3.3m is estimated by the end of March 2020. A short-term deficit is possible, but there are risks that it may either grow or become difficult to recover without impacting on services. Transfers from other blocks have been possible because of fortuitous circumstances for Growth Fund and ceased central commitments, neither of which is likely to be available for much longer.

In order to fund the High Needs Budget in the short-term, the recommendation is to plan to use High Needs DSG from 2020/21 in advance to cover the in-year shortfall. This is permissible under the DSG regulations, but it does not address the underlying shortfall in the High Needs DSG. The High Needs budget is expected to operate under current policies and current rates of funding for schools. Expected changes in demand have been factored in. This will prevail until the High Needs Transformation programme recommends any changes. This would suggest that the forecast spend of £58.2m on High Needs is the best estimate currently, regardless of what figure is agreed as the formal budget for the year. So, £3.3m cumulative deficit is the expected position at March 2020, with or without the use of future DSG.

Using future DSG does have a particular advantage, however, in that DfE officials have indicated that they may be looking to re-baseline the High Needs budget. If they were to do that, budgets that reflected the expected spend of £58.2m would put Bristol in a better place than only budgeting for the funding that currently exists.

The strategy for addressing the High Needs deficit is three-fold:

- a) Officers and Members continue to lobby central government on the budget pressures in the high needs budget. The additional £1m provided to Bristol through higher High Needs DSG in each of 2018/19 and 2019/20 is an indication that central government are listening to the calls for more funding. A possible, part-solution to assist further would be a re-basing of the high needs budget to reflect local spending levels (as happened during 2016/17).
- b) A high needs transformation programme has begun, with four constituent projects: top-up funding; alternative provision; hospital education; and support services. Initial public engagement took place between 30<sup>th</sup> November 2018 and 13<sup>th</sup> January 2019. Proposals will be developed and become the subject of further consultation before final recommendations are brought before Members. These are focussed on how best to improve outcomes for children and young people, but may result in lower spend over time, if investment is made in activities most likely to promote such outcomes. The programme will include a review of the educational provision, training provision and social care provision for children and young people in Bristol who have special educational needs or a disability and as part of that review all relevant people will be consulted in accordance with section 27(3) Children and Families Act 2014.
- c) Officers will continue to look for all opportunities to transfer funding from different blocks or funds to support the High Needs budget.

It remains an option for Members to provide additional funding to the DSG, but the Department for Education is clear that this is a ring-fenced grant with no obligation on authorities to supplement it from other funding sources. The additional funding provided by DfE in December 2018 would indicate that central government recognises that there is a funding issue and further lobbying may see more DSG forthcoming. It is open to Members to consider this at year-end as well as at budget setting.

Taken as a whole, these possibilities may not fully address the historic deficit or any on-going shortfall in the High Needs Block in the medium term; many elements are not in the council's control.

- **Appendix A.5: Early Years Block**, which confirms the basis for distributing funding to settings for 2019/20 financial year and the plans for spending the limited amount of central Early Years DSG. It is proposed (following consultation with all settings) to continue with the local maintained nursery supplement for another year at a cost of £0.517m. This would be funded from expected underspends within the Early Years DSG in 2018/19. A further candidate for unspent Early Years DSG was to increase rates for SEN support for Early Years settings at a cost of £0.2m. This option remains, but needs to be considered as part of the High Needs Transformation Programme and there needs to be more certainty that sufficient unspent Early Years DSG is available. This matter is expected to be concluded immediately after year-end (April / May 2019).
- **Appendix A.6: Growth Fund**. Schools Forum had expressed a view that the Growth Fund, which provides temporary additional funding to existing schools which are expanding at the request or with the consent of the local authority, should be limited to funding Bristol resident pupils only. Schools Forum's role is to accept or reject the policy put forward by the council. The council would usually expect to take School Forum's lead on school funding matters. In this case, however, there is concern that not funding non-resident pupils would adversely affect church and single sex schools in particular. This could be perceived as discriminatory. It would mean that schools were only part-funded for expansions that the LA had endorsed. It would lead to a policy stance which other LAs have not taken. For these reasons, the proposal to Schools Forum is to leave the policy as it has been for 2018/19.

In summary, the Schools Budget for 2019/20 is proposed to be as per **Table 1**.

| DSG Blocks   | DSG Budgets 2018/19 (P7) £m | Reversal of one-off transfers in 2018/19 £m | DfE notified changes for 2019/20 £m | Total DSG notified by DfE December 2018 £m | Transfers between blocks 2019/20 £m | Allocations from underspend or future years DSG £m | Proposed Schools Budget 2019/20 £m |
|--|-----------------------------|---|-------------------------------------|--|-------------------------------------|--|------------------------------------|
| Schools block  | 253.423                     | -1.400                                      | 9.422                               | <b>261.445</b>                             | -2.000                              | 0.000  | <b>259.445</b>                     |
| Central school services block  | 2.262                       | +0.566                                      | 0.067                               | <b>2.895</b>                               | -0.566                              | 0.000  | <b>2.329</b>                       |
| High needs block   | 54.471                      | -3.448                                      | 2.191                               | <b>53.214</b>                              | 2.566                               | 2.407  | <b>58.187</b>                      |
| Early Years baseline (Provisional)   | 36,600                      | 0   | -0.167                              | <b>36.433</b>                              | 0                                   | 0.517  | <b>36.950</b>                      |
| <b>Total</b>   | <b>346.756</b>              | <b>-4.282</b>                               | <b>11.513</b>                       | <b>353.987</b>                             | <b>0.000</b>                        | <b>2.924</b>                                       | <b>356.911</b>                     |
| <b>Funded from</b>   |                             |   |                                     |  |                                     |  |                                    |
| Estimated brought forward DSG surplus from 2018/19 (Adjusted Period 7 forecast)        |                             |   |                                     |  |                                     |  | <b>-397</b>                        |
| DSG advised by ESFA up to 19 <sup>th</sup> December 2018                               |                             |   |                                     |  |                                     |  | <b>-353.987</b>                    |
| Estimated carry-forward <b>DEFICIT</b> at end of 2019/20 (if spend is at budget level) |                             |   |                                     |  |                                     |  | <b>-2.527</b>                      |
| <b>Total</b>   |                             |   |                                     |  |                                     |  | <b>-356.911</b>                    |

**Cabinet Member Recommendations:**

It is recommended that

1. **Schools Block (detail in Appendix A.2 and Growth Fund (detail in Appendix A.6)**
  - a. the Schools Block budget be set at £259.445m for 2019/20, as per Table 1 above, after £2m of the overall Schools Block DSG has been transferred to the High Needs Block;
  - b. the basis for distributing the funding to mainstream schools be as set out in the Schools Block

- report to Schools Forum (Appendix A.2)
- c. the Growth Fund for established schools expanding in September 2019 be set at £1.6m ( a component of the total Schools Block budget);
  - d. the Growth Fund policy be no different to that which operated in 2018/19 (Appendix A.6)
2. Central School Services Block (detail in Appendix A.3)
    - a. Subject to Schools Forum agreement, the Central School Services Block budget be set at £2.329m for 2019/20, after £0.566m is transferred to the High Needs Block.
  3. High Needs Block (detail in Appendix A.4)
    - a. The High Needs Block budget be set at £58.187m for 2019/20 as per Appendix A.4.2, after receiving transfers of £2.566m from other blocks and bringing forward £2.407m DSG from future years;
    - b. Members note that this level of budget is estimated to lead to a cumulative deficit in the High Needs Block in the region of £3.3m by the end of March 2020.
    - c. Members agree that the current strategy for addressing the deficit is: a) to lobby central government to ensure that sufficient resource is provided for High Needs in Bristol; b) to work with stakeholders to identify service improvements through the High Needs Transformation Programme; and c) to continue to look for opportunities to transfer resource to High Needs from other blocks and funds.
  4. Early Years Block (detail in Appendix A.5)
    - a. the Early Years Block budget be set at £36.950m for 2019/20 (including £0.517m to be applied from unspent Early Years DSG in either 2018/19 or 2019/20), noting that spend and DSG income will vary up or down, according to participation levels in each of the three terms;
    - b. Funding for Early Years should be distributed in line with the arrangements explained in the Early Years report to Schools Forum (Appendix A.5), including the continuation of local maintained nursery school factor.
    - c. Members note that a decision on changes to the Early Years SEN hourly rates be considered as part of the High Needs Transformation Programme.
  5. Overall position
    - a. Members note that school balances are expected to be in the region of £5m at the end of 2018/19, with 14 of 75 maintained schools in deficit, and the DSG position is currently expected to underspend by £0.397m for 2018/19.

**Corporate Strategy alignment:** Funding schools and educational provision appropriately is part of the Fair and Inclusive theme in the Corporate Strategy.

**City Benefits:** The financial strategy aims to use available funding for education to best effect, by distributing resource for early years providers, maintained schools, academies and free schools fairly and sustainably in partnership with Schools Forum.

**Consultation Details:** Appendix B sets out summary information (with reference to the source of more detailed information) on three consultation exercises relevant to this paper:

- Consultation with schools on Schools Block activities for 2019/20, with respect to transfers, funding formula and de-delegated items;
- Consultation with Early Years settings on funding proposals and priorities for 2019/20; and
- Public consultation on the Council’s Budget for 2019/20, which only indirectly affected the DSG.

|                                       |  |  |  |
|---------------------------------------|--|--|--|
| <b>Revenue Cost</b>                   | <b>£356.9m</b>                                   | <b>Source of Revenue Funding</b>         | Dedicated Schools Grant unspent 2018/19 £0.4m<br>Dedicated Schools Grant 2019/20 £354.0m<br>Dedicated Schools Grant 2020/21 in advance £2.5m |
| <b>Capital Cost</b>                   | <b>£Nil</b>                                      | <b>Source of Capital Funding</b>         | N/A  |
| One off cost <input type="checkbox"/> | Ongoing cost <input checked="" type="checkbox"/> | Saving Proposal <input type="checkbox"/> | Income generation proposal <input type="checkbox"/>  |

Required information to be completed by Financial/Legal/ICT/ HR partners:

**1. Finance Advice:**

This is a financial report. The plans for the DSG for 2019/20 acknowledge that existing commitments for the High Needs Block exceed the available funding and if spending is as forecast, a deficit on the High Needs part of the DSG would reach £3.3m by the end of March 2020. The recommendations include the use of 2020/21 High Needs DSG in advance to allow the forecast spend to be fully budgeted. This would be the basis of reporting the budget to the Department for Education and would put Bristol in a suitable place should the DfE choose to undertake any sort of re-baselining exercise during 2019/20.

The strategy for addressing the historic deficit and the on-going shortfall in the High Needs DSG is set out. There are no guarantees that lobbying will be successful. The High Needs Transformation Programme is at an early stage and it is difficult to know what impact this will have on underlying levels of spending (and when). The opportunities for transferring resources between DSG blocks in the future may be fewer than those which have existed previously: growth funding will reduce further in 2020/21 and the uncommitted central services funding for ceased historic activities is expected to be removed at a future point. The strategy will need to be kept under review and changes may be needed if the forecast deficit were to grow.

Otherwise, the proposals set out are based on the terms and conditions of the Dedicated Schools Grant and the guidance issued by the Department for Education and the Education and Skills Funding Agency.

**Finance Business Partner:** David Tully, Finance Business Partner, ACE 11<sup>th</sup> January 2019

**2. Legal Advice:** Consultation has taken place with schools and early years settings in relation to the decision to be taken. Consultation has also taken place with the public as to whether, if Council Tax were raised by 4% the additional funds should be used to increase the DSG.

The responses to the consultation must be taken into account by Cabinet when taking the decision. Cabinet should also be satisfied that proper consultation has taken place in that (i) proposals were consulted on are at a formative stage (ii) sufficient reasons have been given for the proposals and (iii) adequate time has been allowed for consideration and response. Appendix B of this report sets out the process that was undertaken and how responses have been taken in to consideration by officers when developing their proposals for final decision.

The matters which Cabinet is required to take into account include the following:-

(1) The Public Sector Equality duty which requires the decision maker to consider the need to promote equality for persons with “protected characteristics” and to have due regard to the need to i) eliminate discrimination, harassment, and victimisation; ii) advance equality of opportunity; and iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it.

The Equalities Impact Assessment provides an analysis for this purpose. A decision can be made where there is a negative impact if it is clear that it is necessary, it is not possible to reduce or remove the negative impact by looking at alternatives and the means by which the aim of the decision is being implemented is both necessary and appropriate. It sets out the adverse impact and benefits of the recommendations to those with protected characteristics.

(2) Section 11 of the Children Act 2004 which says that in taking decisions such as the one now before Cabinet, members must have regard to the need to safeguard and promote the welfare of children.

**Legal Team Leader:** Sarah Sharland Litigation Regulatory and Community Team 14<sup>th</sup> January 2019

**3. Implications on IT:** There are no direct or identifiable IT implications in this report.

**IT Team Leader:** Ian Gale, 11<sup>th</sup> January 2019

**4. HR Advice:** As the proposals are set out in the Schools Forum report, there are no current HR implications for Bristol City Council employees. However, once the proposals have been agreed and implementation plans are in place we will need to revisit the plans and assess the impact of any changes to services that may affect our employees.

**HR Partner:** Lorna Laing, HR Business Partner, 14<sup>th</sup> January 2019

|                     |                                    |                               |
|---------------------|------------------------------------|-------------------------------|
| <b>EDM Sign-off</b> | Jacqui Jensen / Alan Stubbersfield | 14 <sup>th</sup> January 2019 |
|---------------------|------------------------------------|-------------------------------|

|  |                                      |                               |
|--|--------------------------------------|-------------------------------|
| <b>Cabinet Member sign-off</b>                     | Cllr Craig Cheney and Cllr Anna Keen | 14 <sup>th</sup> January 2019 |
| <b>CLB Sign-off</b>                                | Denise Murray                        |                               |
| <b>For Key Decisions - Mayor's Office sign-off</b> |                                      | 14 Jan 2019                   |

|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b>       | <b>YES</b> |
| <b>Appendix B – Details of consultation carried out - internal and external</b> | <b>YES</b> |
| <b>Appendix C – Summary of any engagement with scrutiny</b>                     | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>   | <b>NO</b>  |
| <b>Appendix E – Equalities impact assessment of proposal</b>                    | <b>YES</b> |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>         | <b>NO</b>  |
| <b>Appendix G – Financial Advice</b>  | <b>NO</b>  |
| <b>Appendix H – Legal Advice</b>  | <b>NO</b>  |
| <b>Appendix I – Combined Background papers</b>                                  |            |
| <b>Appendix J – Exempt Information</b>  | <b>NO</b>  |
| <b>Appendix K – HR advice</b>   | <b>NO</b>  |
| <b>Appendix L – ICT</b>   | <b>NO</b>  |



**Bristol Schools Forum**  
**DSG Overview 2019/20**

**Cabinet 22<sup>nd</sup> January 2019**  
**DSG budget report**  
**APPENDIX A.1**

|                         |                               |
|-------------------------|-------------------------------|
| <b>Date of meeting:</b> | 16 <sup>th</sup> January 2019 |
| <b>Time of meeting:</b> | 5.00 pm                       |
| <b>Venue:</b>           | Writing Room, City Hall       |

## **1 Purpose of report**

- 1.1 This report provides an update on the 2018/19 DSG position, as at Period 7 (adjusted).
- 1.2 It also explains the overall 2019/20 DSG position, taking account of the Schools Finance Settlement announced in December 2018, in the context of the developing strategy that has been discussed with Schools Forum so far.

## **2 Recommendation**

### **2.1 Schools Forum is invited to:**

- a) **note the 2018/19 financial position as at (adjusted) Period 7 set out in Table 1, which includes:**
  - i. **A revised and less tentative forecast for Early Years, which flows from a detailed analysis of the May and October 2018 pupil censuses and some sensitivity analysis of scenarios for the January 2019 pupil census;**
  - ii. **An improved financial position for High Needs due to the announcement by the Department for Education of an increase to the High Needs DSG for 2018/19 of £1.0m.**
- b) **note the 2019/20 position for the overall DSG which includes:**
  - i. **Schools Block final allocation reflects an additional 1,010 pupils, compared to the formula for 2018/19, which has increased the funding since the indicative DSG amount by £5.2m;**
  - ii. **Schools Block Growth Fund component has been confirmed as £3.9m for 2019/20, rather than the £5.2m that was included in the indicative DSG amount, an expected reduction of £1.3m.**
  - iii. **High Needs Block now includes £1.0m additional funding in 2019/20, which is the same amount that has also been provided for 2018/19.**

- iv. **High Needs Block has also increased by £0.7m, the main reason for which is the inclusion of a new special Free School.**
- v. **The transfers agreed by Schools Forum of £2.0m from Schools Block and £0.566m from School Central Services Block are proposed to proceed as planned.**
- vi. **The further transfer from Schools Block, agreed by Schools Forum, if the Growth Fund allocation is greater than £3.9m is not an option because there was no additional amount to consider.**
- vii. **The proposed budgets arising from these considerations, and how they are proposed to be funded, are set out in Table 2.**

### **3 Background**

- 3.1 In July 2018, the EFSA issued the operational guidance on schools funding for 2019/20. At the same time, the EFSA published provisional allocations for 2019/20 for the Schools Block, Central Services Block and the High Needs Block.
- 3.2 Early Years rates for 2019/20 and indicative grant on the basis of estimated participation levels were announced in November 2018.
- 3.3 The report to Schools Forum in November 2018 considered the emerging position, following consultation with schools, and agreed to the transfer of £2m from Schools Block and £0.566m from School Central Services Block to High Needs Block in 2019/20.
- 3.4 This report explains the latest forecast position for the DSG in 2018/19. It then explains how the latest DfE announcement in December 2018 affects the overall position on the DSG for 2019/20.

### **4 Budget monitoring 2018/19**

- 4.1 The previously reported position in November 2018 was a forecast £1.4m in-year surplus on the Dedicated Schools Budget for Period 6 2018/19. This would have reduced the brought forward deficit on the DSG from £1.0m to a £0.4m surplus.
- 4.2 The latest position overall is the same: a forecast £1.4m in-year surplus and a consequent £0.4m cumulative surplus. There have been two major changes affecting the underlying position in High Needs and Early Years.
- 4.3 The adjusted Period 7 position is set out in **Table 1** with more detail set out in **Appendix 1**.

**Table 1: Forecast position on overall DSG for 2018/19 at adjusted Period 7 (October 2018)**

|                          | Brought forward<br>2018/19<br>£'000 | Funding<br>2018/19<br>£'000 | Adj Period<br>7 Forecast<br>2018/19<br>£'000 | In-year<br>variance<br>£'000 | Carry-<br>forward<br>2018/19<br>£'000 | Previous<br>(P6)<br>Forecast<br>£'000 | Change<br>£'000 |
|--------------------------|-------------------------------------|-----------------------------|--|------------------------------|---------------------------------------|---------------------------------------|-----------------|
| Schools Block            |                                     | 253,423                     | 253,423                                      | 0                            | 0                                     |                                       | 0               |
| De-delegation            | (357)                               |                             |  |                              | (357)                                 | <b>(347)</b>                          | (10)            |
| Schools Central<br>Block |                                     | 2,262                       | 2,262  |                              |                                       |                                       | 0               |
| Early Years              | (500)                               | 36,574                      | 36,089                                       | (485)                        | (985)                                 | <b>(1,865)</b>                        | 880             |
| High Needs Block         | 2,055                               | 55,454                      | 54,345                                       | (1,109)                      | 946                                   | <b>1,814</b>                          | (868)           |
| Funding                  | (182)                               | -347,713                    | -347,531                                     | 182                          |                                       |                                       |                 |
| <b>Total</b>             | <b>1,016</b>                        |                             | <b>(1,413)</b>                               | <b>(1,413)</b>               | <b>(397)</b>                          | <b>(398)</b>                          | <b>(1)</b>      |

- 4.4 **De-delegated resources** is expected to underspend, particularly in the Schools in Financial Difficulties budget, as reported previously.
- 4.5 **School Central Services Block** continues to forecast a breakeven position.
- 4.6 **Early Years** budgets are forecasting an underspend of -£1.0m, rather than the previous tentative forecast of -£1.9m. The Early Years budget position is explained in more detail on the separate report on this agenda.
- 4.7 The forecast now includes the details of the participation levels and spend arising from the May 2018 and October 2018 pupil censuses. The January 2019 census is still to take place and it accounts for around one-third of the expenditure for the year and 7/12ths of the income for the year. The forecast included in Table 1 works on the basis that the participation levels in January 2019 will be the same as those for January 2018. If participation is 1% lower, the forecast would be adverse by £0.1m and if participation is 1% higher the forecast would produce a £0.1m larger underspend. In the context of more parents of 3 and 4 year olds taking advantage of the 30 hours offer, it would be a surprise if participation levels were lower than in January 2018.
- 4.8 While the figures may not work out quite as neatly as this, the forecast is now regarded as much less tentative. There is more confidence that, barring an unexpectedly low participation rate in the January 2019 census, there will be an underspend in Early Years for 2018/19.
- 4.9 **High Needs** budget has a headline in-year underspend of -£1.1m. With the brought forward deficit of £2.0m from 2017/18, this produces a forecast cumulative deficit of £0.9m.

4.10 The principal reason for the improvement in the position is that the DfE announced in December 2018 that there would be a supplement to the High Needs DSG for 2018/19 of £1.0m (which is repeated for 2019/20, too). This is a helpful recognition that pressures in the High Needs budget are a national issue, not just ones for local resolution. There is a separate report on this agenda which explains the position on the High Needs Budget for 2018/19 and beyond.

## 5 School Funding Arrangements 2019/20

5.1 Schools Forum considered the emerging position on the DSG for 2019/20 at its meetings in September and November 2018. It agreed, following consultation with schools, that £2.566m could be transferred to the High Needs Block. The July announcement had included £6m more funding than the prevailing 2018/19 DSG. The December 2018 DfE announcement from the DfE included a further £5.5m.

5.2 **Table 2** sets out the calculations for building the proposed Schools Budget for 2019/20. An explanation of each of the columns and the funding arrangements are included in the paragraphs to follow.

**Table 2: DSG Sub-Block budget build for proposed Schools Budget 2019/20**

| DSG Blocks   | DSG Budgets 2018/19 (P7) £m | Reversal of one-off transfers in 2018/19 £m | DfE notified changes for 2019/20 £m | Total DSG notified by DfE December 2018 £m | Transfers between blocks 2019/20 £m | Allocations from underspend or future years DSG £m | Proposed Schools Budget 2019/20 £m |
|--|-----------------------------|---|-------------------------------------|--|-------------------------------------|--|------------------------------------|
| Schools block  | 253.423                     | -1.400                                      | 9.422                               | <b>261.445</b>                             | -2.000                              | 0.000  | <b>259.445</b>                     |
| Central school services block  | 2.262                       | +0.566                                      | 0.067                               | <b>2.895</b>                               | -0.566                              | 0.000  | <b>2.329</b>                       |
| High needs block   | 54.471                      | -3.448                                      | 2.191                               | <b>53.214</b>                              | 2.566                               | 2.407  | <b>58.187</b>                      |
| Early Years baseline (Provisional)   | 36,600                      | 0   | -0.167                              | <b>36.433</b>                              | 0                                   | 0.517  | <b>36.950</b>                      |
| <b>Total</b>   | <b>346.756</b>              | <b>-4.282</b>                               | <b>11.513</b>                       | <b>353.987</b>                             | <b>0.000</b>                        | <b>2.924</b>                                       | <b>356.911</b>                     |
| <b>Funded from</b>   |                             |   |                                     |  |                                     |  |                                    |
| Estimated brought forward DSG surplus from 2018/19 (Adjusted Period 7 forecast)        |                             |   |                                     |  |                                     |  | <b>-397</b>                        |
| DSG advised by ESFA up to 19 <sup>th</sup> December 2018                               |                             |   |                                     |  |                                     |  | <b>-353.987</b>                    |
| Estimated carry-forward <b>DEFICIT</b> at end of 2019/20 (if spend is at budget level) |                             |   |                                     |  |                                     |  | <b>-2.527</b>                      |
| <b>Total</b>   |                             |   |                                     |  |                                     |  | <b>-356.911</b>                    |

- 5.3 **DSG Budgets 2018/19 (P7) Table 2** indicates that the Schools Budget funding as at Period 7 2018/19 (ie before adding the extra £1m High Needs DSG for that year) was **£346.756m**.
- 5.4 **Reversal of one-off transfers in 2018/19 (-£4.282m)** The 2018/19 budget includes one-off funds and transfers of £4.282m that need to be reversed. £4.1m of this is the contribution from the General Fund to increase the PFI factor. As the DSG will pick up this extra £4.1m cost from April 2019, this has a neutral effect on the Schools Budget. The other component is the £0.182m brought forward sum for Early Help in the High Needs Block, which can only be spent once.
- 5.5 **DfE notified changes for 2019/20 (£11.513m)** Between the July and December 2018 announcements from the DfE, there is £11.5m more funding in the DSG than for the previously advised 2019/20 DSG (ie before the new £1m for High Needs in 2018/19). The components of this are set out in **Table 3**.

**Table 3: Components of differences in DSG 2018/19 (at P7) – 2019/20**

| <b>When announced</b> | <b>Description</b>   | <b>Amount<br/>£m</b> |
|-----------------------|--|----------------------|
| July                  | PFI spend in the Schools Block   | £4.1m                |
| July                  | Other increases in funding across Schools, Central and High Needs Block  | £1.9m                |
| December              | Schools Block – 1,010 more pupils  | £5.2m                |
| December              | Schools Block - Growth Fund, as expected, due to moving away from the historic basis of allocating growth funding to a new formulaic basis, with £3.9m as the protected amount for 2019/20 | -£1.3m               |
| December              | High Needs – share of extra national allocation  | £1.0m                |
| December              | High Needs – other changes, but principally the inclusion of Bristol Futures Academy in DSG from April 2019  | £0.7m                |
| December              | Early Years – lower hourly rate for 3 and 4 year olds and minor changes to other elements  | -£0.1m               |
|                       | <b>TOTAL changes to DSG year-on-year</b>   | <b>£11.5m</b>        |

- 5.6 **Total DSG notified by DfE December 2018** is, therefore, **£353.987m**.
- 5.7 **Transfers between blocks 2019/20 (Nil)** As agreed by Schools Forum in November 2018, £2.0m will transfer from Schools Block and £0.566m will transfer from School Central Services Block to the High Needs Block.

5.8 **Allocations from underspend or future years DSG (£2.924m)** There are two components to this. The first is the proposed use of unspent 2018/19 Early Years DSG for a continuation of the local Maintained Nursery School Factor (£0.517m). The second is a proposed use of £2.410m from the 2020/21 DSG for High Needs (ie future DSG)

5.9 **Proposed Schools Budget 2019/20** would therefore be **£356.911m**.

5.10 **Funding.** This budget would be funded from the brought forward surplus from 2018/19 of £0.397m (see Table 1), the 2019/20 DSG of £353.987m and the advance use of £2.527m of DSG from 2020/21.

5.11 By the end of March 2020, if we account for each block separately, these proposals would produce the following balances on each of the blocks, if spend was exactly to budget. The figures would not work out exactly like this. De-delegated items would spend part of their underspend and Schools Forum are set to decide at year-end whether there is scope to transfer any Early Years funding to High Needs.

**Table 4: Indicative impact of proposed 2019/20 budgets on the cumulative carry forward for each block by March 2020**

|                          | Brought forward<br>2019/20<br>£'000 | DSG<br>Funding<br>2019/20<br>£'000 | Spend to<br>budget<br>2019/20<br>£'000 | In-year<br>variance<br>£'000 | Carry-<br>forward<br>2019/20<br>£'000 |
|--------------------------|-------------------------------------|------------------------------------|--|------------------------------|---------------------------------------|
| Schools Block            | 0                                   | 259,445                            | 259,445                                | 0                            | 0                                     |
| De-delegation            | (357)                               |                                    |  |                              | (357)                                 |
| Schools Central<br>Block |                                     | 2,329                              | 2,329                                  | 0                            |                                       |
| Early Years              | (985)                               | 36,433                             | 36,950                                 | 517                          | (468)                                 |
| High Needs Block         | 946                                 | 55,780                             | 58,187                                 | 2,407                        | 3,353                                 |
| Funding                  |                                     | -353,987                           | -353,987                               | 0                            |                                       |
| <b>Total</b>             | <b>(397)</b>                        |                                    | <b>2,924</b>                           | <b>2,924</b>                 | <b>2,528</b>                          |

5.12 **Financial position of maintained schools.** The forecast position for the 75 maintained schools in Bristol for March 2019 is that 14 of them would have deficits of £2.5m, with the other 61 schools having surpluses in the region of £7.5m, suggesting a net position at year end of £5m surplus.

## Appendix 1

### Outturn position for Overall DSG 2018/19 as at Period P7 (Adjusted)

|   | Brought forward<br>1.4.18 | Funding<br>2018/19 | Outturn (as at<br>Mar 2019)<br>2018/19 | In-year<br>movement | Carry forward<br>31.3.19 |
|---|---------------------------|--------------------|--|---------------------|--------------------------|
|   | £'000                     | £'000              | £'000                                  | £'000               | £'000                    |
| Maintained Schools  |                           | (85,618)           | 85,618                                 | 0                   | 0                        |
| Academy Recoupment  |                           | (165,219)          | 165,219                                | 0                   | 0                        |
| Growth Fund   |                           | (2,586)            | 2,586                                  | 0                   | 0                        |
| <b>Schools Block</b>  | <b>0</b>                  | <b>(253,423)</b>   | <b>253,423</b>                         | <b>0</b>            | <b>0</b>                 |
| <b>De-delegation Services</b>                               | <b>(357)</b>              | <b>0</b>           | <b>(0)</b>                             | <b>0</b>            | <b>(357)</b>             |
| Admissions  |                           | (461)              | 461                                    | 0                   | 0                        |
| Centrally Retained  |                           | (1,800)            | 1,800                                  | (0)                 | (0)                      |
| <b>Schools Central Services</b>                             | <b>0</b>                  | <b>(2,262)</b>     | <b>2,262</b>                           | <b>(0)</b>          | <b>(0)</b>               |
| National Formula  |                           | (26,900)           | 28,137                                 | 1,236               | 1,236                    |
| Funding Accrued   |                           | (1,034)            | 0                                      | (1,034)             | (1,034)                  |
| 2 Year Old Funding  |                           | (4,576)            | 3,897                                  | (679)               | (679)                    |
| Pupil Premium (EYPP)  |                           | (366)              | 366                                    | 0                   | 0                        |
| Additional Support Services                                 |                           | (1,081)            | 1,088                                  | 6                   | 6                        |
| SEN Top up  |                           | (913)              | 913                                    | 0                   | 0                        |
| Staffing  |                           | (1,607)            | 1,591                                  | (15)                | (15)                     |
| Disability Access Fund                                      |                           | (97)               | 97                                     | 0                   | 0                        |
| Committed reserve   | (500)                     | 0                  | 0                                      | 0                   | (500)                    |
| <b>Early Years Block</b>                                    | <b>(500)</b>              | <b>(36,574)</b>    | <b>36,089</b>                          | <b>(485)</b>        | <b>(985)</b>             |
| Commissioned Services                                       |                           | (2,440)            | 2,955                                  | 515                 | 515                      |
| Core Place Funding  |                           | (8,315)            | 8,475                                  | 160                 | 160                      |
| Staffing  |                           | (895)              | 934                                    | 39                  | 39                       |
| Top Up  |                           | (21,640)           | 22,627                                 | 987                 | 987                      |
| Placements  |                           | (8,556)            | 8,922                                  | 366                 | 366                      |
| Pupil Support   |                           | (314)              | 585                                    | 271                 | 271                      |
| Schools in Financial Difficulty                             |                           | (307)              | 307                                    | 0                   | 0                        |
| HOPE Virtual School   |                           | (236)              | 236                                    | 0                   | 0                        |
| Committed reserve   | 2,055                     | 0                  | 0                                      | 0                   | 2,055                    |
| Planned funding for historic deficit                        |                           | (3,448)            | 0                                      | (3,448)             | (3,448)                  |
| Academy Recoupment  |                           | (9,305)            | 9,305                                  | 0                   | 0                        |
| <b>High Needs Block</b>                                     | <b>2,055</b>              | <b>(55,454)</b>    | <b>54,345</b>                          | <b>(1,109)</b>      | <b>947</b>               |
| <b>Early Help Project funding (allocated to High Needs)</b> | <b>(182)</b>              | <b>0</b>           | <b>182</b>                             | <b>182</b>          | <b>0</b>                 |
| <b>Total</b>  | <b>1,016</b>              | <b>(347,713)</b>   | <b>346,301</b>                         | <b>(1,413)</b>      | <b>(397)</b>             |





**Bristol Schools Forum**  
**Schools Block 2019/20**

**Cabinet 22<sup>nd</sup> January 2019**  
**DSG budget report**  
**APPENDIX A.2**

|                         |                               |
|-------------------------|-------------------------------|
| <b>Date of meeting:</b> | 16 <sup>th</sup> January 2019 |
| <b>Time of meeting:</b> | 5:00 pm                       |
| <b>Venue:</b>           | City Hall                     |

## 1. Purpose of report

- 1.1 To inform and seek agreement of the Schools Forum on the application of the funding formula for mainstream schools and academies for 2019/20, prior to final decision by Cabinet and submission of the Authority Proforma Tool to the Education and Skills Funding Agency.

## 2. Recommendations

Schools Forum is invited to:

- 2.1 Endorse the proposed arrangements for the 2019/20 mainstream funding formula, including the amount set aside for the Growth Fund;  
2.2 Provide feedback, as appropriate, to Cabinet and Council, for their consideration in making final decisions on the Schools Budget for 2019/20.

## 3. Funding available

- 3.1 The DSG overview paper elsewhere on this agenda explains the overall strategy for schools finance for 2019/20. This indicates that the funding for Schools Block in 2019/20 is proposed to be £259.4m. **Table 1** sets out how it is proposed that this funding be calculated and applied.

**Table 1: Proposed Schools Block Budget 2019/20**

| <b>Cost</b>                                      | <b>£'000</b>   | <b>Funding</b>                        | <b>£'000</b>   |
|--|----------------|---------------------------------------|----------------|
| Minimum Funding Guarantee (0%) for 54,823 pupils | £238.7m        | Pupil-led DSG funding (54,600 pupils) | £248.3m        |
| Rates / Lump sums                                | £18.5m         | Premises led DSG funding              | £9.2m          |
| Additional funding for distribution              | £0.6m          | Growth funding allocation             | £3.9m          |
| Growth Fund                                      | £1.6m          | Transfer £2m to High Needs Block      | -£2.0m         |
|  |                |                                       |                |
| <b>Schools Block Total</b>                       | <b>£259.4m</b> | <b>Schools Block Total</b>            | <b>£259.4m</b> |

- 3.2 The component elements of the calculation have been refreshed, now that the October 2018 census information has become available. Each of the components is explained below.
- 3.3 **Minimum Funding Guarantee (MFG) (0%) £238.7m.** This represents the sum of the minimum amount that the Authority is required to provide to all schools, based on an MFG of 0% using the October 2018 pupil numbers. This means that the amount of funding on funding factors within the MFG calculation is at least at the same value per pupil as 2018/19. This repeats the protection offered last year and still offers more protection than schools have received in previous years when the MFG has been set at -1.5% (ie 98.5% of the previous year's). This includes a new allocation for Trinity School, expected to open in September 2019. This amount also includes the cost of the PFI factor at £6.3m in 2019-20. As previously advised to Schools Forum, last year's strategy of recognising and including the General Fund contribution to the PFI costs in the mainstream schools formula was successful in that the DfE has recognised this higher true cost in the 2019-20 DSG Schools Block allocation
- 3.4 **Rates / Lump Sums £18.5m.** The Authority continues to fund school lump sums at £0.125m, rather than the £0.110m indicated in the National Funding Formula. The funding for rates is based on the expected 2019/20 rates bills for maintained schools and academies, as in previous years.
- 3.5 **Additional funding for distribution £0.6m** This is the difference between the total required funding for a standstill MFG of 0% , the premises factors, the growth fund and PFI commitments and the total DSG funding remaining available after the £2.0m transfer to High Needs.
- 3.6 **Growth Fund £1.6m** The final settlement of growth funding from the the DfE was at the lower £3.9m level. An assessment of the known expected commitment against the 2019-20 growth fund, along with the funding of the new and growing Trinity School in the main schools formula, as opposed to coming from the Growth fund itself, allows the budgeted value of the growth fund to be set at £1.6, based on the existing policy. Should a revised policy that excludes non-resident pupils from growth funding be implemented by Secretary of State's determination, then the budgeted requirement may be further reduced. A separate paper on the agenda discusses the potential growth fund policy from September 2019.
- 3.7 **Schools Block Total £259.4m.** This is the sum of the proposed allocations above.
- 3.8 **Pupil-led DSG funding 2019/20 £248.3m** This has been advised by ESFA on 17<sup>th</sup> December 2018 as the Schools Block component of the final DSG for 2019/20. The total is comprised of 36,218 primary age pupils multiplied by £4,117.36 plus 18,383 secondary age pupils multiplied by £5,395.30.
- 3.9 **Premises led DSG funding £9.2m** This is the component of the DSG that recognises costs not defined by NFF values, these being PFI, split site and NNDR factors.

- 3.10 **Growth funding allocation £3.9m** This funding is calculated on the change between pupils numbers in lower super-output areas, and is intended to meet the cost of both the growth fund and the additional cost of those pupils in growing schools not yet present in the school census (223 pupils).
- 3.11 **Transfer £2m to High Needs Block £2.0m** Schools Forum gave its consent to transferring £2m headroom to the High Needs Block at its meeting in November 2018.
- 3.12 **Contribution from General Fund £0.0m** As the PFI contribution from General Fund is now recognised in the DSG allocation there are no further transfers into the DSG from General Fund.
- 3.13 **Schools Block Total £259.4m** This is the net total of the funding and transfers.

#### 4. Funding formula

- 4.1 Schools Forum agreed the principles for the operation of the mainstream formula at its meeting in November 2018, including:
- Appropriate allocations are made for rates;
  - At least a Minimum Funding Guarantee of 0%;
  - No cap;
  - Factor values to be a function of the available funding, with a movement towards NFF values for the pupil-led factors;
  - The level of de-delegation for maintained primary and secondary schools.
- 4.2 As shown in Table 1 earlier, the remaining funding available for distribution after ensuring no school's per-pupil funding falls below 2018-19 levels (the 0% MFG) and meeting other commitments is just £0.6m.
- 4.3 Table 2 below demonstrates how the funding components combine to realise the £0.6m headroom, which represents 0.23% of the total cost of the standstill position.

**Table 2: Composition of the proposed Schools Block budget for 2019/20**

| <b>Component</b>                           | <b>A<br/>Schools<br/>Block for<br/>54,600<br/>pupils with<br/>Growth<br/>Fund<br/>2019/20<br/>(£m)</b> | <b>B<br/>Transfer to<br/>High<br/>Needs<br/>Block (£m)</b> | <b>C<br/>Amount of<br/>Growth<br/>Fund<br/>needed for<br/>Growing<br/>Schools</b> | <b>D = A+B+C<br/>Resulting<br/>Schools<br/>Block Totals<br/>(£m)</b> | <b>E<br/>Amount<br/>needed<br/>2019/20<br/>for a<br/>standstill<br/>position<br/>(£m)</b> | <b>F= (D-E)/D<br/>Comparison<br/>with standstill<br/>£m</b> |
|--|--|--|---|--|---|---|
| <b>National Funding<br/>Formula values</b> | £257.5m  | -£0.7m   | +£1.0m  | <b>£257.8m</b>   | £257.2m   | +0.23%  |
| <b>Growth Fund</b>                         | £3.9m  | -£1.3m   | -£1.0m  | <b>£1.6m</b>   | £1.6m   | 0%  |
| <b>Total Schools<br/>Block</b>             | <b>£261.4m</b>   | <b>-£2.0m</b>  | <b>£0.0m</b>  | <b>£259.4m</b>   | <b>£258.8m</b>  | <b>+0.23%</b>   |

- 4.4 Officers compared distributing the £0.6m across all schools by increasing the MFG, to the maximum possible +0.2%; however this resulted in schools generally only receiving £2k-£3k more on their total school allocations. It also does not recognise any changes in pressure brought about by increases in additional needs amongst pupils, nor does it make any attempt at movement towards the NFF values for deprivation, EAL or prior attainment.
- 4.5 Instead officers are recommending following Schools Forum's desire to move towards the NFF unit values for the pupil-led factors, as this does more fairly recognise changes in additional needs amongst pupils and prepares the ground for future movements towards NFF in future iterations of the funding formula, whether hard or soft.
- 4.6 The move towards NFF values for the pupil-led factors is a progression on the use of the local funding formula. As with 2018-19 formula there is no cap on gains.
- 4.7 The move towards NFF values has resulted in two particular changes of methodology, compared to the 2018-19 formula. The first is that the NFF uses both the FSM factor and the FSM Ever 6 factor. The 2019-20 formula as presented now uses both of these FSM factors. Pupils who were ever eligible for FSM in the last six years are recognised in school allocations, rather than just those currently eligible for FSM.
- 4.8 The second methodological change is the movement from EAL2 to EAL3. The NFF uses EAL3, meaning pupils with English as an Additional Language are funded for the first three years of schooling within England, whereas the 2018-19 local formula used EAL2, providing funding for the first two years of schooling only. In order to migrate the local formula from EAL2 to EAL3 a proxy unit value for EAL3 in 2018-19 was calculated based on the total EAL funding distributed in 2018-19.

- 4.9 The headroom is very modest in the overall formula (0.23%), yet the workings of the Minimum Funding Guarantee have helped move the local formula values half way (49.3%) towards the NFF values for deprivation, EAL and prior attainment. For example, the local formula unit value for Primary Free School Meals at 0% MFG with no headroom is £246.18, the proposed local value for 2019/20 is £341.13 and the NFF value for Bristol is £446.31. Proportionately, all the other deprivation, EAL and prior attainment factors are also around half way between the local standstill value and the NFF value.
- 4.10 **Appendix 1** sets out the summary of the formula in the Authority Proforma Tool and the proposed factor unit values alongside the 2018-19 unit values and the NFF unit values. The amounts distributed through the formula factors are set out in **Table 3**.

**Table 3: Summary of formula factor allocations 2018/19 APT**

|                              | <b>Proposed formula<br/>2019/20</b> |
|------------------------------|-------------------------------------|
| AWPU                         | £181.4m                             |
| Deprivation                  | 26.5m                               |
| EAL                          | 3.1m                                |
| Prior attainment             | 16.7m                               |
| Lump sum                     | £15.9m                              |
| Split sites                  | £0.6m                               |
| Rates                        | £2.6m                               |
| PFI                          | £6.3m                               |
| <b>total factor funding</b>  | <b>£253.1m</b>                      |
| MFG cost                     | £4.8m                               |
| <b>Total formula funding</b> | <b>£257.8m</b>                      |

- 4.11 **Appendix 2** provides a comparison of each school's 0% MFG standstill position to expected actual formula funding once the additional £0.6m has been distributed through the movement towards NFF values.
- 4.12 Officers have completed the proposed APT on the basis of the strategy agreed at the November meeting, using the proposed available funding. This forms the basis of the recommendations to Cabinet about the Schools Block budget and the formula values for 2019/20. If Schools Forum has any feedback about the proposed distribution of the available funding through the formula, it is invited to convey that to Cabinet in time for its meeting on 22nd January 2019.

## 5. Future funding arrangements

- 5.1 Whilst last year the DfE intended that the hard National Funding Formula should be introduced by 2020/21, with just one further year of a soft NFF in 2019/20, there is no sign of this becoming true. Instead it's felt more likely that any hard NFF will not be introduced before 2021-22 however this will depend on many uncertain and changeable factors, including the Government's spending review and any potential general election. This year, the proposal is to continue with a local funding formula, but with some migration towards NFF whilst preserving our preferred premises factors including the higher lump sum values.



Formula totals

|                                  | 2019-20 Proposed   | 2018-19 Actual     |
|----------------------------------|--------------------|--------------------|
| Basic entitlement                | 181,366,849        | 182,690,599        |
| Deprivation                      | 26,544,694         | 24,562,803         |
| EAL                              | 3,085,858          | 3,267,499          |
| Prior attainment                 | 16,701,693         | 12,829,696         |
| Lump Sum                         | 15,947,917         | 15,875,000         |
| Split Sites                      | 580,022            | 569,867            |
| Rates                            | 2,574,119          | 2,335,800          |
| PFI                              | 6,288,955          | 6,099,859          |
| <b>Basic formula allocation</b>  | <b>253,090,107</b> | <b>248,231,124</b> |
| Net MFG adjustment               | 4,754,894          | 3,191,876          |
| <b>Total Allocation</b>          | <b>257,845,001</b> | <b>251,423,000</b> |
| De-delegation                    | - 1,402,611 -      | 1,712,756          |
| <b>Post De-delegation budget</b> | <b>256,442,390</b> | <b>249,710,244</b> |
| Growth Fund                      | 1,600,000          | 2,000,000          |

Formula unit values

Movement towards NFF = 49.28%

|                                     | 2019-20 Proposed formula values | 2018-19 Local formula values | 2019-20 NFF formula values |
|-------------------------------------|---------------------------------|------------------------------|----------------------------|
| Basic Entitlement (Primary)         | 2,868.25                        | 2,955.05                     | 2,786.35                   |
| Basic Entitlement (KS3)             | 4,091.93                        | 4,215.76                     | 3,918.00                   |
| Basic Entitlement (KS4)             | 4,315.33                        | 4,445.92                     | 4,448.66                   |
| Free School Meals (Primary)         | 341.13                          | 246.18                       | 446.31                     |
| Free School Meals(Secondary)        | 354.12                          | 272.58                       | 446.31                     |
| Free School Meals Ever 6 (Primary)  | 269.90                          | n/a                          | 547.74                     |
| Free School Meals Ever 6(Secondary) | 392.36                          | n/a                          | 796.25                     |
| IDACI (P F)                         | 273.57                          | 352.62                       | 202.87                     |
| IDACI (P E)                         | 328.29                          | 423.15                       | 243.44                     |
| IDACI (P D)                         | 457.71                          | 564.19                       | 365.16                     |
| IDACI (P C)                         | 542.15                          | 705.24                       | 395.59                     |
| IDACI (P B)                         | 626.59                          | 846.29                       | 426.02                     |
| IDACI (P A)                         | 981.84                          | 1,410.48                     | 583.24                     |
| IDACI (S F)                         | 318.56                          | 352.62                       | 294.16                     |
| IDACI (S E)                         | 403.26                          | 423.15                       | 395.59                     |
| IDACI (S D)                         | 535.18                          | 564.19                       | 522.38                     |
| IDACI (S C)                         | 627.12                          | 705.24                       | 568.02                     |
| IDACI (S B)                         | 716.56                          | 846.29                       | 608.60                     |
| IDACI (S A)                         | 1,099.29                        | 1,410.48                     | 821.61                     |
| EAL2 (P)                            | n/a                             | 807.62                       | n/a                        |
| EAL2 (S)                            | n/a                             | 1,211.43                     | n/a                        |
| EAL3 (P)                            | 526.83                          | n/a                          | 522.38                     |
| EAL3 (S)                            | 1,096.39                        | n/a                          | 1,404.85                   |
| Low Attainment (P)                  | 858.74                          | 706.67                       | 1,036.65                   |
| Low Attainment (S)                  | 1,271.75                        | 1,009.53                     | 1,572.21                   |
| Lump Sum                            | 125,000.00                      | 125,000.00                   | 111,576.30                 |

Schools forum 16th January 2019 Paper 7 Appendix 2

| LAESTAB Name   | MFG 0% - standstill | MFG 0% with factors moved towards NFF | Distribution of £0.6m |
|--|---------------------|---------------------------------------|-----------------------|
|  | <b>257,249,452</b>  | <b>257,845,000</b>                    | <b>595,548</b>        |
| 8012001 Brunel Field Primary School                      | 1,599,181           | 1,599,181                             | -                     |
| 8012002 Cheddar Grove Primary School                     | 1,652,278           | 1,652,278                             | -                     |
| 8012003 Ashley Down Primary School                       | 1,515,872           | 1,515,872                             | -                     |
| 8012004 Ashton Gate Primary School                       | 2,542,498           | 2,542,498                             | -                     |
| 8012006 Nova Primary School                              | 1,566,563           | 1,566,563                             | -                     |
| 8012018 Broomhill Junior School                          | 785,692             | 801,132                               | 15,441                |
| 8012019 St Werburgh's Primary School                     | 1,445,404           | 1,445,404                             | -                     |
| 8012020 Chester Park Junior School                       | 1,116,021           | 1,141,098                             | 25,077                |
| 8012021 Chester Park Infant School                       | 906,297             | 906,297                               | -                     |
| 8012023 Hillcrest Primary School                         | 1,450,356           | 1,450,356                             | -                     |
| 8012027 Shirehampton Primary School                      | 1,753,009           | 1,753,009                             | -                     |
| 8012028 Two Mile Hill Primary School                     | 2,184,294           | 2,220,279                             | 35,984                |
| 8012037 Glenfrome Primary School                         | 1,691,987           | 1,691,987                             | -                     |
| 8012041 Henleaze Infant School                           | 1,002,863           | 1,002,863                             | -                     |
| 8012069 St Anne's Infant School                          | 1,071,058           | 1,071,058                             | -                     |
| 8012073 Sefton Park Infant School                        | 734,633             | 734,633                               | -                     |
| 8012074 Sefton Park Junior School                        | 836,925             | 841,739                               | 4,814                 |
| 8012079 Southville Primary School                        | 1,883,453           | 1,883,453                             | -                     |
| 8012081 Summerhill Infant School                         | 1,056,426           | 1,056,426                             | -                     |
| 8012086 Upper Horfield Primary School                    | 874,760             | 874,760                               | -                     |
| 8012098 Holymead Primary School                          | 2,231,053           | 2,250,870                             | 19,817                |
| 8012109 Brentry Primary School                           | 903,236             | 903,236                               | -                     |
| 8012115 Broomhill Infant School & Children's Centre      | 716,313             | 716,313                               | -                     |
| 8012130 Wansdyke Primary School                          | 872,280             | 872,280                               | -                     |
| 8012138 Elmlea Infant School                             | 1,006,532           | 1,006,532                             | -                     |
| 8012139 Cabot Primary School                             | 1,010,461           | 1,010,461                             | -                     |
| 8012299 Hannah More Primary School                       | 1,609,845           | 1,609,845                             | -                     |
| 8012312 Bishop Road Primary School                       | 2,829,223           | 2,829,223                             | -                     |
| 8012314 Blaise Primary and Nursery School                | 1,657,308           | 1,657,308                             | -                     |
| 8012326 Fair Furlong Primary School                      | 2,009,104           | 2,009,104                             | -                     |
| 8012327 May Park Primary School                          | 2,704,792           | 2,704,792                             | -                     |
| 8012328 Whitehall Primary School                         | 2,193,216           | 2,193,216                             | -                     |
| 8013000 Avonmouth Church of England Primary School       | 869,158             | 869,158                               | -                     |
| 8013008 Horfield Church of England Primary School        | 1,568,246           | 1,568,246                             | -                     |
| 8013010 St Barnabas Church of England VC Primary Schc    | 767,191             | 773,274                               | 6,084                 |
| 8013013 St George Church of England Primary School       | 370,410             | 370,410                               | -                     |
| 8013014 St Johns Church of England Primary School, Cliff | 1,810,531           | 1,810,531                             | -                     |
| 8013018 St Michael's on the Mount Church of England P    | 665,088             | 669,046                               | 3,958                 |
| 8013400 School of Christ The King Catholic Primary       | 1,049,356           | 1,049,356                             | -                     |
| 8013401 Holy Cross RC Primary School                     | 899,314             | 903,016                               | 3,701                 |
| 8013402 Ss Peter and Paul RC Primary School              | 832,341             | 833,699                               | 1,358                 |
| 8013403 St Bernard's Catholic Primary School             | 871,208             | 871,208                               | -                     |
| 8013405 St Joseph's Catholic Primary School              | 907,054             | 907,054                               | -                     |
| 8013412 Our Lady of the Rosary Catholic Primary School,  | 982,583             | 982,583                               | -                     |
| 8013413 St Pius X RC Primary School                      | 772,739             | 772,739                               | -                     |
| 8013415 St Bernadette Catholic Voluntary Aided Primary   | 855,257             | 855,257                               | -                     |
| 8013417 St Bonaventure's Catholic Primary School         | 1,488,436           | 1,488,436                             | -                     |
| 8013433 Stoke Park Primary School                        | 937,641             | 941,265                               | 3,624                 |
| 8013437 Bridge Farm Primary School                       | 2,284,025           | 2,284,025                             | -                     |
| 8013438 Knowle Park Primary School                       | 2,436,390           | 2,436,390                             | -                     |
| 8013439 Sea Mills Primary School                         | 951,997             | 951,997                               | -                     |
| 8013441 Air Balloon Hill Primary School                  | 2,884,892           | 2,924,445                             | 39,553                |
| 8013442 St Peter's Church of England Primary School (VC  | 1,827,266           | 1,827,266                             | -                     |
| 8014603 St Mary Redcliffe and Temple School              | 5,380,959           | 5,380,959                             | -                     |
| 8014801 St Bernadette Catholic Secondary School          | 3,809,816           | 3,809,816                             | -                     |
| 8012005 Ashton Vale Primary School                       | 800,415             | 802,066                               | 1,651                 |
| 8012010 Fonthill Primary Academy                         | 938,011             | 938,011                               | -                     |
| 8012013 Begbrook Primary Academy                         | 2,208,105           | 2,208,105                             | -                     |
| 8012017 Waycroft Academy                                 | 1,555,446           | 1,555,446                             | -                     |
| 8012022 Cotham Gardens Primary School                    | 1,979,320           | 1,989,728                             | 10,408                |
| 8012029 Ilminster Avenue E-ACT Academy                   | 1,503,399           | 1,503,399                             | -                     |
| 8012030 St Ursula's E-ACT Academy                        | 2,036,818           | 2,036,818                             | -                     |
| 8012034 Filton Avenue Primary School                     | 3,189,557           | 3,189,557                             | -                     |
| 8012038 Oasis Academy Connaught                          | 1,735,961           | 1,735,961                             | -                     |
| 8012040 Henleaze Junior School                           | 1,344,409           | 1,344,409                             | -                     |
| 8012044 Hotwells Primary School                          | 756,901             | 756,901                               | -                     |
| 8012055 The Dolphin School                               | 1,537,697           | 1,537,697                             | -                     |
| 8012056 Oasis Academy Bank Leaze                         | 924,775             | 924,775                               | -                     |



Schools forum 16th January 2019 Paper 7 Appendix 2

| LAESTAB Name  | MFG 0% - standstill | MFG 0% with factors moved towards NFF | Distribution of £0.6m |
|---|---------------------|---------------------------------------|-----------------------|
|   | <b>257,249,452</b>  | <b>257,845,000</b>                    | <b>595,548</b>        |
| 8012061 Parson Street Primary School                    | 1,713,692           | 1,723,526                             | 9,834                 |
| 8012062 Minerva Primary Academy                         | 1,215,407           | 1,215,407                             | -                     |
| 8012064 Frome Vale Academy                              | 826,936             | 826,936                               | -                     |
| 8012067 Fishponds Church of England Academy             | 1,637,202           | 1,637,202                             | -                     |
| 8012077 Bannerman Road Community Academy                | 1,578,475           | 1,578,475                             | -                     |
| 8012078 Henbury Court Primary Academy                   | 1,465,849           | 1,466,843                             | 994                   |
| 8012080 Summerhill Academy                              | 1,331,034           | 1,364,863                             | 33,829                |
| 8012082 The Kingfisher School                           | 658,581             | 662,494                               | 3,913                 |
| 8012087 Cathedral primary School                        | 1,447,572           | 1,447,572                             | -                     |
| 8012089 Redfield Educate Together Primary Academy       | 1,390,530           | 1,390,530                             | -                     |
| 8012091 Westbury Park Primary School                    | 1,441,112           | 1,441,112                             | -                     |
| 8012092 Oasis Academy Marksbury Road                    | 1,542,948           | 1,542,948                             | -                     |
| 8012093 Fairlawn Primary School                         | 1,189,512           | 1,189,512                             | -                     |
| 8012094 Oasis Academy Long Cross                        | 1,832,439           | 1,841,965                             | 9,526                 |
| 8012099 Headley Park Primary School                     | 1,668,026           | 1,668,026                             | -                     |
| 8012101 Easton Church of England Academy                | 2,291,919           | 2,291,919                             | -                     |
| 8012106 Barton Hill Academy                             | 1,976,624           | 1,976,624                             | -                     |
| 8012107 Wicklea Academy                                 | 1,196,931           | 1,196,931                             | -                     |
| 8012108 Woodlands Academy                               | 817,329             | 828,045                               | 10,716                |
| 8012110 Hareclive E-ACT Academy                         | 1,938,888           | 1,938,888                             | -                     |
| 8012112 Elmlea Junior School                            | 1,268,185           | 1,275,280                             | 7,095                 |
| 8012114 St Mary Redcliffe Church of England Primary Sch | 1,588,924           | 1,593,507                             | 4,584                 |
| 8012117 Badocks Wood E-ACT Academy                      | 1,057,612           | 1,061,390                             | 3,778                 |
| 8012118 Perry Court E-Act Academy                       | 1,501,129           | 1,507,286                             | 6,157                 |
| 8012119 Luckwell Primary School                         | 774,305             | 788,805                               | 14,500                |
| 8012120 Evergreen Primary Academy                       | 1,008,405           | 1,008,405                             | -                     |
| 8012320 Compass Point Primary School                    | 946,130             | 946,130                               | -                     |
| 8012324 Four Acres Academy                              | 1,367,959           | 1,367,959                             | -                     |
| 8013003 Christ Church Church of England Primary Schoo   | 1,418,829           | 1,418,829                             | -                     |
| 8013025 Stoke Bishop Church of England Primary School   | 1,516,334           | 1,516,334                             | -                     |
| 8013026 Westbury-On-Trym Church of England Academ       | 1,470,360           | 1,482,700                             | 12,341                |
| 8013408 St Nicholas of Tolentine Catholic Primary Schoo | 918,740             | 918,740                               | -                     |
| 8013411 St Patrick's Catholic Primary School            | 908,454             | 908,454                               | -                     |
| 8013414 St Teresa's Catholic Primary School             | 915,557             | 915,557                               | -                     |
| 8013431 Greenfield E-Act Primary Academy                | 1,858,748           | 1,858,748                             | -                     |
| 8013432 Little Mead Primary Academy                     | 1,754,908           | 1,754,908                             | -                     |
| 8013434 Oasis Academy New Oak                           | 1,005,278           | 1,005,278                             | -                     |
| 8013436 West Town Lane Academy                          | 2,297,671           | 2,297,671                             | -                     |
| 8013440 Victoria Park Primary School                    | 1,639,551           | 1,639,551                             | -                     |
| 8014001 Bristol Free School                             | 4,363,833           | 4,363,833                             | -                     |
| 8014003 Orchard School Bristol                          | 5,160,463           | 5,196,292                             | 35,829                |
| 8014007 Oasis Academy Brislington                       | 5,396,092           | 5,396,092                             | -                     |
| 8014010 The City Academy Bristol                        | 4,469,698           | 4,469,698                             | -                     |
| 8014011 Ashton Park School                              | 5,305,715           | 5,305,715                             | -                     |
| 8014031 Henbury School                                  | 4,572,665           | 4,572,665                             | -                     |
| 8014037 Bedminster Down School                          | 6,143,425           | 6,154,123                             | 10,697                |
| 8014100 Cotham School                                   | 5,636,822           | 5,735,162                             | 98,341                |
| 8014101 Fairfield High School                           | 5,602,255           | 5,602,255                             | -                     |
| 8014602 St Bede's Catholic College                      | 4,572,081           | 4,572,081                             | -                     |
| 8014627 Redland Green School                            | 4,995,586           | 4,995,586                             | -                     |
| 8016907 Bristol Brunel Academy                          | 7,043,129           | 7,154,087                             | 110,959               |
| 8016908 Bristol Cathedral Choir School                  | 3,328,905           | 3,328,905                             | -                     |
| 8016909 Colston's Girls' School                         | 3,563,317           | 3,563,317                             | -                     |
| 8016911 Oasis Academy John Williams                     | 4,921,819           | 4,921,819                             | -                     |
| 8016912 Oasis Academy Brightstowe                       | 4,811,194           | 4,815,053                             | 3,859                 |
| 8016913 Bristol Metropolitan Academy                    | 6,452,984           | 6,452,984                             | -                     |
| 8014005 Bridge Learning Campus                          | 5,743,005           | 5,743,005                             | -                     |
| 8014006 Steiner Academy Bristol                         | 1,609,399           | 1,643,324                             | 33,925                |
| 8016910 Merchants' Academy                              | 5,624,424           | 5,624,424                             | -                     |
| 8019999 CST Trinity Academy                             | 408,916             | 422,115                               | 13,199                |

**Report for Schools Forum**  
**16<sup>th</sup> January 2019**

**Cabinet 22<sup>nd</sup> January 2019**  
**DSG budget report**  
**APPENDIX A.3**

**Central School Services Block**

|                         |                               |
|-------------------------|-------------------------------|
| <b>Date of meeting:</b> | 16 <sup>th</sup> January 2019 |
| <b>Time of meeting:</b> | 5 pm                          |
| <b>Venue:</b>           | City Hall                     |

## **1. Purpose of report**

- 1.1 To inform Schools Forum of the Local Authority's Central School Services block allocation for 2019/20. To provide some wider context about spending on education by the Council, including those services funded by the General Fund and those activities undertaken by Trading with Schools.
- 1.2 To seek Forum's approval for the proposed use of the Central School Services block funding for 2019/20.

## **2. Recommendations**

### 2.1 That Schools Forum:

- a. approve the proposed use of the Central School Services Block funding in 2019/20 for:
  - LA Core Functions £0.947m (as per Appendix 1);
  - School Admissions £0.479m;
  - Schools Forum £0.023m;
  - Combined Services £0.599m (as per Appendix 2).
- b. note that the licences the LA is required to pay on behalf of all local schools is £0.281m.
- c. note the composition of the LA Core Funding of £0.912m for 2018/19 that was initially agreed in January 2018 (as per Appendix 1).
- d. note the wider context around Education spending and the operation of Trading with Schools.

## **3. Background**

3.1 The purpose of the CSSB is to provide funding for the statutory duties the LA hold for both maintained schools and academies. The CSSB brings together:

- funding previously allocated through the retained duties element of the Education Services Grant (ESG)
- funding for ongoing central functions, such as admissions, previously top-sliced from the schools block
- residual funding for historic commitments, previously top-sliced from the schools block

3.2 The LA must still seek Schools Forum approval for Central Services spend, apart from the item relating to school licences which must be repaid to the DfE on behalf of all maintained schools and academies.

#### 4. Budget proposals

4.1 The CSSB allocation for 2019/20 is £2.895m. This total is composed of two distinct components: on-going functions (£1.730m) and historic commitments (£1.165m)

**Table 1: Composition of Central School Service Block Allocations 2018/19 and 2019/20 and proposed allocation for 2019/20**

| Type of funding | Component            | Comparable 2018/19 DSG amount £'000 | DSG Allocation 2019/20 £'000 | Proposed 2019/20 budget £'000 |
|-----------------|----------------------|-------------------------------------|------------------------------|-------------------------------|
| Formulaic       | LA Core functions    | 912                                 | 947                          | 947                           |
| Formulaic       | School Admissions    | 461                                 | 479                          | 479                           |
| Formulaic       | School Licences      | 267                                 | 281                          | 281                           |
| Formulaic       | Schools Forum        | 23                                  | 23                           | 23                            |
| Historic        | Combined Services    | 599                                 | 599                          | 599                           |
| Historic        | Prudential Borrowing | 566                                 | 566                          | 0                             |
| <b>Total</b>    |                      | <b>2,828</b>                        | <b>2,895</b>                 | <b>2,329</b>                  |

4.2 In November 2018, Schools forum agreed that the uncommitted funding of £0.566m for Prudential Borrowing could be transferred to the High Needs Block. It is expected, at some future point, that the DfE will remove the £0.566m. For as long as it continues to be included, it is useful as a supplement for the High Needs Block.

4.3 The remaining £2.329m is proposed to be applied in full for 2019/20.

4.4 **LA Core Functions.** At the January 2018 meeting of Schools Forum, the schedule of services that comprise the LA Core Functions was not provided, pending the outcomes of an Education Review. That review

has subsequently been modified, but officers have not, so far provided a schedule of those services.

- 4.5 **Appendix 1** sets out the functions and services that may be included in the LA Core functions budget. The relevant costs for Bristol have been included against these line items. For 2018/19, this is for noting, to regularise the omission of these figures in previous meetings. For 2019/20, the analysis is proposed for agreement by Schools Forum.
- 4.6 **Admissions £0.479m.** The only change to this budget is that arising from the increase in CSSB generally, due to pupil number increases. .
- 4.7 **School Licences £0.282m.** The DfE requires the Authority to pay licences on behalf of all maintained schools, academies and free schools in Bristol, to avoid the administration of delegating funding to and recovering the money from each school. The amount for 2019/20 has been advised as £0.282m. There is no requirement for Schools Forum to specifically approve this line of the budget.
- 4.8 **Schools Forum £23k.** This funding is used to support the writing of papers, clerking and hosting the meetings. It is proposed that this allocation remain at the 2018/19 level.
- 4.9 **Combined Budgets. Appendix 2** re-confirms the analysis of the £0.599m for Combined Services, which Schools Forum has agreed in the past and it is proposed for agreement again for 2019/20.

## 5. Wider context – Trading with Schools

- 5.1 When Trading with Schools (TwS) was established as a functional area, five principles were established:
1. Improved economy, efficiency and effectiveness in service delivery.
  2. Increased school satisfaction with the quality of service provision.
  3. Increase commissioning capability
  4. Maintain quality of statutory provision.
  5. Maintain level of Intelligence within the LA.
- 5.2 In 2014/15 the following strap line, mission, vision and values were agreed by the service.

***“Supporting you to deliver a first class education for all learners”***

### **Mission**

- To be the best provider of services to schools and settings and to generate income for the benefit of children and young people.

### **Vision**

- To develop and enhance a reputation for excellence whilst growing our business year on year.

### **Values**

- To be renowned for our integrity, expertise and commitment to customer service.

- 5.3 **How Trading with Schools works for schools.** School customers choose to buy TwS services, signing up to annual contract renewals, with a request of 6 months' notice to cease purchasing a service. These terms compare with other entities which require 3 year contracts
- 5.4 **How trading with Schools works for the LA** When TwS was established a range of LA services were transferred into the entity. The decision to establish TwS meant that the LA decided to bear any commercial risk including liability for the salaries, pensions and potential for redundancy costs for all colleagues if it were not a success. This risk still exists.
- 5.5 **Price rises.** A small number of TwS support services were incorrectly costed at the outset by the project team. Following a full unit costing/utilisation review of all services it became clear that overheads were not included within the calculations and that those services were operating at a loss.
- 5.6 The options considered were, do nothing, increase the price by 40%, step change the price increase, whilst encouraging customers to purchase alternative packages of support.
- 5.7 Subject to those exceptions price rises are minimal and reflect inflationary costs or less.
- 5.8 All price increases are approved annually by the Cabinet member for education. The aim is to remain competitive in the marketplace.
- 5.9 A very small number of customers have expressed their dissatisfaction at the increases
- 5.10 **Organisational arrangements.** TwS has moved from the Adults, Children and Education directorate into a new management area focusing on commercialisation. The aim is to locate TwS organisationally

where business processes and support functions aid efficiency. Part of that necessarily is customer focus, which is engrained in the approach to commercialism, and will continue to be embedded in links with schools as customers as well as through strong links with the Education, Learning and Skills directorate.

- 5.11 Sustainability of these functions is a key factor. All functions supporting schools have to pay their way. The aim for TwS is to reflect its original principles, to be both competitive and supportive, and ensure it remains so. To that end, where TwS makes a surplus, that covers overheads and marginal income targets as well as recognising the risks noted above, consistent with practice across the LA traded services.
- 5.12 The review of central services currently being undertaken by consultants is due to be completed at the end of January. Part of that will touch on elements of TwS, notably those connected with special educational needs and school improvement.
- 5.13 Schools Forum have received financial reports at recent meetings about the surplus generated each year by TwS: £0.834m in 2016/17 and £0.885m in 2017/18.
- 5.14 In the publicly available information reported to Cabinet about the General Fund budget, the Education budget for Period 7 is **£18.766m**, covering the services included in **Appendix 3**.
- 5.15 The modest surpluses, generated at the Council's risk, provide funding to the authority to assist it in fulfilling its responsibilities for educational services and functions.

**Appendix 1**

**Analysis of Core Statutory Education Functions**

| Category  | Component permitted to be funded from central DSG, subject to Schools Forum agreement  | BCC proposal?  | Amount 2018/19<br>£'000 | Amount 2019/20<br>£'000 |
|---|--|--|-------------------------|-------------------------|
| Statutory & Regulatory                              | <ul style="list-style-type: none"> <li>Director of children's services and personal staff for director (Sch 2, 15a)</li> <li>Planning for the education service as a whole (Sch 2, 15b)</li> </ul>   | Central budgets for education planning that are not already charged to Combined Budgets or elsewhere in the DSG. | 17                      | 17                      |
| Statutory & Regulatory                              | <ul style="list-style-type: none"> <li>Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22)</li> <li>Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c)</li> <li>Formulation and review of local authority schools funding formula (Sch 2, 15d)</li> </ul> | Accounting and finance staff directly supporting education budget setting and funding for all schools.           | 250                     | 250                     |
| Statutory & Regulatory                              | <ul style="list-style-type: none"> <li>Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e)</li> </ul>   | Estimated cost of internal audit time.   | 25                      | 25                      |
| Statutory & Regulatory                              | <ul style="list-style-type: none"> <li>Consultation costs relating to non-staffing issues (Sch 2, 19)</li> <li>Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f)</li> </ul>  | Estimated cost of public consultation on service development (eg High Needs) and collaborative working.          | 45                      | 80                      |
| Statutory & Regulatory                              | <ul style="list-style-type: none"> <li>Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17)</li> </ul>  | Current budget for SACRE.  | 10                      | 10                      |
| Statutory & Regulatory                              | <ul style="list-style-type: none"> <li>Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21)</li> </ul>  | Legal Services staff support.  | 60                      | 60                      |
| Education Welfare                                   | <ul style="list-style-type: none"> <li>Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20)</li> <li>School attendance (Sch 2, 16)</li> <li>Responsibilities regarding the employment of children (Sch 2, 18)</li> </ul>   | Current budget for Education Welfare.  | 335                     | 335                     |
| Asset Management                                    | <ul style="list-style-type: none"> <li>Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a)</li> <li>General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b)</li> </ul>                                       | Current budget for education property management and capital programme monitoring.                               | 170                     | 170                     |
| <b>TOTAL STATUTORY / REGULATORY FUNCTIONS OF LA</b> |  |  | <b>912</b>              | <b>947</b>              |

## Appendix 2

### Combined Services Budget 2019/20

| <b>Service</b>                   | <b>Total<br/>2018/19<br/>£'000</b> | <b>Total<br/>2019/20<br/>£'000</b> |
|----------------------------------|------------------------------------|------------------------------------|
| Director of Education and Skills | 122                                | 122                                |
| Equalities                       | 45                                 | 45                                 |
| Governor Support                 | 21                                 | 21                                 |
| HR                               | 25                                 | 25                                 |
| Primary Services                 | 178                                | 178                                |
| Pupil Census                     | 35                                 | 35                                 |
| School Place Planning            | 90                                 | 90                                 |
| Secondary Services               | 83                                 | 83                                 |
| <b>Grand Total</b>               | <b>599</b>                         | <b>599</b>                         |



### Appendix 3

#### Bristol City Council budgets for General Fund activities in Education and Skills (Period 7 2018/19)

| Service                       | Component                      | Revised budget |
|-------------------------------|--------------------------------|----------------|
| Early Years Learning          | Children's Centres (net)       | 3,071          |
| Early Years Learning          | Other GF Early Years           | 693            |
| School Partnerships           | School Improvement             | 123            |
| School Partnerships           | Education Welfare              | 335            |
| Education Management          | School Pensions                | 4,258          |
| Education Management          | Team costs                     | 730            |
| Education Management          | Grant contributions            | (1,067)        |
| Education Management          | Unallocated savings from ESG   | 0              |
| Education Management          | Overheads charged to TWS / DSG | (983)          |
| Additional Learning Needs     | Home to School Transport       | 5,509          |
| Additional Learning Needs     | SEND support                   | 1,712          |
| Employment, Learning & Skills | Team costs                     | 680            |
| Trading with Schools          | Service cost                   | (395)          |
| Schools PFI                   | Contribution to DSG            | 4,100          |
| <b>TOTAL</b>                  |                                | <b>18,766</b>  |

**Bristol Schools Forum**  
**High Needs Block 2019-2020**

**Cabinet 22<sup>nd</sup> January 2019**  
**DSG budget report**  
**APPENDIX A.4**

|                         |                               |
|-------------------------|-------------------------------|
| <b>Date of meeting:</b> | 16 <sup>th</sup> January 2019 |
| <b>Time of meeting:</b> | 5.00 pm                       |
| <b>Venue:</b>           | City Hall, Writing Room       |

## **1. Purpose of report**

- 1.1 To update Schools Forum on the period 7 (adjusted) 2018/2019 forecast position.
- 1.2 To set out the proposed 2019/2020 High Needs Budget position in the context of the current provision and demand and the strategy for addressing the underlying budget shortfall and historic deficit in the medium term.
- 1.3 To provide an update to Schools Forum on the High Needs Block project plans and transformative work started for academic year 2018/2019.

## **2. Recommendations**

- 2.1 **To note the 2018/2019 High Needs budget position as at Period 7 (adjusted);**
- 2.2 **To note and comment on the proposed 2019/2020 High Needs Budget of £58.187m, drawing on £2.407m of High Needs DSG from 2020/21**
- 2.3 **To note the progress made with the High Needs Transformation Project Planning, and make comment.**

## **3. Summary and Context**

- 3.1 Schools Forum are aware of the pressures on the High Needs budget. The decision in November 2018 to support transfers of £2.566m into the High Needs Block for 2019/20 is recognition of this.
- 3.2 This paper provides an update on the latest 2018/19 budget position, which is an improvement in the forecast of £0.8m on the previously advised position. Most of this arises because the DfE has provided an extra £1m in High Needs DSG for 2018/19 and the same amount for 2019/20.
- 3.3 The forecast position for 2019/20 is still an expected £58.2m spend on high needs activities which is set out in detail in **Appendices 1 and 2**. What

has changed is the additional funding in the High Needs DSG. Even with this improvement and the transfers from other blocks, the service still expects to incur a cumulative deficit of £3.3m by the end of March 2020.

3.4 To ensure the High Needs Budget is well placed to match the acceleration in demands as currently envisaged it is proposed that £2.407m of High Needs DSG from 2020/21 will be accelerated. Should additional funding not be forthcoming from central government to ensure we can keep pace with the triple pressure of rapidly rising demand, rising prevalence rates and changing types of need this would leave a cumulative year-end deficit in the DSG of £3.3 million by 2020/21.

3.5 The updated annual gap between the spend level (actual or forecast) and the High Needs DSG is set out in **Table 1**.

**Table 1: Comparative Gross High Needs Budget allocations 2014/15 – 2019/20**

|         | Gross amount of High Needs Block DSG £m | Simple change on previous year £m / (%) | Comment on funding changes   | Actual & Forecast Outturn of High Needs Block DSG £m | Difference between DSG allocation and total spend on High Needs £m |
|---------|---|---|--|--|--|
| 2019-20 | £53.2m                                  | £1.2m / 2.3%                            | +£0.7m for inclusion of new Free School within the total increase  | £58.2m   | £5.0m  |
| 2018-19 | £52.0m                                  | £1.4m / 2.8%                            | –£1.0m transfer of responsibilities for pupils in mainstream resource bases to Schools Block, so increase is £2.4m / 2.8%. | £54.3m   | £2.3m  |
| 2017-18 | £50.6m                                  | £7.3m / 16.9%                           | £4.6m rebaseline plus £1.6m post-16 , £0.75m population fund and £0.47m growth   | £53.7m   | £3.1m  |
| 2016-17 | £43.3m                                  | £0.7m / 1.6%                            | No change in scope of HNB between years  | £50.1m   | £6.8m  |
| 2015-16 | £42.6m                                  | £0.4m / 0.9%                            | No change in scope of HNB between years  | £49.8m   | £7.2m  |
| 2014-15 | £42.2m                                  |   |  | £44.7m   | £2.4m  |

3.6 Schools Forum was keen to understand what the Authority’s strategy is for addressing this underlying shortfall in funding and the historic deficit. There are three strands to it.

- a) **Lobbying.** Officers and Members continue to lobby central government on the budget pressures in the high needs budget and a funding mechanism that ensures that funding increases as demand rises. The additional £1m provided to Bristol through higher High Needs DSG in each of 2018/19 and 2019/20 is an indication that central government are listening to the calls for more funding. A possible, part-solution to assist further would be a re-

basing of the high needs budget to reflect local spending levels (as happened during 2016/17).

b) **Transformation.** A high needs transformation programme has begun, with four constituent projects: top-up funding; alternative provision; hospital education; and support services. These are focussed on how best to improve outcomes for children and young people, but may result in lower spend over time, if investment is made in activities most likely to promote such outcomes. A position statement on the progress on the High Needs Transformation Programme is included in **Appendix 3**.

c) **Transfers.** Officers will continue to look for all opportunities to transfer funding from different blocks or funds to support the High Needs budget.

3.7 Taken as a whole, these strands may not fully address the historic deficit or any on-going shortfall in the High Needs Block in the medium term; many elements are not in the council's control. Close monitoring will continue and the approach will need to be reconsidered as appropriate.

3.8 Bristol's growth in HNB demands/needs reflects national trends and the extent to which high needs spending has been supported by additional funding from the Schools Block. This is supported by the research conducted for the Local Government Association report on Trends in Spending for Children and Young People with SEND in England: <http://www.isospartnership.com/uploads/files/LGA%20HN%20report%20published%2012.12.18.pdf>

#### 4. Budget Monitoring Position for Period 7 2018/2019.

4.1 **Table 2** sets out the adjusted Period 7 forecast for 2018/2019. The Period 7 position did not include the additional DSG for High Needs, so an adjusted version has been used for the purposes of this report.

904

**Table 2: High Needs Block budget forecast at adjusted Period 7 2018/19**

| <b>Component</b>       | <b>Period 6 Forecast 2018/19 £'000</b> | <b>Adjusted Period 7 Forecast 2018/19 £'000</b> | <b>Change (Adverse = +ive) £'000</b> |
|------------------------|--|---|--------------------------------------|
| 1. Places only         | 15,552                                 | 15,469  | -83                                  |
| 2. SEN Top-ups         | 23,938                                 | 23,802  | -136                                 |
| 3. AP Top-ups          | 890                                    | 806   | -84                                  |
| 4. Other SEN provision | 6,088                                  | 6,307   | 219                                  |
| 5. Other AP provision  | 4,648                                  | 4,816   | 168                                  |

|                               |               |               |             |
|-------------------------------|---------------|---------------|-------------|
| 6. Services                   | 3,116         | 3,146         | 30          |
| <b>Total Commitment</b>       | <b>54,232</b> | <b>54,346</b> | <b>114</b>  |
| Brought Forward               | -2,055        | -2,055        | 0           |
| DSG Funding (gross) *         | 54,471        | 55,454        | 983         |
| <b>Total Funding</b>          | <b>52,416</b> | <b>53,399</b> | <b>983</b>  |
| <b>Overspend (cumulative)</b> | <b>1,814</b>  | <b>947</b>    | <b>-783</b> |

4.2 **1. Places only (-£0.083m improvement).** Places continue to be monitored through 6 weekly review cycles, forecasted 12 months as well as 5 years in advance and are dependent on the local area's needs, as well as having regard to parental preference.

**Table 3: Special School places available in Bristol**

| Placement type | Places 2014/15 | Places 2015/16 | Places 2016/17 | Places 2017/18 | Places 2018/2019 |
|----------------|----------------|----------------|----------------|----------------|------------------|
| Pre 16         | 737            | 740            | 767            | 749            | 802              |
| Post 16        | 124            | 134            | 148            | 145            | 141              |
| Total          | 861            | 874            | 915            | 894            | 943              |

4.3 SEND Capital Expenditure is focused on optimising specialist provision in Bristol for children and young people with the highest needs in order to ensure sufficient, suitable, accessible and safe accommodation is available meeting their needs and supporting inclusion.

4.4 **2. SEN Top-Up (-£0.136m improvement):** The reduced expenditure is due to a general fluctuation across provisions due to a net reduction in pupil numbers receiving Top Up in the new academic year, most notably in Pupil Referral Units which is not surprising bearing in mind this period is early in the academic year. The local authority received 63 applications for mainstream school age Top Up in November and December 2018 and the general further education colleges have also clarified their Top Up requests after period 7. 12.5 % of SEN Top Up goes to mainstream education settings for children and young people who have the highest needs.

4.5 **3. AP Top-up (-£0.084m improvement):** Top Up requests for this cohort were lower than originally projected, but again this is not unusual at this early stage of the academic year. However it is an area that requires regular scrutiny given the fact that most children and young people in Bristol's Alternative Provision present with SEMH as well as underlying communication and language needs. See **Table 4a** and **Table 4b** for primary needs in education settings.

**Table 4a: Primary needs in Primary Schools**

| Local Authority     | Specific Learning Difficulty | Moderate Learning Difficulty | Severe Learning Difficulty | Profound Multiple Learning Difficulty | Social Emotional and Mental Health | Speech Language and Communications Needs | Hearing Impairment | Visual Impairment | Multi Sensory Impairment | Physical Disability | Autistic Spectrum Disorder | Other Difficulty Disability | SEN support but no specialist assessment of type of need |
|---------------------|------------------------------|------------------------------|----------------------------|---------------------------------------|------------------------------------|--|--------------------|-------------------|--------------------------|---------------------|----------------------------|-----------------------------|--|
| Bristol             | 9.87                         | 18.47                        | 0.49                       | 0.37                                  | 17.17                              | 32.32                                    | 1.77               | 0.75              | 0.39                     | 3.01                | 8.06                       | 2.97                        | 4.37   |
| ENGLAND             | 9.53                         | 22.25                        | 0.64                       | 0.27                                  | 15.89                              | 29.82                                    | 1.71               | 0.95              | 0.31                     | 2.87                | 7.32                       | 4.05                        | 4.40   |
| Newcastle upon Tyne | 7.26                         | 26.92                        | 0.12                       | 0.18                                  | 15.84                              | 34.32                                    | 2.44               | 0.97              | 0.18                     | 2.29                | 6.23                       | 1.41                        | 1.85   |
| Liverpool           | 13.21                        | 12.70                        | 0.55                       | 0.26                                  | 16.07                              | 30.21                                    | 1.39               | 0.51              | 0.15                     | 3.06                | 10.52                      | 7.43                        | 3.91   |
| Manchester          | 7.52                         | 25.76                        | 0.72                       | 0.27                                  | 16.15                              | 29.33                                    | 2.06               | 0.94              | 0.28                     | 2.68                | 5.41                       | 3.16                        | 5.72   |
| Leeds               | 6.33                         | 25.10                        | 1.16                       | 0.42                                  | 14.79                              | 37.89                                    | 2.43               | 0.82              | 0.10                     | 2.45                | 3.47                       | 3.82                        | 1.21   |
| Sheffield           | 8.04                         | 17.58                        | 0.72                       | 0.13                                  | 12.82                              | 38.89                                    | 2.45               | 0.98              | 0.17                     | 2.18                | 11.46                      | 3.38                        | 1.21   |
| Nottingham          | 6.02                         | 25.17                        | 0.72                       | 0.13                                  | 18.22                              | 23.82                                    | 1.72               | 0.92              | 0.18                     | 3.02                | 13.27                      | 4.30                        | 2.50   |
| Birmingham          | 2.97                         | 41.14                        | 0.42                       | 0.12                                  | 9.78                               | 22.96                                    | 1.57               | 0.88              | 0.17                     | 2.54                | 8.03                       | 2.67                        | 6.76   |

**Table 4b: Primary needs in Secondary Schools**

| Local Authority     | Specific Learning Difficulty | Moderate Learning Difficulty | Severe Learning Difficulty | Profound Multiple Learning Difficulty | Social Emotional and Mental Health | Speech Language and Communications Needs | Hearing Impairment | Visual Impairment | Multi Sensory Impairment | Physical Disability | Autistic Spectrum Disorder | Other Difficulty Disability | SEN support but no specialist assessment of type of need |
|---------------------|------------------------------|------------------------------|----------------------------|---------------------------------------|------------------------------------|--|--------------------|-------------------|--------------------------|---------------------|----------------------------|-----------------------------|--|
| Bristol             | 23.26                        | 14.42                        | 0.20                       | 0.13                                  | 18.95                              | 13.83                                    | 2.12               | 0.93              | 0.10                     | 3.08                | 9.82                       | 10.85                       | 2.32   |
| ENGLAND             | 20.99                        | 22.95                        | 0.52                       | 0.11                                  | 18.87                              | 11.28                                    | 2.30               | 1.33              | 0.18                     | 3.02                | 9.69                       | 6.28                        | 2.48   |
| Newcastle upon Tyne | 24.32                        | 32.27                        | 0.76                       | 0.00                                  | 14.75                              | 10.14                                    | 3.47               | 1.62              | 0.19                     | 2.33                | 7.43                       | 1.90                        | 0.81   |
| Liverpool           | 19.77                        | 16.57                        | 4.69                       | 0.07                                  | 17.43                              | 7.05                                     | 1.68               | 1.20              | 0.09                     | 3.49                | 12.63                      | 10.93                       | 4.40   |
| Manchester          | 12.65                        | 22.27                        | 0.62                       | 0.11                                  | 21.62                              | 13.97                                    | 2.28               | 1.40              | 0.08                     | 2.39                | 6.96                       | 9.97                        | 5.69   |
| Leeds               | 17.50                        | 28.02                        | 0.64                       | 0.14                                  | 23.91                              | 12.00                                    | 3.61               | 1.57              | 0.06                     | 2.38                | 4.87                       | 3.91                        | 1.39   |
| Sheffield           | 24.57                        | 19.87                        | 0.83                       | 0.05                                  | 17.29                              | 13.67                                    | 3.78               | 1.22              | 0.05                     | 2.54                | 13.32                      | 2.72                        | 0.09   |
| Nottingham          | 10.67                        | 28.97                        | 0.86                       | 0.14                                  | 23.12                              | 7.95                                     | 1.95               | 1.23              | 0.18                     | 3.54                | 14.26                      | 4.22                        | 2.91   |
| Birmingham          | 7.16                         | 36.87                        | 0.30                       | 0.03                                  | 17.02                              | 12.99                                    | 2.76               | 1.70              | 0.13                     | 2.43                | 10.15                      | 4.06                        | 4.42   |

**4.6 4. Other SEN Provision (+£0.219m adverse):** The demand for Pre 16 jointly commissioned placements in Independent Non Maintained / Specialist settings (INMSS) for those with the highest level of needs has continued to increase but is below comparators. 56 Pre 16 aged children currently attend INM placements, 26 Post 16 aged young people attend INMSS placements and 6 Post 16 aged young people attend IS placements. See **Table 5a** and **Table 5b** below.

**Table 5a: Children and young people with EHCPs in INMSS (Education only commissioned)**

| Number of INMSS Placements | 2017/18 | % YP Population | % YP Population | % YP SEND Population |
|----------------------------|---------|-----------------|-----------------|----------------------|
|----------------------------|---------|-----------------|-----------------|----------------------|

|                |     | (under 18) | (under 25) | (from DfE data) |
|----------------|-----|------------|------------|-----------------|
| Bristol        | 74  | 0.08%      | 0.05%      | 3.4%            |
| Bournemouth    | 7   | 0.02%      | 0.01%      | 0.7%            |
| Dorset         | 188 | 0.24%      | 0.18%      | 10.0%           |
| North Somerset | 95  | 0.22%      | 0.17%      | 11.1%           |
| Swindon        | 63  | 0.13%      | 0.10%      | 3.5%            |
| Wiltshire      | 135 | 0.13%      | 0.10%      | 4.5%            |

**Table 5b: Bristol Joint Commissioned INMSS placements**

| Placement type | Places 2014/15 | Places 2015/16 | Places 2016/17 | Places 2017/18 | Places 2018/2019 |
|----------------|----------------|----------------|----------------|----------------|------------------|
| Pre 16 INM     | 21             | 40             | 42             | 52             | 56               |
| Post 16 INM    | 18             | 33             | 46             | 30             | 26               |
| ISP            | 31             | 16             | 10             | 9              | 6                |
| <b>Total</b>   | <b>70</b>      | <b>89</b>      | <b>98</b>      | <b>91</b>      | <b>88</b>        |

4.7 These figures are also indicative of the shortage of local specialist provision places in Bristol at present, which is being addressed with partners and providers in line with SEND Capital planning. It should be noted that these placements are quality assured by education, health and social care throughout the year to ensure provision and high aspirations, as well as achievement of education and other outcomes expected are delivered, whilst also providing the local authority with value for money.

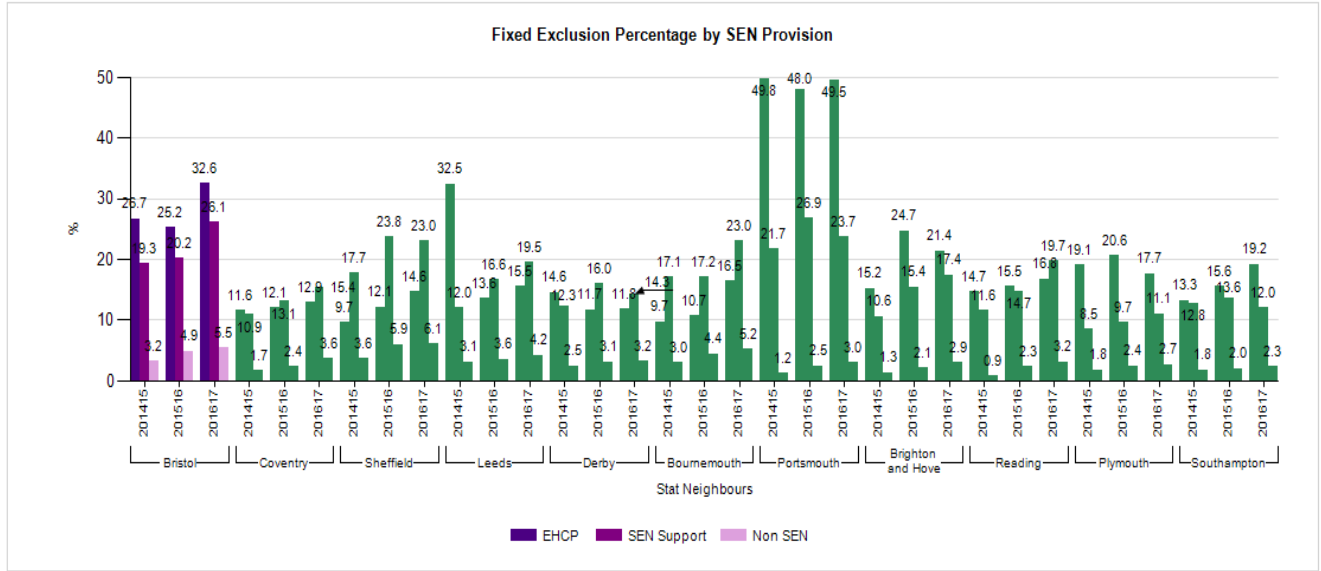
4.8 Transition planning and access to local FE placements have meanwhile improved so that placements and progress in relation to preparation for adulthood and clear pathways into independence are the focus of EHCP reviews for children aged 14 years and over. This also ensures that children and young people who have SEND and the highest needs return to their communities as soon as is appropriate and access the right provision at the right time.

4.9 **5. Other AP Provision (+£0.168m adverse).** The demand for Early Intervention Bases support has remained high with an additional £0.168m being spent on this provision. These figures correlate with the actual spend on SEN Top Up within this period and comparative data for fixed term and permanent exclusions in comparison to statistical neighbours (set out in Tables 6a and 6b). Fixed term exclusions for children and young people with EHCPs have increased in recent years by 30% and 48% for those with SEN support. Permanent exclusions for those with EHCPs have reduced to zero in 2016/17 and that is still the case and for those with SEN support it has reduced by half.

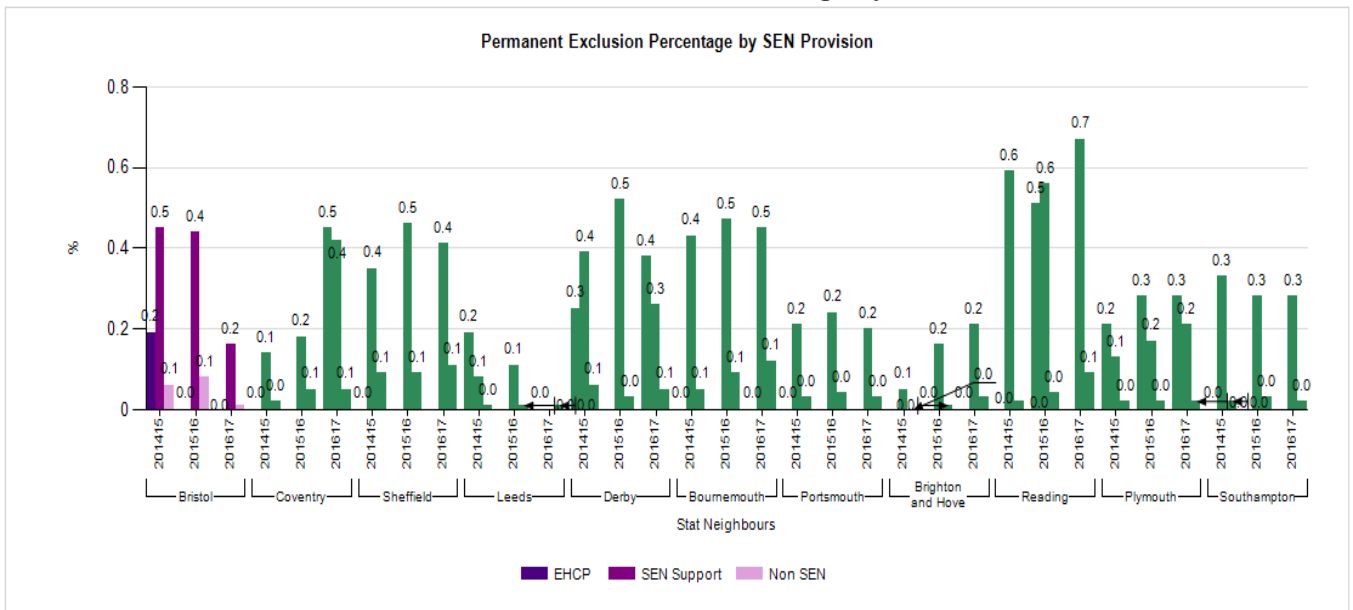




**Table 6a: Fixed Exclusion Percentage by SEN Provision**



**Table 6b: Fixed Exclusion Percentage by SEN Provision**



4.10 **6. SEN services (+£0.030m adverse).** SEN Equipment and Therapy costs have increased in line with assessed needs (the numbers of children and young people who have SEND with specific equipment or therapeutic needs that are beyond core service offers) and inflation. Staffing figures have increased somewhat within High Needs Services in order to respond to the needs of the Local Area particularly to address timeliness of EHCP processes. This included an additional 6 fixed term SEND Casework Team staff, back-fill for a FTE SEND Operational and Planning Manager to undertake High Needs project work and an additional 65 hours of Educational Psychologist time for 12 months, agreed as of January 2019.

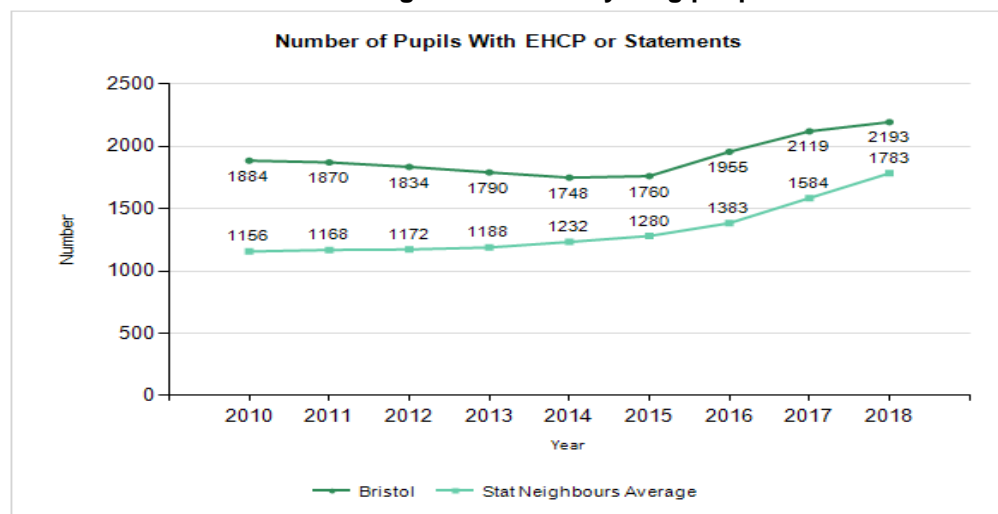
4.11 PeopleToo (a consultancy firm commissioned by the local authority to review High Needs Services and staffing capacity, among other educational things) is due to be complete its review by the end of January 2019 and feedback will be provided at the next Schools Forum meeting.

4.12 Bristol's cohort of children and young people who have SEND and high needs (**Tables 7a and 7b**) remains consistently high compared to statistical neighbours.

**Table 7a: Number of children with SEN as at October 2018 census**

| Level                  | Number of children with SEN |
|------------------------|-----------------------------|
| EHCP                   | 2,437                       |
| SEN Support            | 7,542                       |
| Disability without SEN | 1,189                       |
| <b>Total</b>           | <b>11,168</b>               |

**Table 7b: Bristol's School Age children and young people with EHCPs:**



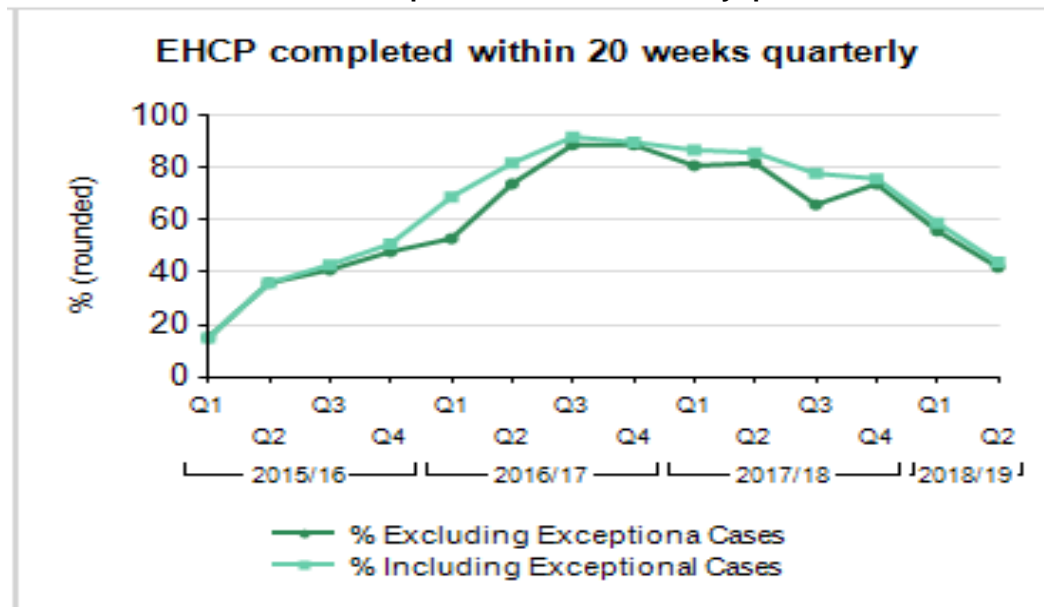
4.13 Requests for statutory EHC Needs Assessments have continued to increase which continues to place an equally high level of demand on children and adult education, health and social care services, who along with young people and families are all involved in this process. **Table 8** indicates the increased complexity of needs reflected in the higher proportion of assessments meeting the agreed thresholds.

**Table 8: Numbers of requests for Education, Health and Care Assessments**

| Year                                  | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|------|------|------|------|
| Total requests received               | 514  | 427  | 570  | 9    |
| Yes to Statutory EHC Needs Assessment | 239  | 238  | 428  | 0    |
| No to Statutory EHC Needs Assessment  | 275  | 189  | 66   | 0    |
| Awaiting Panel decision               | N/A  | N/A  | N/A  | 94   |

4.14 **Table 9** below demonstrates the impact that this has had on Local Area EHCP timescale performance. In order to address performance issues, we have increased the Educational Psychology resources and for SEND case workers, further action will be taken in the light of the consultants' review. Information from the new SEND Data Dashboard will also be available to Schools Forum.

**Table 9: EHC Plans completed within 20 weeks by quarter since 2015/16**



## 5. High Needs assessed financial position for 2019/20

5.1 **Table 10** sets out the anticipated High Needs Budget position for 2019/20, which shows an unchanged gross spend of £58.187m from the last Schools Forum update in November 2018.

**Table 10: High Needs Budget position for 2019/20**

| <b>Component</b>              | <b>Adj Period 7<br/>Forecast<br/>2018/19<br/>£'000</b> | <b>Forecast<br/>2019/20<br/>£'000</b> | <b>Change<br/>(Adverse =<br/>+ive)<br/>£'000</b> |
|-------------------------------|--|---------------------------------------|--|
| 1. Places only                | 15,469   | 16,942                                | 1,473  |
| 2. SEN Top-ups                | 23,802   | 25,714                                | 1,912  |
| 3. AP Top-ups                 | 806  | 1,039                                 | 233  |
| 4. Other SEN provision        | 6,307  | 6,568                                 | 261  |
| 5. Other AP provision         | 4,816  | 4,624                                 | -192   |
| 6. Services                   | 3,146  | 3,300                                 | 154  |
| <b>Total Commitment</b>       | <b>54,346</b>  | <b>58,187</b>                         | <b>3,841</b>                                     |
| Brought Forward               | -2,055   | -947                                  | 1,108  |
| DSG Funding (gross) *         | 55,454   | 55,780                                | 326  |
| <b>Total Funding</b>          | <b>53,399</b>  | <b>54,833</b>                         | <b>1,434</b>                                     |
| <b>Overspend (cumulative)</b> | <b>947</b>   | <b>3,354</b>                          | <b>2,407</b>                                     |

5.2 **Appendices 1 and 2** include more detail about the activity levels, cost drivers and risks associated with each of the six main areas of the high needs budget.

5.3 There are additional changes with the Secretary of State's announcement of £350m of additional funds to High Needs DSGs, with Bristol allocated £0.983m for the remainder of this financial year as well as for 2019/2020. This will improve the underlying position by £2m in the short term only. Taking into account the Free School additional funding which will adversely impact on the HNB, the previously forecasted deficit in November 2018 of £4.9m (after taking account of £2.566m transfers agreed at that meeting) is now a £3.3m deficit at the end of financial year 2020.

5.4 The £2m funding provided so far was from the first £250m of the £350m announced by the DfE in December 2018. The remaining £100m is for SEN capital funding and details about it are yet to be released. <https://www.gov.uk/government/publications/letter-from-the-secretary-of-state-to-local-authorities>

5.5 The Secretary of State invited authorities to revisit any decisions that had already been made to transfer funding between blocks for 2019/20 in the light of this additional High Needs DSG.

5.6 Whilst we welcome the additional funding made available from the Department for Education, we have been calling on national government to increase the SEND budget to support children and young people with the highest level of needs. Current funding levels have meant Bristol continues to face a funding shortfall and is looking at how we can sustain our services and provision during a period of increasing demand. Although this new announcement represents a much needed injection of funds, it does not provide the long-term national commitment we need to sustain the services and statutory financial commitments for many years ahead. Therefore, the authority is not proposing to reverse this decision.

## **6. High Needs Transformation Project Work Reflecting these Pressures**

6.1 As discussed at the previous Schools Forum in November 2018 report, we will be carrying out four co-produced and collaborative High Needs project-based reviews throughout this academic year to continue to drive improvements and deliver transformation plans that are aligned with Social Care and the CCG. Schools Forum as well as Local Authority Governance Boards will continue be updated throughout the process. A progress report is detailed in **Appendix 3**.

6.2 All High Needs Transformation projects involve:

- Full project plans
- Stakeholder engagement/ surveys
- Data analysis
- Equalities Checks and Impact assessments which are updated as the projects progress
- Progression of drafts through Council Decision Pathways (Governance) for sign-off by Finance, Legal, HR and Public Relations
- Public consultation, with alternative formats were necessary
- Sign off of final models through Council Decision Pathways (Governance)
- Workforce development prior to implementation
- A period of review following implementation in order to assess and evaluate impact.

## **7. Conclusions**

7.1 The consequences of increasing demand and cost pressures have significant implications for the already overspent High Needs Block. Mitigating actions, as detailed in the report and outlined in the High Needs Strategy and Transformation Programme mean that after taking account of the 2019/20 High Needs DSG, the forecast overspend from

2018/19 and the transfers from other blocks for 2019/20, the headline **cumulative deficit by the end of March 2020 would be £3.3m.**

## Glossary of Terms

**City Outcome:** *What is the proposed outcome for the city and how does this contribute to the Corporate Plan?*

- **Empowering and Caring:** Safeguarding and promoting the welfare of children and young people with SEND and equipping the children and young people in our care with the skills and tools to live fulfilling, successful, and rewarding lives.
- **Fair and Inclusive:** Demonstrating due regard to the need to eliminate discrimination, advance equality of opportunity and continue to improve outcomes across education, health and social care for children and young people with Special Educational Needs and/ or Disabilities aged 0-25 years. To ensure everyone has access to a high quality education with appropriate levels of support and resources. Reducing in the gap between disadvantaged pupils (including pupils with special educational needs, disability and children in care) and the Bristol Average at Key Stage 4. An increase in the proportion of young people who have experience of work/apprenticeship by school age 16.
- **Well connected:** Supporting social inclusion and community cohesion for children and young people with SEND, and their families.
- **Wellbeing:** Children and young people with SEND aged 0-25 years and their families will have access to appropriate support for their needs from birth and will be better able to co- ordinate support around the child, achieve better outcomes and make firm plans for their future. Encourage life-long learning in environments where both academic and emotional development are understood and delivered together and increase overall educational performance.

**Health Outcome summary:** not applicable

**Sustainability Outcome summary:** not applicable

**Equalities Outcome summary:** No savings are planned and therefore these proposals and processes employed aim to minimize any impact on protected groups within the next financial year. All project work streams have completed equalities checks and draft initial Equalities Impact Assessments that will evolve as each project progresses.

**Impact / Involvement of partners:** consultation with schools as well as wider stakeholders and partners is indicated in the report

**Consultation carried out:** This report is part of the engagement with schools and other partners prior to this matter being considered by Cabinet and Council.

**Legal Issues:**

**Financial Issues:** The forecast financial position suggests a continued budget pressure in this area. A strategy has been outlined, but there are no guarantees that this will resolve the underlying shortfall in the budget, nor address the historic deficit.

The proposal to use 2020/21 DSG in advance is permissible under the DSG regulations. It would not normally be regarded as a prudent measure to commit future funding in advance. Nonetheless, there is an acceptance that the available funding for the High Needs budget, taking the brought forward position, the High Needs DSG for 2019/20 and the transfers from other blocks is below the level of expected spending on High Needs. There are no savings proposals included in the budget. Spending is based on current policies and current rates of payment to schools, taking account of expected changes to numbers of children. In theory, £58.2m is the forecast spend on these principles, so increasing the budget ought to be neutral to the outturn, which points to a cumulative deficit of £3.3m.

The main benefit of using 2020/21 DSG in advance is that this allows the authority to include the full expected spend in the Section 251 submission of schools budgets to the DfE, providing evidence of the shortfall between spend and DSG, should the DfE decide to undertake a re-baselining exercise during 2019/20.

# Appendix 1

## Forecast High Needs DSG position 2019/20

- Appendix 1 and Appendix 2 look at the components of the High Needs Forecast for 2019/20, which is proposed to be the budget for approval.
- It has then considered, for each component:
  - Activity based costs
  - Underlying position for 2019/20
  - Cost drivers
  - Any natural changes

| Component                         | Period 7<br>(adj)<br>Forecast<br>2018/19<br>£'000 | Forecast<br>2019/20<br>£'000 | Difference<br>£'000 |
|-----------------------------------|---|------------------------------|---------------------|
| 1. Places only                    | 15,469  | 16,942                       | 1,473               |
| 2. SEN Top-ups                    | 23,802  | 25,714                       | 1,912               |
| 3. AP Top-ups                     | 806   | 1,039                        | 233                 |
| 4. Other SEN provision            | 6,307   | 6,568                        | 261                 |
| 5. Other AP provision             | 4,816   | 4,624                        | -192                |
| 6. Services                       | 3,146   | 3,300                        | 154                 |
| <b>Total Commitment</b>           | <b>54,346</b>                                     | <b>58,187</b>                | <b>3,841</b>        |
| Brought Forward                   | -2,055  | -947                         | 1,108               |
| DSG Funding (gross) *             | 55,454  | 55,780                       | 326                 |
| <b>Total Funding</b>              | <b>53,399</b>                                     | <b>54,833</b>                | <b>1,434</b>        |
| <b>Overspend<br/>(cumulative)</b> | <b>947</b>  | <b>3,354</b>                 | <b>2,407</b>        |

Note \*: Includes budget agreed by Cabinet in October 2018 and EFSA High Needs Block for 2019/20 and agreed transfers.



# Appendix 2.1 Core Place Funding

## 2019/20 Forecast £16.942m

### Activity Based Costs

| 2019/20                                 | No. of places<br>April 19 | No of places<br>Sep-19 | Rate (£) | Forecast Cost<br>2019/20<br>£'000 |
|---|---------------------------|------------------------|----------|-----------------------------------|
| Special Schools (Pre-16)                | 944                       | 964                    | £10,000  | £9,557                            |
| Special Schools (Post-16)               | 116                       | 106                    | £10,000  | £1,102                            |
| EiBs (Pre-16)                           | 15                        | 15                     | £10,000  | £150                              |
| Resource Bases (Pre-16) filled places   | 177                       | 165                    | £6,000   | £1,020                            |
| Resource Bases (Pre-16) unfilled places | 25                        | 24                     | £10,000  | £244                              |
| Resource Bases (Post-16)                | 51                        | 43                     | £6,000   | £278                              |
| FE places                               | 484                       | 475                    | £6,000   | £2,868                            |
| Pupil Referral Units                    | 181                       | 166                    | £10,000  | £1,723                            |
|   |                           |                        |          |                                   |
| Total of £10k places                    | 1,323                     | 1,309                  | £10,000  | £12,776                           |
| Total of £6k places                     | 670                       | 634                    | £6,000   | £4,166                            |
| <b>Total</b>                            | <b>1,993</b>              | <b>1,943</b>           |          | <b>£16,942</b>                    |

Page 81

# Appendix 2.1 Core Place Funding

2019/20 Forecast  
£16.942m

## Considerations

| Cost Drivers  | Risks  |
|---|--|
| <p>• Number of planned places at £10k each for pre-16 and all Special Schools and £6k each for post 16.</p> <p>• Import/Export adjustment implemented for Special School settings where OLA occupy spaces. This does not apply to resource bases. The free school funding is now allocated to LAs as per the guidance and spend is included within the forecast</p> | <ul style="list-style-type: none"><li>• The rates are determined by the EFA.</li><li>• Places filled by out of authority pupils must still be funded by the LA area that the school is in.</li><li>• High levels of occupancy could result in in-year increases.</li><li>• FE numbers are particularly difficult to predict.</li></ul> |

Page 82



## Appendix 2.2 SEN Top-ups

2019/20 Forecast  
**£25.714m**

### Activity Based Costs – Summary of all SEN Top-ups

| Summary forecast                  | No of pupils | Average | Total cost     |
|-----------------------------------|--------------|---------|----------------|
|                                   |              |         | £'000          |
| Special                           | 869          | £18,025 | £15,664        |
| Resource Base                     | 206          | £9,238  | £1,903         |
| Mainstream                        | 909          | £4,269  | £3,881         |
| Other Local Authorities           | 126          | £11,905 | £1,500         |
| Further Education                 | 537          | £4,955  | £2,661         |
| Provision for additional E2 cases |              |         | £105           |
| <b>Total forecast for 2019/20</b> |              |         | <b>£25,714</b> |

Page 83

## Appendix 2.2 SEN Top-ups

2019/20 Forecast  
**£25.714m**

### Considerations

#### Cost Drivers

- Actual pupils while they are in the school at full cost of their additional SEN, less £6k for the Element 2 which is to be met by the school. For specialist settings it is the combined unit cost of the facility at a particular occupancy level, less £10k for elements 1 & 2. DfE expect the funding to go to the setting only for as long as they are there in as near to real time as possible. The current forecast includes an element of growth – data suggests that of the potential 250 EHCP conversions likely to occur in 19/20 100 would be new draws on top up funding. Of these 40% would be in special settings at average rate of £18k and 60% mainstream at average £5k per top up.
- Also a further 89 fte non-EHCP cases are forecast to require funding during 2019/20 at a cost of £0.4m.
- Numbers of GFE are increasing from 461 to 537 including internships

#### Risks

- The Local Authority is responsible for the Element 3 cost of every High Needs pupil, in accordance with the LA's assessment of need (usually through the Education Health and Care Plan).
- Actual numbers of pupils who are eligible for funding support will vary.

## Appendix 2.3 AP Top-ups

2019/20 Forecast  
**£1.039**

### Activity Based Costs -PRU

|                      | No of Places<br>Apr to Aug | No of Places<br>Sept to Mar | Band 3 rate | PRU Total<br>costs 2019/20<br>£'000 |
|----------------------|----------------------------|-----------------------------|-------------|-------------------------------------|
| Total pupil<br>units | 111                        | 99                          | £10,000     | £1,039                              |

Page 85

## Appendix 2.3 AP Top-ups

2019/20 Forecast  
**£1.039m**

### Considerations

| Cost Drivers   | Risks   |
|--|---|
| <p>Page 86</p> <ul style="list-style-type: none"><li>• The cost of the place at the PRU, less the £10,000 elements 1&amp;2 provided to the PRU. DfE expect the funding to go to the setting only for as long as they are there in as near to real time as possible.</li><li>• The Bristol improvement panel actions have contained costs within 18/19 and it has been assumed this will continue in 19/20.</li><li>• It is assumed that occupancy levels will be at 85% and at band 3.</li></ul> | <ul style="list-style-type: none"><li>• The Commissioner is responsible for meeting the Element 3 cost.</li><li>• Volatility of these placements makes it difficult to predict the spend.</li><li>• There is a national picture of increasing demand for alternative provision.</li></ul> |

## Appendix 2.4 Other SEN Provision

2019/20 Forecast  
**£6.568m**

### Activity Based Costs – Independent and Non-Maintained Schools

|  | Pupils      | Average rates | Total costs 2019/20 £'000 |
|--|-------------|---------------|---------------------------|
| Independent Non-maintained Schools – Pre 16  | 51.3        | £67,105       | £3,442                    |
| Independent Non-maintained Schools – Post 16 | 33.0        | £59,909       | £1,977                    |
| NM Prevent inc Direct payments               | -           | -             | £345                      |
| Individual Specialist Places                 | 9.5         | £74,555       | £708                      |
| SEN Equipment                                | -           | -             | £96                       |
| <b>Total forecast for 2019/20</b>            | <b>93.8</b> |               | <b>£6,568</b>             |

Page 87

## Appendix 2.4 Other SEN Provision

2019/20 Forecast  
**£6.568m**

### Considerations

#### Cost Drivers

- Agreed price for a place between the LA and the setting
- Agreed proportion of the overall costs where the placement involves health and/or social care, too. Providers have made early indication of inflationary increase of 2%, consistent with corporate assumptions.

Page 88

#### Risks

- The market will determine what providers are willing to accept as a price.
- Cost of a place in the DSG is often accompanied by a transport cost to the GF.
- The forecast is based on 18/19 cohort plus indexation. There is limited availability of placements in the independent market. There are pressures within Social care placements which may have an impact on Education placements.



## Appendix 2.5 Other AP Provision

2019/20 Forecast  
**£4.624m**

### Activity Based Costs - Alternative Provision

|   | Pupils     | Average rates | Total costs<br>2019/20 £'000 |
|---|------------|---------------|------------------------------|
| Hospital Tuition                        | -          | -             | £2,155                       |
| Alternative Provision – Block contracts | 90         | £11,950       | £1,075                       |
| Alternative Provision – Spot contracts  | 119        | £7,992        | £943                         |
| Early Intervention Bases                | 37         | £10,000       | £450                         |
| <b>Forecast 2019/20</b>                 | <b>246</b> |               | <b>£4,624</b>                |

## Appendix 2.5 Other AP Provision

2019/20 Forecast  
**£4.624m**

### Considerations

#### Cost Drivers

- Hospital Tuition is largely staffing costs, but funding levels do not seem to be linked to actual numbers of pupils
- Early Intervention Bases are paid a fixed sum per place
- Spot contracts are a price per actual pupil in provision plus 2% inflationary increase
- Block contracts are an agreed total price for a set number of places plus 2% inflationary increase.
- The Bristol improvement panel actions have contained costs within 18/19 and it has been assumed this will continue in 19/20.

#### Constraints

- Funding for hospital tuition is subject to the MFG, but this is on an amount per place basis.
- Block contracts mean that costs are incurred, regardless of whether places are filled.
- There is a national picture of increasing demand for alternative provision.

## Appendix 2.6 Services

2019/20 Forecast  
**£3.299m**

### Activity Based Costs - Services

Page 91

|  | Total costs<br>2019/20<br>£'000 |
|--|---------------------------------|
| TWS Commissioning – Educational Psychology               | £558                            |
| Therapies  | £300                            |
| Additional Learning Needs Team costs (offset by buyback) | £973                            |
| Hope Virtual School                                      | £235                            |
| ALN Commissioning – ASDOT                                | £278                            |
| ALN Commissioning – Sensory Support                      | £591                            |
| ALN Commissioning – Youth Offending Team                 | £57                             |
| PFI  | £307                            |
| <b>Forecast position 2019/20</b>                         | <b>£3,299</b>                   |

## Appendix 2.6 Services

2019/20 Forecast  
**£3.299m**

### Considerations

#### Cost Drivers

- The four commissioned services are mainly Council services mostly comprising staffing costs.
- ALN and Hope are staff and operating costs
- Therapies
- Tribunal costs are fees

#### Constraints

- There will be an element of ALN team costs that is necessary to manage, co-ordinate and develop policy in the High Needs sector.

## Appendix 3: High Needs Transformation Programme

**Bristol's approach to raising aspirations and achieving improved outcomes for children & young people who have Special Education Needs and or Disabilities (SEND) and High Needs.**

**Outcome:** Children and Young People (CYP) who have SEND and high needs are appropriately supported, safe from harm, have high quality learning opportunities and have the skills for life leading to meaningful paid employment and fulfilment in their independent lives.

| Why promote inclusion?   | Outputs of successful inclusion   | Activities: what do we need to do to get there?  | January 2019 progress review   |
|--|---|--|--|
| <p>Page 93</p> <ul style="list-style-type: none"> <li>Improve Early Years, Schools Age and Post 16 educational provision for children and young people who have SEND and high needs</li> <li>Improve educational attainment and outcomes for children and young people who have SEND and high needs</li> <li>Improve attendance and reduce persistent absence as well as fixed term exclusions for children and young people who have SEND and high needs</li> <li>Improve life opportunities for children and young people who SEND on leaving education</li> <li>Ensure Preparation for Adulthood is planned from the earliest years</li> <li>Improve pathways into employment or meaningful adult activity for children and young people who have SEND and high needs</li> <li>Ensure that the views and aspirations of all children and young people who have SEND and those of their families are understood and is central to person-centred planning</li> </ul> | <ul style="list-style-type: none"> <li>Children and young people who have SEND can attend their nearest most appropriate local education setting</li> <li>Consistent standard and approach to identifying and supporting children and young people who have SEND and high needs at SEN Support level using the Bristol SEN Support Plan and appropriate Multi-Agency involvement</li> <li>Early Years, School Age and Post 16 education settings confidently and successfully support children and young people who have SEND and high needs and that the impact of support is evidence by improved personal progress</li> <li>Consistent standard and approach to reviewing SEN Support Plans</li> <li>Transparent approach to awarding high needs funding for identified needs and those who have the highest needs</li> <li>Consistent standard and approach to issuing high quality personalised EHC Plans</li> <li>Consistent standard and approach to reviewing EHC Plans</li> <li>Fewer out of area education and social care placements</li> <li>Increased choice &amp; control through using personal budgets</li> <li>Empowered children, young people &amp; parent carers – emphasis on hearing, understanding and acting on views and aspirations</li> <li>Ensure that the children and young people who need it most are prioritised for Top Up funding which is focused on meeting their individual needs</li> <li>Parents, carers, young people and professionals have a clear, shared understanding of how all children and young people, including those who have SEND and the highest needs, should be supported by the education settings they attend, and the additional support available across the Local Area</li> </ul> | <p><b><u>'Investing in our high needs children and young people' initial engagement survey.</u></b><br/> <a href="https://bristol.citizenspace.com/adults-children-and-education/high-needs-children-and-yp-2018/">https://bristol.citizenspace.com/adults-children-and-education/high-needs-children-and-yp-2018/</a></p> <p><b><u>Top Up Funding</u></b></p> <ul style="list-style-type: none"> <li>Review the Bristol Universal Descriptors, so that all education settings from 0-25 have clear guidance on Quality First Teaching, Graduated Approach, early identification and early intervention of special educational needs which may require an EHC Needs Assessment and or Education Health and Care plan.</li> <li>Review the process of application, panelling and funding of Top Up for all mainstream and specialist Early Years, School Age and GFE/ Post 16 Top Up arrangements for all education providers.</li> </ul> <p><b><u>Early Intervention Base Review</u></b></p> <ul style="list-style-type: none"> <li>Review of the EIB Pilot which ended in July 2018, considering the impact of EIBs and Alternative Provision help the children or young people they support as well as whether they provide effective short-term therapeutic support, impact and value for money for both the council and schools. Key areas to include whether attending EIBs or alternative provision helps to reduce fixed term exclusions and persistent absence, improves academic achievement and improves school attendance.</li> </ul> <p><b><u>Hospital Education Service Review</u></b></p> <ul style="list-style-type: none"> <li>Review service to see how BHES is helping the individuals it supports to make progress despite their medical conditions and identify any areas for improvement to delivery.</li> </ul> <p><b><u>Sensory Support Service Redesign</u></b></p> <ul style="list-style-type: none"> <li>We need to ensure that children and young people with hearing impairments, visual impairments or dual/ multi-sensory impairments get the best possible support from Local Area services across Bristol, North Somerset, South Gloucestershire and BANES so that higher numbers of these individuals are successfully prepared for adulthood, experience authentic inclusion in mainstream education as well as the public sector in order to go on and successfully complete further or higher education, training and employment.</li> </ul> | <ul style="list-style-type: none"> <li>Engagement Survey on four key High Needs transformation areas went live 30/11/18 and closes on 13/01/2019. At the time of writing (09/01/2019) we have received 215 responses.</li> <li>BCC Facebook has had 4724 hits and 220 'engaging' with survey.</li> <li>Top Up Stakeholder Engagement Events running on 15<sup>th</sup> &amp; 16<sup>th</sup> January 2019, with wide range of local area professionals including education, health, social care, finance and parent/carer groups.</li> <li>Early Years SEN rates will be considered as part of this work.</li> <li>Inclusion in Education Group will be updated on 31/01/19 on the Top Up survey and engagement event findings.</li> <li>Public consultation is projected to commence in February 2019 and will run for 8 weeks with alternative formats available and events held.</li> <li>Schools Forum will receive full update April 2019.</li> <li>EIB Stakeholder Engagement Event taking place on 25<sup>th</sup> January 2019.</li> <li>Inclusion in Education Group will be updated on 31/1/19 on the survey and engagement event findings.</li> <li>Public consultation is projected to commence in February 2019 and will run for 8 weeks with alternative formats available and events held.</li> <li>Schools Forum will receive full update April 2019.</li> <li>Staff recruitment requirements within the LA means that this work will commence April 2019 – additional staffing and resources agreed as of January 2019 from section 151 reserves</li> <li>Survey feedback will be provided to Inclusion in Education Group in January 2019 and Schools Forum in April 2019.</li> <li>Options appraisal goes to the Joint Operational Group and four commissioners on 28<sup>th</sup> January 2019</li> <li>Inclusion in Education Group will be updated on 31/1/19 on the survey and engagement event findings.</li> <li>Schools Forum will receive full update April 2019.</li> <li>Public consultation will take place in March to May 2019.</li> <li>Proposal and recommendations will go through Bristol, North Somerset, South Gloucestershire and BANES governance pathways in July 2019, along with a full management of change.</li> <li>Workforce development will take place between September and December 2019 across the four local authorities, ready for a new service start in January 2020.</li> </ul> |

**Bristol Schools Forum**  
**Early Years DSG Funding 2019/20**

**Cabinet 22<sup>nd</sup> January 2019**  
**DSG budget report**  
**APPENDIX A.5**

|                         |                               |
|-------------------------|-------------------------------|
| <b>Date of meeting:</b> | 16 <sup>th</sup> January 2019 |
| <b>Time of meeting:</b> | 5 pm                          |
| <b>Venue:</b>           | City Hall                     |

## **1. Purpose of report**

- 1.1 This report sets out the latest financial position for Early Years DSG for 2018/19 and the proposed budget for 2019/20.
- 1.2 A consultation with settings on the formula to be used for 2019/20 and the priorities for any unspent resource took place in December 2018 until 6<sup>th</sup> January 2019.

## **2. Recommendations**

- 2.1 Schools Forum is invited to:
  - a) Note the arrangements for the Early Years Block for 2018/19 and 2019/20, in particular the point that levels of spend are dependent on levels of participation at future pupil censuses, so budgets will need to allow for this;
  - b) Agree on the proposed use of the £1.504m centrally retained funding within the permitted 5% cap;
  - c) Endorse the proposed formula values and budgets for 2019/20, including the continued inclusion of a local Maintained Nursery School factor;
  - d) Note the support for changes to the rates for Early Years SEN, a matter which will be referred to the High Needs Transformation project on top-ups.

## **3. Early Years budget position 2018/19**

- 3.1 Forecasts for the Early Years budget during 2018/19 have been flagged as “tentative” because of the uncertainties about participation levels and how that would translate into actual costs and income for the year.
- 3.2 Officers have completed an analysis of the May 2018 and October 2018 pupil censuses and have identified the majority of costs arising

from those. 5/12ths of the EY DSG income is generated by the January 2018 pupil census, so that information is known.

- 3.3 The forecast for Period 8 2018/19 incorporates an assumption that participation levels in the January 2019 census will be the same as that for January 2018. The outcome of this analysis is set out in **Table 1** and it suggests that there would be a cumulative surplus on Early Years of £0.985m at the end of March 2019.

**Table 1: Summary forecast of Early Years DSG at Period 8 2018/19**

| Component                                 | Funding forecast<br>£'000 | Expenditure forecast<br>£'000 | Comment   |
|---|---------------------------|-------------------------------|---|
| Income 3 and 4 year olds                  | -31,282                   |                               | Based on participation in Jan 18 and no change for Jan 19     |
| Income 2 year olds                        | -3,988                    |                               | Based on participation in Jan 18 and no change for Jan 19     |
| Mainstream Universal & Extended           |                           | 9,673                         | Based on participation in May / Oct 18 no change for Jan 19   |
| Mainstream Deprivation                    |                           | 377                           | Based on average cost of 19p per hour for mainstream forecast |
| PVI Universal & Extended                  |                           | 16,641                        | Based on participation in May / Oct 18 no change for Jan 19   |
| PVI Deprivation                           |                           | 239                           | Based on average cost of 7p per hour for mainstream forecast  |
| 2 year olds expenditure                   |                           | 3,897                         | Based on participation in May / Oct 18 no change for Jan 19   |
| Central Team                              |                           | 1,480                         | Based on latest forecast                                      |
| SEN                                       |                           | 1,244                         | Based on budget   |
| Quality Supplement                        |                           | 881                           | Based on budget   |
| MNS national factor                       | -854                      | 1,207                         | Based on latest forecast                                      |
| DAF                                       | -97                       | 97                            | Based on budget   |
| EYPP                                      | -354                      | 354                           | Based on budget   |
| b/f from 2017/18                          | -500                      |                               | Actual brought forward agreed from 2017/18                    |
| <b>TOTAL</b>                              | <b>-37,074</b>            | <b>36,089</b>                 |   |
| <b>Surplus forecast at end of 2018/19</b> |                           | <b>-985</b>                   |   |

- 3.4 The January 2019 pupil census has not yet taken place, so the assumption that participation levels will be the same as in January 2018 may not be correct. Nonetheless, 1% less participation than Jan 18 would mean that the surplus was around £0.1m less than indicated in Table 1. Likewise, 1% more participation than Jan 18 would mean that the surplus increased by around £0.1m.

- 3.5 Families are continuing to take advantage of the 30 hours funded provision and officers would be surprised if participation levels in January 2019 were lower than those in January 2018. Table 2 provides some indication of levels of participation in each of the terms.

**Table 2: Participation levels for 3 and 4 year olds January 2018 – January 2019**

| Age      | January 2018<br>Part-time<br>equivalent<br>(pte) children | May 2018<br>Pte children | October 2018<br>Pte children | January 2019<br>Pte children<br>(estimated) |
|----------|---|--------------------------|------------------------------|---|
| 3 & 4 YO | 9,628.05  | 11,533.11                | 7,014.37                     | 9,628.05                                    |

3.6 Participation varies between terms. Summer term has the highest level of participation, October the lowest (because 4 year olds will be in Reception classes) with January somewhere in the middle.

3.7 On the basis of this forecast, and the sensitivities around how activity levels will affect the final position, it would appear to be a reasonable conclusion that Early Years will have an underspend at the end of 2018/19.

#### 4. Funding 2019/20

4.1 Schools Forum considered the funding arrangements for Early Years for 2019/20 at its meeting in November 2018. The DfE has confirmed the allocations for 2019/20 which are set out in **Table 3**.

**Table 3: Comparison between latest indicative Early Years DSG for 2018/19 and 2019/20.**

| Component  | 2018/19 EY Block<br>Latest DSG (July 2018) |                                    |                        | 2019/20 EY Block<br>December 2018 announcement |                                    |                          | Difference   |
|--|--|------------------------------------|------------------------|--|------------------------------------|--------------------------|--------------|
|  | Rate per<br>hour                           | Part-time<br>equivalen<br>t pupils | Latest<br>DSG<br>£'000 | Rate per<br>hour                               | Part-time<br>equivalen<br>t pupils | Possible<br>DSG<br>£'000 | DSG<br>£'000 |
| 3&4 Year Old <15<br>hour provision                 | £5.70                                      | 7,185.35                           | 23,345                 | £5.69  | 7,185.35                           | 23,304                   | -41          |
| 3&4 Year Old<br>Supplementary 15<br>hour provision | £5.70                                      | 2,442.70                           | 7,936                  | £5.69  | 2,442.70                           | 7,922                    | -14          |
| 2 Year Old provision                               | £5.43                                      | 1,288.40                           | 3,988                  | £5.43  | 1,288.40                           | 3,988                    | 0            |
| EY Pupil Premium                                   |  |                                    | 354                    |  |                                    | 354                      | 0            |
| Disabled Access Fund                               |  |                                    | 97                     |  |                                    | 100                      | +3           |
| Maintained Nursery<br>Supplement                   |  |                                    | 854                    |  |                                    | 765                      | -89          |
| <b>Total indicative EY<br/>DSG</b>                 |  |                                    | <b>36,574</b>          |  |                                    | <b>36,433</b>            | <b>-141</b>  |

4.2 The Early Years National Funding Formula has been reducing Bristol's allocation from £6.30 per hour for 3 and 4 year olds in 2016/17 at a rate of 5% a year. This reduction was designed to reach the target value of



£5.69, which is what the pure EYNFF produces. 2019/20 is the point at which the £5.69 per hour figure comes into effect.

- 4.3 For 2 year olds, there is, for another year, no change to the hourly rate for this cohort of children.
- 4.4 For planning purposes, the DfE indicative participation levels for 2, 3 and 4 year olds have been used. Actual DSG funding for 2019/20 will be based on 5/12ths January 2019 census, and 7/12ths January 2020 census. Actual payments to settings will be based on participation levels in each of the May 2019, October 2019 and January 2020 censuses.
- 4.5 No assumptions have been made about funding for Early Years Pupil Premium, Disabled Access Fund or Maintained Nursery Supplement.
- 4.6 The Authority is required to distribute the available funding on the basis of an agreed formula, corresponding to the requirements of the Early Years National Funding Formula. The guidance on how to allocate that funding is explained in the next section.

## **5. How funding must be distributed.**

- 5.1 DfE Guidance on funding for Three and Four Year Olds states that Local authorities:
  - should set a single funding rate (including the same base rate and supplements) for both the universal 15 hours, and the additional 15 hours for working parents of three and four year olds
  - must plan to spend at least 95% of their three and four year old funding from government on the delivery of the government entitlements for three and four year olds
  - must use a deprivation supplement in their local three and four year old formula, and any other supplements used must fall within one of the allowable categories
  - must not channel more than 10% of their funding for three and four olds through funding supplements
  - can continue to use 'lump sums' to distribute Government funding, including the supplementary MNS funding for Maintained Nursery Schools to enable the protection of their 2016 to 2017 funding rates
  - must provide a SEN Inclusion Fund (SENIF) for three and four year olds (which does not count towards the 10% for supplements)
  - must pass on the Early Years Pupil Premium (EYPP) in full to providers for eligible three and four year olds
  - must pass on the Disability Access Fund (DAF) funding in full to providers for eligible three and four year olds

- 5.2 DfE Guidance on funding for disadvantaged Two Year Olds states that:
- there is no 'pass-through requirement' for two year olds
  - there are no compulsory supplements for two year olds, and local authorities are encouraged to fund providers on the basis of a flat hourly rate for all providers
  - Local authorities are not required to establish a SEN Inclusion Fund for two year olds. However, they may wish to do so as part of their provision for children with Special Educational Needs.
- 5.3 DfE Guidance on Funding supplements explains that funding supplements are amounts of funding paid to providers in addition to the base rate to reflect local needs or policy objectives. The total value of funding supplements used must not be more than 10% of the total value of planned funding to be passed through to providers. The allowable supplements are:
- deprivation (mandatory supplement); local authorities must use this supplement to recognise deprivation in their areas
  - rurality or sparsity (discretionary supplement); to enable local authorities to support providers serving rural areas less likely to benefit from economies of scale
  - flexibility (discretionary supplement); to enable local authorities to support providers in offering flexible provision for parents
  - quality (discretionary supplement); to support workforce qualifications, or system leadership (supporting high quality providers leading other providers in the local area); any system leadership supplement should be open and transparent in terms of the process for choosing the 'leaders', the funding arrangements, and the support to be provided
  - English as an additional language (EAL) (discretionary supplement)

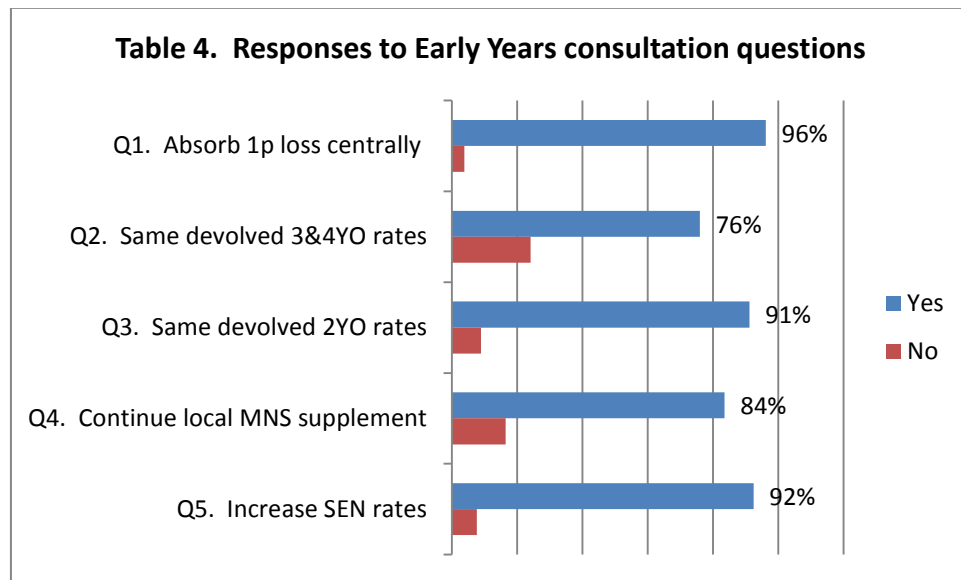
## 6. Funding arrangements for Bristol 2019/20

- 6.1 All Early Years settings were consulted on the funding arrangements for 2019/20 during December 2018, up to 6<sup>th</sup> January 2019. Largely, the proposals were to keep the devolved funding levels the same as those for 2018/19, with the 1p per hour reduction for 3 and 4 year olds being deducted from the funding for the centrally retained sum.
- 6.2 Settings were also consulted about priorities for spending if there were to be unspent funds within the Early Years DSG for either 2018/19 or 2019/20. There were two specific proposals:
- **Local Maintained Nursery School Factor.** During 2018/19 financial year, a sum of £0.5m was earmarked from unspent funds

brought forward from 2017/18 to create a local Maintained Nursery supplement. This was to recognize that the DfE National Supplement for Maintained Nursery Schools had reduced from its original value of £1.297m and was expected to get lower; the December 2018 notification was £0.854m. The most recent 2018/19 cost of the overall factor was calculated to be £1.282m for the 12 maintained nurseries; £0.854m funded from the DfE EY DSG and £0.427m funded from the brought forward amount. The proposal was to continue to include this local factor during 2019/20.

- **Early Years SEN Rates.** There are two issues about the SEN rates. The first is that the rates are not sufficient to cover the cost to settings of the Foundation Living Wage. The second is that the range of SEN needs funded by the Early Years DSG goes beyond the “emerging needs” which is expected and includes some aspects of what the High Needs budget should pay for. The proposal was to increase the Early Years SEN hourly rates to settings.

6.3 **Appendix 1** sets out the consultation paper and the responses to it. There were 79 respondents to the consultation and a majority of respondents were supportive of each of the proposals, as set out in Table 4.



6.4 The appendix includes the comments made and Schools Forum is invited to consider these. The key issues to emerge are set out below.

- **General comments** – there is a recognition that central Government have a responsibility to increase funding rates to a realistic level and that the Early Years National Funding Formula (EYNFF) should be

index linked so that funding for EY settings can keep pace with inflation. It was suggested that Bristol City Council should take a more proactive lead in campaigning nationally for a better system. A useful suggestion was that the Free Early Education Entitlement (FEEE) should be promoted as 'funded' rather than 'free' hours to manage the expectations of parents. Without increased flexibility for settings to use 'top-up' funding, feedback implies that there is a risk that settings could close or withdraw from the free childcare offer.

- **Two Year Olds** - a recognition that this offer is under-funded and a suggestion to use the underspend to increase the base rate for two year olds as a few other authorities, including Newham, have done.
- **Quality Supplement** – although broadly accepted, a better understanding of the System Leadership model is needed so that settings can see how they benefit, both directly and indirectly, from the Quality Supplement. There is a real commitment to quality across the sector but releasing staff for Continuing Professional Development (CPD), including network and cluster events, is a genuine challenge for settings – perhaps we could make this a focus of a potential funding bid to the DfE Early Outcomes Fund.
- **Deprivation Supplement** – positive comments on the principle of directing additional funding to areas of deprivation but a request for more information (in an accessible format) on how this factor is calculated.
- **SEND** – a general consensus that more funding is needed to appropriately support children with SEND, and agreement to this proposal as long as Private, Voluntary and Independent (PVI) settings are included. Some schools are providing SEND places at a significant 'loss' so that children can access the offer locally.
- **Maintained Nursery School Supplement** – there is still a lack of understanding regarding MNS funding and the rationale for the supplement, with some responses indicating that MNS already receive a higher hourly rate (which was the case before the introduction of the EYNFF, but is no longer so) - improved communication around this is needed and the key role of MNS through the System Leadership model, including support for children with SEND placed in neighbouring PVI settings.

6.5 In the light of the consultation and the reassessment of the potential underspend for 2018/19 in Early Years DSG, the following budgets are proposed at this stage for 2019/20.

- Funding for 3 and 4 year olds at **£31.226m**, as per **Table 5**, including £1.482m retained centrally. The formula to be used for settings is the same as for 2018/19.
- Funding for 2 year olds at **£3.988m**, as per **Table 6**, including £22k retained centrally. The formula to be used for settings is the same as for 2018/19.
- Pupil Premium to be paid at national rates, with a budget of **£0.354m** for 2019/20.
- Disabled Access Fund to be paid at national rates, with a budget of **£0.100m** for 2019/20.
- Maintained Nursery Supplement to continue to be based on protecting the 12 nursery schools at the 2016/17 rate for universal (and extended) hours plus deprivation. The cost of this will vary depending on pupil numbers, but **£1.282m** to be budgeted for 2019/20, funded £0.765m from the DSG and £0.517m from expected unspent Early Years DSG in 2018/19.

**Table 5: Proposed funding rates and estimated budgets for 2018/19 and 2019/20  
(3 and 4 Year olds)**

| <b>Component of 3 and 4 year old funding</b>                                | <b>2018/2019 Hourly rates (£p)</b> | <b>Original 18/19 Allocation based on 9,093.66 pte pupils £'000</b> | <b>Revised 18/19 allocation based on 9,628.05 pte pupils £'000</b> | <b>Proposed 2019/20 Hourly rates (£p)</b> | <b>Proposed 19/20 Allocation based on 9,628.55 pte pupils £'000</b> |
|---|------------------------------------|---|--|---|---|
| 3 and 4 year olds base allocation per part-time equivalent pupil (15 hours) | £4.88                              | £25.295m  | £26.781m   | £4.88                                     | £26.781m  |
| Deprivation Supplement (part of 10% devolved limit)                         | £0.13                              | £0.674m   | £0.713m  | £0.13                                     | £0.713m   |
| Quality Supplement (part of 10% devolved limit)                             | £0.16                              | £0.881m   | £0.878m  | £0.16                                     | £0.878m   |
| Emerging SEN  | £0.25                              | £1.244m   | £1.372m  | £0.25                                     | £1.372m   |
| LA centrally retained funding (5% of gross funding)                         | £0.28                              | £1.451m   | £1.537m  | £0.27                                     | £1.482m   |
| <b>Total funding for each pte pupil</b>                                     | <b>£5.70</b>                       | <b>£29.545m</b>   | <b>£31.282m</b>  | <b>£5.69</b>                              | <b>£31.226m</b>   |

**Table 6: Proposed funding rates and estimated budgets for 2018/19 and 2019/20  
(2 Year olds)**

| <b>Component of 2 year old funding</b>                                | <b>2018/19 Hourly rates (£p)</b> | <b>Original 18/19 allocation based on 1,486.40 pte pupils £'000</b> | <b>Revised 18/19 allocation based on 1,288.40 pte pupils £'000</b> | <b>Proposed 2019/20 Hourly rates (£p)</b> | <b>Allocation based on 1,288.40 pte pupils £'000</b> |
|---|----------------------------------|---|--|---|--|
| Retained to administer 2 year old arrangements                        | £0.03                            | £0.025m   | £0.022m  | £0.03                                     | £0.022m  |
| 2 year olds base allocation per part-time equivalent pupil (15 hours) | £5.40                            | £4.575m   | £3.966m  | £5.40                                     | £3.966m  |
| <b>Total funding for each pte pupil</b>                               | <b>£5.43</b>                     | <b>£4.600m</b>  | <b>£3.988m</b>   | <b>£5.43</b>                              | <b>£3.988m</b>                                       |

6.6 **Emerging SEN.** At this stage, a decision on changes to the SEN rates for Early Years is not proposed for two reasons:

- **Certainty of the underspend.** While it is expected that there will be an underspend in Early Years for 2018/19, the size of it cannot be guaranteed. Moreover, the further erosion of the DSG for Maintained Nursery Schools supplements by £0.1m has increased the cost of this proposal. If Early Years does underspend and a decision is made to proceed at that point, changes to the SEN rate could be backdated to 1<sup>st</sup> April 2019.
- **High Needs strategy.** Early Years DSG should only be paying for emerging needs, not high needs. Any changes to High Needs funding should be consistent with the overall approach and should emerge from the top-up project within the High Needs Transformation programme. This matter should be considered there.

6.7 **Retained budget.** The amount of funding retained centrally within the budget proposals is £1.504m, as per Table 7. Schools Forum needs to confirm their agreement about this budget.

**Table 7: Components of 2018/19 and provisional 2019/20 central spend**

| <b>Component</b>            | <b>Allocation<br/>2018/19<br/>£'000</b> | <b>Allocation<br/>2019/20<br/>£'000</b> | <b>Change<br/>£'000</b> | <b>Comment</b>   |
|-----------------------------|---|---|-------------------------|--|
| Early Years Central Team    | £1.276m                                 | £1.304m                                 | +£0.028m                | More funding due to higher participation levels; 1p less per hour, pending any new funding for EYDSG |
| Speech and Language Therapy | £0.200m                                 | £0.200m                                 | Nil                     |  |
| Contingency / unallocated   | £0m                                     | £0m                                     | Nil                     |  |
| <b>Total central spend</b>  | <b>£1.476m</b>                          | <b>£1.504m</b>                          | <b>+£0.028m</b>         | The 2018/19 figure includes the £1.454m from 3&4 year olds and the £22k from 2 year olds             |

## 7. Risks

- 7.1 Accommodating the local maintained nursery school supplement from within any unspent Early Years DSG funds in 2018/19 or 2019/20 will create a pressure if such underspends do not materialise.
- 7.2 Funding rates for early years settings have reduced for 3 and 4 year olds in recent years. In 2017/18, the local universal hourly rate was £5.02, for 2018/19 it has been £4.88 and these proposals maintain that rate for 2019/20. Early years settings have to absorb cost pressures like other parts of the education service, so this would represent a real terms reduction in funding.
- 7.3 Proposed funding rates for 2 year olds would represent no change since 2017/18. Again, settings providing early years education for 2 year olds face cost pressures, too.
- 7.4 Additional budget pressures could be created if large numbers of children taking up the 30 hours entitlement are living in areas of deprivation and therefore attracting a higher hourly funding rate.
- 7.5 Take up of the Early Years Free Entitlement is not consistent across the academic year, with fewer children accessing their place in the Autumn Term. It is therefore difficult to predict with any accuracy what the annual take up rate will be.

## 8. Financial implications

- 8.1 The strategic financial position on the Early Years DSG is dependent on linking the levels of activity (eg numbers of part-time equivalent pupils, actual profile of deprivation allocations etc) against the income that will be generated from the variable DSG, sometimes in future terms. Higher levels of participation will generate some leeway for central spend, SEN and quality components of the formula; lower participation than anticipated may produce financial difficulties if the differences are material.
- 8.2 While there is a forecast underspend in Early Years for 2018/19, this is heavily dependent on levels of participation in the January 2019 census. Even if Early Years were to underspend, Schools Forum is expected to consider at year-end whether any such underspend might be used to offset pressures within the High Needs Budget.
- 8.3 The basis for funding early years settings must be established before the start of the financial year, meaning that these risks have to be managed through the year.



## Appendix 1

Early Years Funding consultation took place between Friday 7<sup>th</sup> December 2018 and Sunday 6<sup>th</sup> January 2019. All relevant early years settings were consulted on the issues.

**Table: Number of respondents by type of setting.**

| Type of setting                                      | Number of respondents |
|--|-----------------------|
| Academy Nursery Class                                | 3                     |
| Childminder  | 22                    |
| Independent School Nursery Class                     | 3                     |
| Nursery School                                       | 7                     |
| Private Nursery                                      | 24                    |
| School Nursery Class                                 | 5                     |
| Stand-alone Children's Centre (not on a school site) | 5                     |
| Voluntary Nursery                                    | 10                    |
| <b>Grand Total</b>                                   | <b>79</b>             |

**Question 1. The Department for Education will reduce The Council's hourly rate from £5.70 to £5.69 per hour child in 2019 to 2020. The Council proposes to absorb the 1p reduction from the Central Spend budget (i.e. from the Early Years Team, not from Providers). This is to protect the current EYNFF Provider base rate and supplements. Do you agree?**

Yes = 76 (96%)

No = 3 (4%)

### Comments

| Response | Comment   |
|----------|---|
| Yes      | It is unfair that the council have to absorb the money as the rate of pay received should increase in line with increases on taxes and minimum wage.                                    |
| Yes      | Would be even more sustainable if we had an increase as costs of salaries etc are increasing.   |
| No       | "Protecting" the rate would also necessitate indexation to compensate for cost inflation (well above CPI due to NLW changes).   |
| Yes      | I don't understand if the council gets £5.69 per hour per child, why do we only get £4.88??   |
| Yes      | Bristol would still be "skimming" 14.24% from the hourly rate provided from DfE. I know of other councils who only "skim" 5.11%. There should be scope to absorb the 1p/hour deduction. |

| Response | Comment   |
|----------|---|
| No       | For 3 year olds it is only £4.88 per hour whereas almost all childminders need to charge more than this for their business to be viable ( my fees are £5.50 per hour).  |
| Yes      | I agree to the support from BCC thank you, but not to the overall cut,  |
| Yes      | National funding is woefully inadequate but I believe this is the best the LA can do in response to this particular question.   |
| Yes      | I think it is good that the Local Authority are stepping in to absorb the reduction   |
| Yes      | We're glad to see BCC absorb the cut and appreciate that effort. We would like to emphasise, however that the rate that is paid to cover 'free' hours is far less than the rate needed to provide the service. Wage inflation is high, particularly in the early years sector, which has a shortage of qualified staff. The cut that central government is imposing will make it even more difficult to make ends meet, risking closure of settings – or withdrawal from the free childcare system. |
| Yes      | It is not clear when minimum wage rises are 4.8% and pension contributions are rising how any cut by central Government can be justified.   |
| Yes      | It is not clear when minimum wage rises are 4.8% and pension contributions are rising how any cut by central Government can be justified. I have put yes because you don't give any other options (which presumably is because there aren't any, except reducing by the 1p)   |

**Question 2. The Council proposes to keep the current base rate for all providers the same in 2019 to 2020: £5.40 per hour per child for Eligible 2 year olds, and £4.88 per hour per child for 3 and 4 year olds Do you agree? (If NO, please add comments)**

Yes = 60 (76%)

No = 19 (24%)

### Comments

| Response | Comment  |
|----------|--|
| No       | I don't think £4.88 is enough to sustain a business providing mostly free places   |
| No       | It is unfair that the council have to absorb the money as the rate of pay received should increase in line with increases on taxes and minimum wage. |
| No       | This will only bring added cost to parents/carers as businesses can't run at a loss. Everything else increases food, salaries etc, being in a        |

| Response | Comment  |
|----------|--|
|          | deprived area it will become difficult to keep offering completely free places.  |
| No       | Settings' fixed costs are increasing by above inflation every year. The rate should also be indexed. Current approach delivers a real terms rate reduction every year. Settings also expected to pick up more and more of BCC's responsibilities - so you're asking for more services for less money.  |
| No       | £4.88 is below what most childminders are charging per hour right now. Which means less childminders willing to offer the 30 hours or being able to offer only one space.  |
| Yes      | With increases in Minimum Wage and Employer pension contributions introduced by the Workplace Pension, it would have been good to see an increase in our funding rates to reflect this but this increase should come from the Government. The money they have received back from under-spend on the TFC should have been redistributed to providers rather than central government   |
| No       | Costs are increasing, to name just a few:<br>National Living wages increase by approximately 4.8% (over 25s)<br>Employer pension contributions increase by 1% (3% total)<br>Utilities are due to increase.<br>Insurance will increase.<br>etc  |
| No       | For 3 year olds it is only £4.88 per hour whereas almost all childminders need to charge more than this for their business to be viable ( my fees are £5.50 per hour).   |
| No       | I believe the rate for 3 and 4 year old should be the same as for 2 year olds.   |
| Yes      | Our hourly rate to parents is £5.50. As the payment does not cover costs fewer providers will be willing and able to provide the free hours  |
| No       | I would agree if this was 'subsidised childcare' but for any parent who sees this as 'Free' childcare (which is how it has been set up by the Government) and who are not willing to voluntarily top up fees to match my hourly rate, I as a childminder am expected to subsidise childcare for parents which impacts on my own family income. The sooner the government rebrands this as subsidised childcare the better. |
| No       | A rise would be realistic, to be in line with other increases (on costs), but if there is to be no increase from the Government, it will have to stay the same.  |
| No       | This is really not a big enough amount for us to cover costs, particularly for the 2-3 year olds. We have a heavily subsidised rent and we still cannot make a profit on this provision with the funding stuck at this rate.   |

| Response | Comment   |
|----------|---|
| No       | This is much lower than almost all childminders charge.   |
| No       | it is getting increasingly hard to manage on this funding, we are finding we are having to send considerably more time on administration required by the council and attending meeting which could be reduced therefore giving us more money to spend on staff working directly with the children.  |
| No       | I feel the amount should be higher to truly reflect the cost of childcare in our area.  |
| Yes      | I would recommend the LA to increase the base rate for two year olds as a few other authorities, including Newham, have done. Underspend could be used to finance this.   |
| Yes      | The rate is still very low and does not cover our costs as a nursery school.  |
| Yes      | It would be beneficial for Local Authorities to received increased funding from Central Government  |
| No       | It costs more than this per hour to provide Early Years provision.  |
| No       | The rates are inadequate to meet the costs of providing the service. To match the direct-payment rate they need to be at least £6.20 per hour. The gulf is huge – on a 4-hour session it is £5.22 per child lost to the setting. Meal charges and other work arounds can't make up that difference. |
| No       | It still doesn't meet the true cost of provision  |
| Yes      | It is not clear when minimum wage rises are 4.8% and pension contributions are rising how any cut by central Government can be justified and how the argument for fixing the base rate can be reasonable.   |
| Yes      | I charge £5.50 an hour so you pay me under my hourly rate   |
| No       | With increased costs particularly staffing costs, we would like to see an increase in funding rates to reflect this. In particular the 2 Year Old rate has for many years been insufficient to cover costs.   |
| No       | There are many increases for small private business and this will not be reflected in keeping the base rate the same.   |

**Question 3. The Council proposes to keep offering the two current supplements and continue to use the same methods of applying them both in 2019 to 2020 for 3 and 4 year olds. Deprivation (Measuring the January Census against the IDACI) Quality (System Leadership Model) Do you agree?**

Yes = 72 (91%)

No = 7 (9%)

**Comments**

| <b>Response</b> | <b>Comment</b>   |
|-----------------|--|
| Yes             | Please send us details of the System Leadership Model  |
| No              | Same as previous comments costs to run rise but we won't be receiving extra income to cover these costs. Again will make it more difficult to offer completely free places.  |
| No              | Deprivation is poorly calculated and does not benefit settings in a meaningful way - even after last year's changes. Quality supplement is indefensible as System Leadership provided to link settings is in no way proportionate to the funds raised and paid to link settings. Value of offering should be proportionate to size and therefore Quality supplement funds generated.   |
| No              | I do not know what these supplements are, I do not receive them  |
| No              | The Quality supplement should be used for those providers that show continued self improvement evaluation through Quality Assurance Schemes, employing Early Years Teachers, attending cluster meetings etc and QIF. Everyone works so hard to maintain quality and positive outcomes for children   |
| No              | I say no because it depends on the data (which i have not seen) Is the IDACI post code method working/ is the gap between between children in poverty and affluent children reducing? I have worked with BANES who recently consulted & revamped their delivery of the deprivation supplement because the gap was not reducing. Now all providers receive a minimal deprivation supplement and EYPP children receive a much larger amount due to an additional deprivation supplement.<br>Something to consider. |
| Yes             | MNS meet entirely different standards as we are schools with all that that implies statutorily. Bristol MNS currently accept and support many more children with moderate, severe and complex needs than PVI settings, as well as supporting - through the System Leadership model- those children with SEND who are placed in neighbouring PVI settings.  |
| No              | Deprivation. The principle of directing additional funding to areas of deprivation is sound. We're unclear about how that is applied. For example is it done by the postcode of the setting or of the children   |

| Response | Comment   |
|----------|---|
|          | attending the setting? Is it weighted to reflect participation in the panel process for those families in deprived circumstances? Our setting has seen a reduction in the rate it is being paid, despite taking a full role in panels and taking a large number of referred families. It would be helpful to see greater transparency of how the rate is applied.<br>Quality. This system seems to funnel money into Children's Centres with no apparent benefit to independent settings. We engage degree qualified teachers and deliver high-quality provision, but we receive not additional funding through this mechanism. |
| Yes      | It is not clear when minimum wage rises are 4.8% and pension contributions are rising how any cut by central Government can be justified and how the argument for fixing the base rate can be reasonable.   |
| No       | Deprivation yes<br>Quality ?  |

**Question 4. The Council proposes that, should there be an underspend in the 'Early Years Block' of the Dedicated Schools Grant, the supplement for the Maintained Nursery Schools Grant will operate in the same way as it has for 2018/19; protecting budget levels in 2016/17. Do you agree?**

Yes = 66 (84%)

No = 13 (16%)

#### Comments

| Response | Comment  |
|----------|--|
| Yes      | Not best placed to answer question on Nursery Schools but agree to their budgets should be protected.<br>Note : dates appear wrong in the question.  |
| No       | As a private setting trying to afford staff training, salaries for cover when staff attend BCC meetings, covering SEND duties etc it would be good if this underspend was shared to us also.   |
| No       | As the majority of the sector is now PVI, any system that seperately funds or prioritises the maintained settings beyond the standard EYNFF is unjustifiable and antiquated.   |
| Yes      | I don't think this applies to childminders   |
| No       | Any underspend should be available to all providers not just Maintained Nursery Schools - we all need to maintain our budgets  |
| No       | I believe NS should learn to stay within their budgets the same as every other provider in the city. I believe that if this approach is agreed then there is an incentive for the council to underspend their budget so that they can offset Nursery School overspends. There is |

| Response | Comment   |
|----------|---|
|          | a clear conflict of interest here. It is also a very risky strategy given the accuracy (or lack of it) in predicting underspends. Ref underspends in 201-2018.  |
| Yes      | Maintained nursery schools already receive a higher funding rate than PVI's, so why should they receive a further increase, unlevel the playing field further.  |
| No       | I don't understand what this means so not in a position to agree or disagree  |
| No       | More money should be spent on SEN which is very much underfunded.   |
| No       | You should increase the funding offered to providers  |
| No       | if there is an underspend more money should be allocated to help SEND teams to offer more support to providers and children   |
| Yes      | MNS meet entirely different standards as we are schools with all that that implies statutorily. Bristol MNS currently accept and support many more children with moderate, severe and complex needs than PVI settings, as well as supporting - through the System Leadership model- those children with SEND who are placed in neighbouring PVI settings. |
| No       | We would like to better understand the justification for additional benefits to the maintained settings.  |
| No       | I don't understand what you are asking  |
| No       | Any underspend should be used for the whole sector.   |
| No       | Underspend should be allocated to the whole sector  |
| No       | Dates don't seem right?   |

**Question 5. The Council proposes that, should there be an underspend in the Early Years Block of the Dedicated Schools Grant, the SEN Inclusion Funding rates for all providers be increased from £9.12 to £9.50 per hour and, for settings which pay all staff the Living Wage, they would be paid at a higher rate of £12.00 per hour. The higher rate is needed due to the higher salaries some providers are contracted to pay staff as well as 'on costs' consisting of higher pension costs etc. Do you agree?**

Yes = 73 (92%)  
No = 6 (8%)

### Comments

| Response | Comment  |
|----------|--|
| Yes      | Why this distinction about the living wage only in this section? |
| Yes      | Never knew about this would like more information please         |
| No       | The council has chosen to adopt this non-compulsory position. My |

| Response | Comment   |
|----------|---|
|          | staff do not benefit from this elevated wage so I am not sure what BCC staff should. The policy basically discriminates in favour of SEN children who happen to go to BCC settings.   |
| Yes      | Any increase is good, provided PVI's are included. I assume the council would want proof that we pay the living wage, which would require additional admin work.  |
| No       | I don't understand what this means so not in a position to agree or disagree  |
| No       | You should do this sooner, most of already pay living wage and pensions which are due to increase soon. Current funding rate is not viable, there should be no underspend if you manage budgets effectively now. I agree with increased funding for SEN.  |
| Yes      | In our school, 18% of our current roll of children require 1:1 support for more than 50% of their session. To employ support workers fairly, we make a significant 'loss'. It is important to us to serve the local community and that means including these children, who live very locally. This proposal would help to alleviate this huge financial burden. |
| Yes      | This will make a significant difference in covering our costs. Thank you.   |
| Yes      | Yes - the previous SEN payments were unrealistic in terms of salary vs provision.   |
| No       | The principle of increasing the rate for SEN inclusion is sound. It is unfair and unrealistic to expect settings to achieve the pay rates set by the Living Wage Foundation at the same time as cutting the rate paid on free places. The Living Wage rate has gone up by 3% this year alone. Where is the additional money supposed to come from?              |
| Yes      | But acknowledgement of higher wage costs here rather conflict with maintaining base rates. It's not logical.  |
| Yes      | But acknowledgement of higher wage costs here rather conflict with maintaining base rates. It's not logical.  |
| No       | Need to have a lot more information about this point, in order to make a more informed opinion  |



**6. This consultation only pertains to certain areas of the funding for 3 and 4 year olds. To reassure you about the other funding available, The Council confirms: Disability Access Fund remains at £615 per child per year Early Years Pupil Premium remains at £0.53 per universal hour per child Thank you for taking the time to complete this consultation about the EYNFF. If you would like to comment on anything not covered by this consultation, please add your comments below.**

### Comments

Again - renewing a contract without indexation is a real-terms reduction in funding to all settings and should have to be announced as a rate cut. Inflation to settings' primary costs goes up by more than inflation each year, so the current flat and unlimited term model is unsustainable and unjust. Settings desperately need clear communication about the next review date and potential increase to be able to plan their finances properly.

EYNFF has been a wholesale failure in design and delivery, either demonstrating total naivety from its architects or a worrying confidence that settings would be incapable of realising how bad a deal it is and complaining. Funding rates are now factually worse than they were before EYNFF, when Government and LAs were warned that they needed complete overhaul and proper investment to save the sector from collapse. The short-term benefits of an entirely temporary fix are now well behind us and no lasting change or improvement has been delivered - yet more work is offloaded on settings every year. 30 hours has only compounded these problems and has reduced income streams from other areas, so urgent action is again required before it is too late. Any setting that doesn't realise the downward financial spiral they're in is either not doing the sums properly or charging exorbitant private fees to make ends meet.

Just the usual about the low rate of funding provided from the EYNFF. I know Bristol is one of the councils who receive/ pay a more reasonable rate, but it still barely covers costs. We still need to put pressure on government to get the funding rate increased. Also change the "free" hours to "funded" hours and manage the expectations of parents

1. Completely agree about the higher rate for those that pay a living wage to their employees.

I have withdrawn from offering the 30 hours funding because I don't agree that I should have to offer a free place when the hourly rate for funding (£4.88) is significantly lower than my hourly rate (£5.50). I am a childminder and my income directly affects my family. If I had a child claiming 30 hours of funding a week with me for 38 weeks a year, I would be subsidising their childcare by £706.80 a year by offering a free place. If all 3 of my childminded children were claiming 30 hours of funding, that would be £2,120.40 a year less money that I would have as my annual income. How can this possibly be fair? In addition I am aware that there is more admin involved with the 30 hours claims, and it is always down to the provider to meet deadlines for claims and we get absolutely

nothing for doing any of this. I am considering withdrawing from Universal Funding too.

The city could coordinate a campaign to central government to recognise the true cost of childcare. There are two actions that could be taken to make the system work:

- 1) Increase the rate paid such that it better reflects the cost to the setting of providing the childcare
- 2) Relax the rules around the system to allow settings to charge top-ups and administration fees.

The latter approach would seem to have more pragmatic chance of success. We can see no political justification for offering completely free childcare (particularly on the extended, 30 hr, offer, which is only available to families with two working parents who should be able to afford to pay a top-up to the hours they claim). We would like to see BCC take a more proactive lead in campaigning for a better system.

I would like questions written in a way that people from the PVI sector could understand and relate to their setting

I think Bristol City do a good job in difficult circumstances and manage effectively. However, the acceptance that wage rises should push hourly rates up for SEND allowances, but not for base rate instantly undermines the argument for maintaining a fixed level of base rate. The fact that the Government rate is falling doesn't reflect the reality of their other policies to see practitioner incomes rise.

**Bristol Schools Forum**  
**Growth Fund**

**Cabinet 22<sup>nd</sup> January 2019**  
**DSG budget report**  
**APPENDIX A.6**

|                         |                               |
|-------------------------|-------------------------------|
| <b>Date of meeting:</b> | 16 <sup>th</sup> January 2019 |
| <b>Time of meeting:</b> | 5.00 pm                       |
| <b>Venue:</b>           | City Hall                     |

**1. Purpose of report**

1.1 To confirm Growth Fund policy.

**2. Recommendation**

2.1 That Schools Forum:

- a) notes the information, and
- b) agrees that the Growth Fund policy for 2019/20 be unchanged from that which operated during 2018/19.

**3. Summary**

3.1 DSG growth fund has been discussed in Schools Forum since March 2018, with a question arising about a change aiming to restrict growth fund to pupil growth arising from Bristol City Council residents only. Legal advice was sought on the wording of such a policy, and from that several issues arose. They are:

- a) Growth fund is an LA policy, which is subject to agreement of Schools Forum; the policy cannot be implemented without the agreement of both parties, failing which it would be for the Secretary of State to determine;
- b) A key point informing the restrictive proposal (which is not the LA's proposal) was that it was *necessary* for compliance with regulations on growth fund, which rule out its application to expansion arising from popularity, in favour of basic need growth only;
- c) The LA agrees with the latter principle, but does not see that pupil admissions to a designated school must be classified as due to popularity merely because the home address is outside the LA, and in such a way as to rule out the allocation of growth fund;

- d) Exploration has identified no other LA proposing such a restrictive policy, so the current policy is clearly *de facto* permitted, routinely used, and in the LA's view is allowed by the regulations;
- e) Diligent challenge on this gave rise to questions about process, consultation and discrimination, with concerns about schools with admissions policies reasonably militating for wider catchments, and those near LA borders;
- f) It is not unusual for school catchments to cross LA borders; the majority of the catchment may even be outside the home LA. LAs have worked collaboratively in such circumstances, in the interests of children and families;
- g) Whilst it had questioned the point, the LA is satisfied it has discretion on this matter, but that Forum is entitled to take a different view. The LA's view is that it does not support a change to restrict growth fund as indicated.

#### **4. Background**

##### Previous Reports

- 4.1 Schools Forum discussed a paper on 20 March 2018 which invited members to keep, amend or end the current growth fund policy, the amendment in question reflecting previous forum discussions about the purpose of growth fund and its possible restriction to pupils resident in Bristol. The report indicated schools admitting pupils from outside Bristol: those with more than 10 were: Orchard (15); Bristol Cathedral Choir School (26); Colston's Girls' School (52); St Bede's Catholic College (83). The last three were noted as operating admissions policies having the effect of admitting a proportion of pupils from outside the city.
- 4.2 Each is also affected by growth: the choir school's being funded by Education & Skills Funding Agency (ESFA), Colston having been made aware of a possible change to the growth fund policy before their decision to admit additional pupils, and St Bede's noted as the school most affected by any change, with around 40% of places offered to non-resident pupils. The report confirmed that expansion of that school was agreed with Governors under the current policy and any change would therefore affect the funding that the school has planned for in setting their future budget plans.

- 4.3 It was noted that funding of schools is generally based on the number of pupils irrespective of their home address: both the school census and capital planning for basic need operate on that basis, and elements of admissions law incidentally support cross-border policies, clarifying that applicants must be treated equally, whether they reside inside or outside the authority.
- 4.4 That last point is a matter of school admissions, not funding. However it has also been observed that no other LA is known to have a growth fund policy which excludes out-of-authority residents, and ESFA commented informally that the proposal appeared unprecedented, although they later confirmed it would not be illegal in principle. For those reasons as well as the perceived benefit for managing growth by agreement with own-admission-authority schools, the LA supports continuation of the existing (unchanged) policy.
- 4.5 The March report and indeed verbal comment from the director could have made clearer what has subsequently been confirmed. Growth fund is an LA policy, but one which to be ratified must have the support of Schools Forum, and is subject to determination by the secretary of state where there is a conflict referred for resolution. Neither the LA nor Forum can decide the policy without the agreement of the other body. There would appear to be a potential conflict between the LA's preference set out now, and the previously expressed view of Forum; that has so far only been referred for legal advice to officers, reflecting the Schools Forum decision of May 2018.
- 4.6 The May forum received a paper to consider the wording of the amendment, and agreed to accept the proposed wording subject to approval from BCC Legal. During the discussion representation was made on behalf of schools which would be adversely affected by this change. The then Director of Education, Learning & Skills Improvement agreed to meet with schools concerned.

#### Legal advice and issues arising

- 4.7 The legal advice has raised further issues: is the change potentially discriminatory, and should it be subject to consultation. Additionally the point has been made and confirmed that regulations prescribe growth fund for supporting basic need and proscribe its use for popularity, but the categorisation of extra-district growth as inevitably due to popularity is questioned.

#### Discrimination

- 4.8 Figures in the report demonstrated that a change in policy would affect St Bede's college significantly more than any other. The school has an established pattern of admissions recruiting pupils from other LAs. As a faith school it may include adherence in its admissions policy, the effect of which is routinely to widen catchment areas for Roman Catholic schools. Whilst the growth fund policy is not in itself focused on any group, its impact is thus uneven, with a negative impact on a RC school which is not replicated in others in Bristol.
- 4.9 Legal advice suggests that this could be indirect discrimination, permissible if BCC could show that the proposed criteria are a proportionate means of achieving a legitimate aim.
- 4.10 The aim of growth fund is to enable the LA to manage growth where providers may decide or not to expand in order to help the LA meet its obligations to secure sufficient school places. This could be a legitimate aim. The March report confirmed that several schools had agreed expansion with the LA, St Bede's included.
- 4.11 The aim of the change that had been considered was to ensure that growth funding is confined to funding places for pupils resident in the Bristol area only. Considering BCC has a duty to provide school places to the children within its area, this could be a legitimate aim.
- 4.12 Specifically, the proposal would focus or save money, estimated at £55k which would not be paid to St Bede's in the changed circumstances. Officers were advised to be cautious about justifying discrimination solely on the basis of cost savings or arguing that to discriminate is cheaper than not discriminating.
- 4.13 Proportionality would apply if criteria are 'reasonably necessary' in order to achieve the legitimate aim. Given that discrimination by residence for this purpose appears to be considered necessary by no other known LA and has been ruled as unlawful for the analogous purpose of school admissions, it appears that test is not passed.

### Consultation

- 4.14 Public bodies also have a duty to act fairly, a point made in Bristol's 2018 Judicial Review judgement. In this case, a potentially disproportionate policy might well be deemed unfair, particularly when St Bede's agreed expansion had been planned in expectation of the application of growth fund according to the current policy.

- 4.15 Consultation is a general requirement for changes in the funding formula and officers were advised that it would be prudent to inform all schools of the proposed change.
- 4.16 The importance of consultation may relate to the salience of the matter for the consultee: the more serious the impact of a decision on those affected, the more important it is that the right decision is reached and that those affected feel that their concerns have been considered by the decision maker.
- 4.17 The impact of a decision will be most severe in circumstances where an existing benefit is unexpectedly taken away, especially where the recipient has acted in reliance on that benefit. This will be the case with St Bedes Catholic College which is in the process of expanding (consistent with the LA's wish) and is reliant on the Growth Fund in doing so. St Bedes currently allocates 40% of its places to non-resident pupils and therefore the proposed change in the funding criteria will have a substantial impact.
- 4.18 Officers were advised that the proposed changes would carry less risk if they were introduced on a phased basis and did not impact the schools which had already acted in reliance on the Growth Fund policy in its current form (as these schools would have most incentive to bring a challenge). However, a proper consultation was still advised. Such consultation might be consistent with the fact that representations were made on behalf of affected schools at the May Forum meeting.

### Popularity

- 4.19 On the matter of basic need / popularity, it is clear that growth fund is for the former and not the latter. Attention has been drawn to a Devon policy, which seems intended to avoid adverse effects on neighbouring schools from schools' competition for applications. That seems to relate to issues arising from popularity, but there is no evidence that applies in the BCC case. The circumstances under consideration are not those where schools might compete for limited numbers of pupils, but where the LA determines growth is needed, where as consultee or admissions authority it supports an increased Planned Admission Number, and/or where it prioritises capital investment. The March report referred to cases of expansion agreed with the LA, which would not agree unless it was necessary, given that capital funding for expansion is limited and the LA has a general interest in supporting the viability of all schools.

## **5. Conclusions**

- 5.1 It appears the proposed change is not explicitly ruled out as a possible course of action, but implementation would need to have regard to the legal issues above. In the light of those it is not clear that the process as it stands is secure, although it has been argued that relevant consultation has taken place. Neither is the status quo ruled out on grounds on non-compliance with regulations. There is discretion - to be exercised with caution.
- 5.2 A cautionary note is sounded by the observation that the proposed course of action appears to be unprecedented. The implication is that other LAs have not considered the need for it, albeit cross-border admissions arrangements are not uncommon. It is not needed on regulatory, financial or operational grounds, but an effective funding policy *is* needed to support basic need growth. The great majority of that in our case will be for Bristol children. The LA would not wish to see resource unnecessarily withdrawn from children in a Bristol school on account of their address.

## 5. Financial Implications

As indicated in the report.

## 5. Glossary of Terms

|                 |  |
|-----------------|--|
| LA              | Local Authority  |
| ESFA            | The national agency allocating funds to LAs and providers for education and training |
| PAN             | Planned Admission Number eg for a 4 form entry school is 100                         |
| RC              | Roman Catholic   |
| BCC             | Bristol City Council   |
| Judicial Review | Challenge through the courts to a public sector decision                             |



## **Details of any consultation carried out – internal and external**

There are three separate consultation exercises associated with the DSG 2019/20 budget process:

- 1. Schools Block Funding:** Consultation with schools on schools block funding arrangements for 2019/20 ran from 19<sup>th</sup> October 2018 to 7<sup>th</sup> November 2018. This was reported to Schools Forum at their meeting on 27<sup>th</sup> November 2018 and the details can be found there. The key points to emerge were:

### **Transfers between blocks**

- All maintained schools and academies were asked to indicate whether they supported a proposal to **transfer £2m from Schools Block** to High Needs Block for 2019/20. **Three-quarters** of respondents **strongly agreed, agreed or neither agreed nor disagreed** with this proposal.
- All maintained schools and academies were asked to indicate whether they supported a proposal to **transfer £3.4m from Schools Block** to High Needs Block for 2019/20. **Three-quarters** of respondents **strongly disagreed, disagreed or neither agreed nor disagreed** with this proposal.

Schools Forum decided at the meeting in November 2018 agreed that a transfer of £2m from Schools Block to High Needs Block could be made.

### **Mainstream Funding Formula**

- All mainstream schools and academies were asked about how any funding beyond a standstill budget per pupil should be distributed in 2019/20, should there be any. **76%** indicated that they would want any such additional funding (compared to 2018/19, with October 2018 pupil numbers) should be distributed by proportionately increasing formula values for deprivation, English as an Additional Language and prior attainment to get closer to the values in the **National Funding Formula**. **24%** indicated that they would prefer any such funding to be distributed by proportionately increasing all pupil-led factors in the existing **local mainstream funding formula**.
- All mainstream schools and academies were asked to provide comments on the Schools Forum's view that the **Minimum Funding Guarantee** for 2019/20 should be greater than 0% (up to 0.5%), subject to availability of funding. The comments received on this were generally **supportive**.

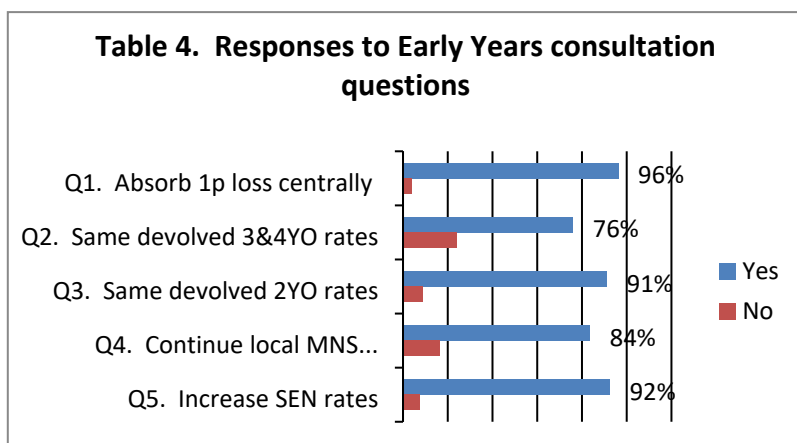
The funding beyond a standstill budget is 0.23% of the total and Schools Forum on 16<sup>th</sup> January 2019 are being asked to consider that this be distributed by moving deprivation, EAL and prior attainment formula values closer to those used in the National Funding Formula. Given the very small amount of funding beyond a standstill, the Minimum Funding Guarantee is proposed to be 0%.

### De-delegation for maintained mainstream schools.

- Maintained primary and secondary schools were consulted on whether funding for a small range of services should be pooled (de-delegated) or included in individual schools' budget shares.

This is a matter that is for Schools Forum to decide: Cabinet and Council have no role. Relevant primary and secondary representatives made decisions about the appropriate treatment of the individual services.

2. **Early Years funding 2019/20.** Appendix A.5 sets out the report to Schools Forum on Early Years funding for 2019/20, which includes the outcomes of a consultation with all early years settings between 7<sup>th</sup> December 2018 and 6<sup>th</sup> January 2019. There were five main questions, each of which dealt with proposals on the main funding formula or two priorities for using unspent Early Years DSG. There were 79 responses and the table below indicates that there was strong support for each of the proposals.



The report to Schools Forum (and this Cabinet report) recommends that the first four proposals are implemented. The fifth proposal about SEN hourly rates for early years settings is recommended to be deferred to be year-end, when there can be more certainty about the availability of funding. Also, the matter should be considered as part of the High Needs Transformation Programme (as part of the review of SEN top-ups).

3. **Public consultation on 2019/20 Council budget.** The Council's annual budget consultation took place between 5<sup>th</sup> November 2018 and 17<sup>th</sup> December 2018. It was not explicitly consulting about priorities within the DSG, but it did ask respondents if they wished to increase the Council Tax to benefit services, including the DSG. The details of the outcomes from this consultation are included in the main budget report elsewhere on this agenda.

There are no proposals to increase the Council Tax either to spend more on DSG services, or to cover existing forecast shortfalls in the funding for the DSG.

## Bristol City Council Equality Impact Assessment Form



|                              |  |
|------------------------------|--|
| Name of proposal             | Dedicated Schools Grant Budget 2019/2020 |
| Directorate and Service Area | ACE Directorate                          |
| Name of Lead Officer         | Alan Stubbersfield                       |

**Step 1: What is the proposal?**

Please explain your proposal in Plain English, avoiding acronyms and jargon. This section should explain how the proposal will impact service users, staff and/or the wider community.

**1.1 What is the proposal?**

To note the in year 18/19 position for the overall Dedicated Schools Grant and to set the Dedicated Schools Grant for 2019/2020 to create a fair and consistent distribution of funding that is closely aligned to need and is essential to supporting opportunity for all children, irrespective of their background, ability and need.

The Dedicated Schools Grant is the main source of revenue funding for state-funded 5 to 16 schools in England. DSG is paid to local authorities, minus deductions ('recouplement') for academies and subject to certain other adjustments. The Grant comprises of four blocks:

1. The Schools Block
2. Schools central Services Block
3. The High Needs Block
4. The Early Years Block

The Dedicated Schools Grant (DSG) is a ring-fenced grant of which the majority is used to fund individual school budgets in maintained schools, academies and free schools. It also funds early years nursery free entitlement places for two, three and four year olds as well as provision for pupils with high needs including those with Special Educational Needs and or Disabilities (SEND) Education Health and Care Plans (EHCPs) in special schools and specialist provision in and out of Bristol.

The process for Equality Impact Assessments is an evolving one, with earlier assessments having been prepared for previous Schools Forum meetings to

consider these matters. We are at the decision stage of the DSG budget planning process for 2019/20 and reflect the consideration of the analysis of local and national data set previously.

**What we need to achieve:**

**Our Goals:**

- Enable all children and young people to achieve their potential through having access to the right resources and provision needed to meet their needs and the right support for their education settings.
- Improve outcomes for Bristol's children and young people with SEND as well as those identified with high needs including educational aspirations, engagement and progress in learning, in line with those who do not have SEND or high needs.
- Make sure all children and young people attend the right education setting that can meet their needs, where they receive a full time/ appropriate education offer that ensures they are safeguarded and their welfare is promoted.
- Reduce persistent absence and increase attendance for children and young people in receipt of SEN Support and those with EHCPs.
- Reduce / eliminate the need for permanent exclusions and reduce multiple fixed term exclusions for children and young people in receipt of SEN Support and those with EHCPs.
- Ensure each young person progresses post-16 to suitable education, training or employment and is fully prepared for adulthood.

**The Local Authority's role:**

- We determine the budgets for distribution to schools and early years settings, and allocation of the High Needs Block – all in the context of the National Funding Formula for each block.
- We commission school places, personal education packages, alternative learning provision and post 16 education for children and young people we are responsible for.
- We are responsible for ensuring there are sufficient education places and the right types of education settings in our area.
- We have a duty to arrange education for permanently excluded pupils, children and young people with EHCPs and Children in Care and others who, because of illness or other reasons, are unable to attend mainstream settings.
- We must make sure schools and other partners are focused on

safeguarding and promoting the welfare of children and young people with SEND up to age 25.

- We are responsible for promoting and driving high standards in education across all types of educational provision.
- We have to make financial provision for children and young people with EHCPs
- We have to ensure compliance with statutory duties associated with SEND legislation, safeguarding and Looked After Children/ Care Leavers.

## Step 2: What information do we have?

Decisions must be evidence-based, and involve people with protected characteristics that could be affected. Please use this section to demonstrate understanding of who could be affected by the proposal.

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

- Local Area education performance (Early Years, School Age mainstream and specialist provision)
- Permanent and fixed term exclusions of high needs pupils
- Black Box data
- Attendance and absence data
- Admissions data
- School improvement data
- Vulnerable Learner data
- SEND performance data

### 2.2 Who is missing? Are there any gaps in the data?

- The data set now includes the October 2018 pupil census, which was the missing element previously. So, there are no material omissions.

### 2.3 How have we involved, or will we involve, communities and groups that could be affected?

We consulted all schools in October 2018 on the proposals to transfer funding between blocks, on the principles of the funding formula for mainstream schools and the arrangements for some central budgets for maintained mainstream schools.

We consulted all Early Years settings during December 2018 about the funding formula for 2019/20 and the priorities for any unspent Early Years DSG.

We are currently consulting the public on the arrangements for High Needs in Bristol, as part of the developing High Needs Transformation Programme.

Where it is in the local authority remit we will explore opportunities to target funding to those groups which the evidence demonstrates face barriers to

their educational achievement. We believe that all pupils will benefit from a fairer distribution of funding. Where decisions may impact on children and young people with protected characteristics appropriate engagement and consultation where necessary will ensure the views of service users, and groups that represent them are taken into account and help build a consensus around the case if any for change and that our statutory duties are complied with.

### **Step 3: Who might the proposal impact?**

Analysis of impacts on people with protected characteristics must be rigorous. Please demonstrate your analysis of any impacts in this section, referring to all of the equalities groups as defined in the Equality Act 2010.

#### **3.1 Does the proposal have any potentially adverse impacts on people with protected characteristics?**

- This section considers the overall position.
- In the **Schools Block**, all mainstream schools' per pupil budgets are being protected at the 2018/19, with the funding available beyond this amount being distributed on National Funding Formula values for deprivation, English as an Additional Language (EAL) and low prior attainment (all of which tend to be higher than the local equivalents). Because school budgets are being protected by the Minimum Funding Guarantee (MFG) (ie every school's per pupil budget is at least the same as that in 2018/19) and the available funding beyond that is very modest (0.23% of the total), only around 32 schools benefit from this arrangement out of 128.
- The transfer of £2m from **Schools Block to High Needs Block** has been agreed after consultation with all schools and a formal decision by Schools Forum. This provides more funding for pupils with protected characteristics in the High Needs Block. £1.3m of the £2m transferred has come from growth funding provided through the DSG for future pupils, rather than for pupils on the roll of schools in October 2018. So, the impact on maintained schools is £0.7m and, had that funding been distributed on the principles agreed for the 2019/20 formula, more would have gone through NFF values for deprivation, EAL and prior attainments, meaning that more schools would have received a budget share that was greater than that limited by the MFG. It would not have been a straightforward position whereby every school would have received a proportionate increase in their funding; many would have continued to receive no more than their protected budget.
- The proposals for budget allocations for **Early Years** settings (Maintained

Nursery Schools, nursery classes in infant / primary schools, Private, Voluntary and Independent settings) are a continuation of the 2018/19 formula at the same rates. This is after consultation with all settings. The scope for change to address inflationary pressures or to refocus the formula on supporting protected groups is limited because of the freezing of early years funding rates in the Early Years National Funding Formula. Settings have had to adapt to the introduction of the Early Years National Funding Formula, with funding levels for 3 and 4 year olds having reduced from £6.36 in 2016/17 to £5.69 in 2019/20. For 2 year olds, the £5.43 rate has not changed since 2017/18. The extension of the early years funded provision from 15 hours to 30 hours per week is a difficulty for some settings which had been able to sell extra hours to their parents at rates that are higher than the rates they receive through the EYNFF. Settings have known that this would be the trajectory, but had hoped that some inflationary pressures would be built into the national funding rates. This will mean difficult choices for settings to operate within the available funding.

A proposal to increase hourly rates for SEN in 2019/20 is still a live option, but it is dependent on there being sufficient underspend in the Early Years budget (which will be known at year-end or once the January 2019 Early Years census has been completed) and it has to be consistent with any changes that may arise from the High Needs Transformation Programme.

- The **High Needs** budget is being set on the basis of existing policies and existing rates to settings, with forecast levels of demand. Any changes to policies or rates will emerge from the work of the High Needs Transformation Programme, which will take account of impacts through stakeholder engagement, consultation and equality impact assessments. The work on this programme is at an early stage. The budget proposals, as they stand, represent no change on existing practice or funding rates, but the programme will seek to understand and address areas where outcomes for children and young people are not good.

### 3.2 Can these impacts be mitigated or justified? If so, how?

- The impacts described in 3.1 above are the outcome of the schools funding regulations and the finance settlement for 2019/20. Moreover, they are an attempt to balance out competing priorities for available funding through engagement with Schools Forum and relevant stakeholders.

3.3 Does the proposal create any benefits for people with protected characteristics?

- Section 3.1 provides a description of the overall position.
- The transfers to the High Needs Block, the increased resources for deprivation, EAL and prior attainment in the mainstream formula, the potential increase to SEN Early Years rates and the work of the High Needs Transformation Programme will all benefit those with protected characteristics.

3.4 Can they be maximised? If so, how?

- Scope for shifting funding is limited. The main area for maximising the benefits is through the High Needs Transformation Programme, which is at an early stage.

#### Step 4: So what?

The Equality Impact Assessment must be able to influence the proposal and decision. This section asks how your understanding of impacts on people with protected characteristics has influenced your proposal, and how the findings of your Equality Impact Assessment can be measured going forward.

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

- The EQIA has helped shaped the whole approach to setting the DSG for 2019/20, particularly for the High Needs budget. The approach is different to that adopted in recent years. We now have a longer, more considered approach to the High Needs budget, focussed on outcomes for children and young people.

4.2 What actions have been identified going forward?

- We have thoroughly reconsidered the equalities impacts and consultation duties associated with service planning and budget setting.
- We will update this equality impact assessment with any potential impacts identified through analysis of local and national data set, and emerging issues.

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

- Key Performance indicators across Education & Skills

Service Director Sign-Off:

Alan Stubbersfield

Date: 14<sup>th</sup> January 2019

Equalities Officer Sign Off:

tbc

Date:



## Decision Pathway – Report Template

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**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|  |   |  |  |
|--|---|--|--|
| <b>TITLE</b>   | <b>Housing Revenue Account 2019/20 budget proposals</b>     |  |  |
| <b>Ward(s)</b>   | All   |  |  |
| <b>Author:</b> Julian Higson   | <b>Job title:</b> Director of Housing and Landlord Services |  |  |
| <b>Cabinet lead:</b> Councillor Paul Smith   | <b>Executive Director lead:</b> Colin Molton                |  |  |
| <b>Proposal origin:</b> BCC Staff  |   |  |  |
| <b>Decision maker:</b> Mayor   |   |  |  |
| <b>Decision forum:</b> Full Council  |   |  |  |
| <b>Purpose of Report:</b>  |   |  |  |
| <ol style="list-style-type: none"> <li>Note the requirement to reduce social rents by 1% for 2019/20 and the inflationary uplift in service charges for tenants and leaseholders.</li> <li>To seek approval to the proposals for the 2019/20 Housing Revenue Account (HRA) budget and the HRA Medium Term Financial Plan, which have been tested within a 30-year financial business plan model; and</li> <li>To approve proposals for the implementation of the capital and revenue investment plans.</li> <li>To delegate authority to the Strategic Director of Growth and Regeneration (with appropriate legal and procurement advice) in consultation with Cabinet Member for Housing, deputy mayor for resources, section 151 officer and the monitoring officer for the procurement of relevant contractors during 2019/20 to 2023/24 (covering the period of the 2019/20 budget and rolling five year planned maintenance budget, and the already planned phases 3 and 4 of the HRA new build schemes ) to deliver the capital and revenue investment plans as set out in detail in Appendices A2 and A3.</li> <li>Delegated authorities for the Service Director of Housing and Landlord Services to draw down from HRA revenue reserves to meet any loss of income during the year.</li> </ol>   |   |  |  |
| <b>Evidence Base:</b>  |   |  |  |
| <ol style="list-style-type: none"> <li>The HRA is a separate ring-fenced account and covers all activities of BCC as a landlord of circa 28.5k housing stock</li> <li>The Council has a duty to develop a balanced HRA budget for the next financial year, as well as a sustainable long term business plan, which takes account of capital investment needs in its stock and the revenue costs of managing and maintaining it.</li> <li>A revised and updated HRA MTFP will come to Cabinet every year as part of the Council’s budget process.</li> <li>Appendix A1 sets out the HRA income and expenditure for 2019/20 and the HRA MTFP, but there follows a summary of the key information. Appendices A2 and A3 provide detailed information regarding the Housing Investment Plan (capital expenditure, and both capital and revenue investment in the housing stock of circa 28,500 homes).</li> <li>The main sources of income into the HRA are rent, service charges and capital receipts received from ‘council housing’. The HRA forecasts revenue of £122.6m in 2019/20, comprised of:             <ol style="list-style-type: none"> <li><b>£113.3m</b> rental income (factoring in a 1% reduction per annum for the four year period from 2016 to 2020)</li> <li>Of this a percentage will be lost as no income is received while properties are void (empty) <b>-£1.5m</b></li> <li><b>£8.5m</b> service charges</li> <li><b>£2.5m</b> in charges for other assets, including garages and shops, and interest on balances.</li> </ol> </li> <li>The rental income forecast may alter following further consideration of the effect of the 53 week charging period on the required 1% annual reduction in rent payable. National discussions are being held regarding this issue. Bristol City Council is reviewing the approach taken to ensure it is not open to challenge.</li> </ol> |   |  |  |

7. There is also capital income, the main sources of which are:
  - a. Right to Buy (RTB) receipts of £16.9m in 2019/20, with £2.1m to be repaid to government, leaving £14.8m of useable receipts. Of these **£4.5m** will be utilised in 2019/20, the rest will be added to balances and carried forward to help support the capital programme in future years.
8. In 2018 Government removed the HRA borrowing cap (a Government-set limit determining how much money could be borrowed). With the removal of the headroom cap on local authorities, it has meant a larger and quicker development programme can be enabled. As part of determining the Council's capital financing requirement for 2019/20 and later years the HRA has added the requirement for an additional £43m borrowing to finance the next phase of its new build programme. For 2019/20 new homes will be financed by a mix of an extra £4.8m in borrowing and previously committed HRA funding, including RTB receipts.
9. Appendices A2 and A3 (Housing Investment Plan and HIP Summary), set out the investment plans for council homes for 2019/20, and include a view of the requirement over the following 4 years for information.
10. Other expenditure for 2019/20 includes:
  - a. £38.7m providing services to tenants including estate management, rent management, caretaking and services for older people (management and service costs)
  - b. £11.6m debt costs: servicing (but not repaying) £249m of HRA debt
  - c. £2.9m is the amount of money set aside to cover bad debts (i.e. older former tenants' arrears that are not recoverable)
11. The overall position of the HRA Business Plan has improved, and the plan is fully funded, due to:
  - a. The lifting of the HRA borrowing cap, which increases capacity and future revenue streams (as the new borrowing will finance the development of new homes that will increase the rental income stream)
  - b. Changes to the HRA new build programme, with a percentage sold for market sale with surpluses invested back into the HRA
  - c. A review of the Housing Investment Plan or 'HIP' (in previous years referred to as the Capital and Revenue Investment Plan)

**Cabinet Member / Officer Recommendations:**

1. Note the requirement to reduce social rents by 1% for 2019/20 and the inflationary uplift in service charges for tenants and leaseholders.
2. To seek approval to the proposals for the 2019/20 Housing Revenue Account (HRA) budget and the HRA Medium Term Financial Plan, which have been tested within a 30-year financial business plan model; and
3. To approve proposals for the implementation of the capital and revenue investment plans.
4. To delegate authority to the Strategic Director of Growth and Regeneration (with appropriate legal and procurement advice) in consultation with Cabinet Member for Housing, deputy mayor for resources, section 151 officer and the monitoring officer for the procurement of relevant contractors during 2019/20 to 2023/24 (covering the period of the 2019/20 budget and rolling five year planned maintenance budget, and the already planned phases 3 and 4 of the HRA new build schemes ) to deliver the capital and revenue investment plans as set out in detail in Appendices A2 and A3.
5. Delegated authorities for the Service Director of Housing and Landlord Services to draw down reserves to fund the projected spend, should there be changes in forecast income during the year.

**City Benefits**

1. Fifteen percent of housing in Bristol is owned and managed by Bristol City Council, therefore decisions about the HRA budget impact directly on a significant number of households, as well as contributing to delivery of objectives in the Council's Corporate and Housing strategies.
2. £60m of the HRA will re-invested in homes in 2019/20, helping to safeguard the value of HRA assets; positively impact on the well-being of residents; and ensuring health and safety obligations are complied with.

**Corporate Strategy alignment:**

The HRA business plan and budget proposals ensure a quality housing service contributing to the overall corporate objectives particularly around "fair and inclusive" (decent homes that people can afford) and "wellbeing" (healthy and more resilient communities).

**Consultation Details:**

Assumptions tested with HSLT and Cabinet Member in Oct 2018

|  |  |   |  |
|--|--|---|--|
| <b>Revenue Cost</b>                          | <b>£122.8million</b>                         | <b>Source of Revenue Funding</b>                | Housing Revenue Account                                    |
| <b>Capital Cost</b>                          | <b>£51.8</b>                                 | <b>Source of Capital Funding</b>                | Housing Revenue Account                                    |
| <b>One off cost</b> <input type="checkbox"/> | <b>Ongoing cost</b> <input type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input type="checkbox"/> |

|  |                 |                           |
|--|-----------------|---------------------------|
| <b>Required information to be completed by Financial/Legal/ICT/ HR partners:</b>   |                 |                           |
| <b>1. Finance Advice:</b> The HRA budget proposals set out the strategic financial position. 2019/20 is the last year of the 1% rent reduction programme. An HRA MTFP is provided. A detailed Housing Investment Programme sets out the capital and revenue investment necessary to deliver the 30-year business plan.   |                 |                           |
| <b>Finance Business Partner:</b> Finance have been involved in updating the HRA Business Plan and have been involved in the production of the report. Paul Cook 11 November 2018   |                 |                           |
| <b>22. Legal Advice:</b> The Council is required to maintain, and review annually, a Housing Revenue Account in accordance with the provisions of the Local Government And Housing Act 1989 and directions issued thereunder. Approval of the HRA is a matter for the Mayor in Cabinet. The report seeks approval of the HRA budget, including its proposed revenue and capital spending plans, and also delegated authority for the Executive Director, Growth & Regeneration to implement the those plans, (as summarised in the appendices) including all procurement activities, without further reference to Cabinet and notwithstanding that individual contracts may exceed £500k. In effect this report is to be treated as a key decision by Cabinet authorising the Director, within the identified budgets, to commission/procure all necessary works and services. To ensure the implementation of the programme is lawful, all procurement and contracting activities must comply with the appropriate Procurement Regulations and the councils own procurement rules. Officers must also ensure the programme remains compliant with the Council's budget and policy framework. Sec 23 of the Welfare Reform and Work Act 2016 provides that in relation to each relevant year, registered providers of social housing must secure that the amount of rent payable in respect of that relevant year by a tenant of their social housing is at least 1% less than the amount of rent that was payable by the tenant in respect of the preceding 12 months. In order to comply with the legislation consideration is needed as to how that is achieved in a year when there are 53 chargeable periods. One option is to calculate the rent payable over the year on a daily basis. |                 |                           |
| <b>Legal Team Leader:</b> Legal Team Leader: Eric Andrews, Team Leader, Legal Services - 19/12/2018  |                 |                           |
| <b>3. Implications on IT:</b> IT Services, like other Council departments, provides support services to the HRA account and these are noted within this report, as well as proposals for IT investment. These investments will continue the modernisation and upgrading of HRA IT systems. However, there are well established processes for addressing these matters so there are no significant impacts or IT implications arising from this report  |                 |                           |
| <b>IT Team Leader:</b> Ian Gale  |                 |                           |
| <b>4. HR Advice:</b> No anticipated HR implications  |                 |                           |
| <b>HR Partner:</b> Celia Williams, HR Business Partner – Growth and Regeneration   |                 |                           |
| <b>EDM Sign-off</b>  | Colin Molton    | 20 <sup>th</sup> Dec 2018 |
| <b>Cabinet Member sign-off</b>   | CLlr Paul Smith | 17 <sup>th</sup> Dec 2018 |
| <b>CLB Sign-off</b>  | Mike Jackson    | 08 <sup>th</sup> Jan 2019 |
| <b>For Key Decisions - Mayor's Office sign-off</b>   | ????            | 10 <sup>th</sup> Jan 2019 |

|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b><br><i>Please see appendices A1, A2 and A3</i> | <b>YES</b> |
| <b>Appendix B – Details of consultation carried out - internal and external</b>   | <b>NO</b>  |
| <b>Appendix C – Summary of any engagement with scrutiny</b>   | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>   | <b>NO</b>  |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>  | <b>YES</b> |

|   |             |
|---|-------------|
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b> | <b>YES</b>  |
| <b>Appendix G – Financial Advice</b>                                    | <b>NO</b>   |
| <b>Appendix H – Legal Advice</b>  | <b>NO</b>   |
| <b>Appendix I – Combined Background papers</b>                          | <b>None</b> |
| <b>Appendix J – Exempt Information</b>                                  | <b>NO</b>   |
| <b>Appendix K – HR advice</b>   | <b>NO</b>   |
| <b>Appendix L – ICT</b>   | <b>NO</b>   |

# 2019 to 2020 Budget Setting and 5 Year Plan

|  | Year 1       | Year 2       | Year 3       | Year 4       | Year 5       |
|--|--------------|--------------|--------------|--------------|--------------|
|  | 2019 to 2020 | 2020 to 2021 | 2021 to 2022 | 2022 to 2023 | 2023 to 2024 |
| <b>TOTAL</b>   | £82,446,288  | £89,788,113  | £103,439,089 | £84,007,834  | £78,075,930  |
| <b>Capital &amp; Revenue</b>                             |              |              |              |              |              |
| <b>Capital</b>   | £51,832,242  | £59,002,627  | £72,721,603  | £53,228,348  | £47,300,719  |
| <b>Revenue</b>   | £30,614,046  | £30,785,486  | £30,717,486  | £30,779,486  | £30,775,211  |
| <b>Capital Spend by Team</b>                             |              |              |              |              |              |
| <a href="#">Planned &amp; Cyclical</a>                   | £4,499,500   | £4,833,700   | £4,784,200   | £4,784,200   | £4,784,200   |
| <a href="#">M&amp;E / Heating</a>                        | £4,763,000   | £5,382,000   | £6,377,500   | £6,300,500   | £6,270,000   |
| <a href="#">PP Major Projects</a>                        | £10,721,250  | £10,350,000  | £10,250,000  | £7,250,000   | £5,350,000   |
| <a href="#">Planning &amp; Commissioning</a>             | £1,100,000   | £1,100,000   | £1,100,000   | £1,100,000   | £1,100,000   |
| <a href="#">Dev't &amp; Special Projects (New Build)</a> | £21,117,000  | £28,451,406  | £41,524,383  | £25,306,126  | £21,313,000  |
| <a href="#">Accessible Homes</a>                         | £2,000,000   | £1,854,028   | £1,854,028   | £1,854,028   | £1,854,028   |
| <a href="#">Repairs &amp; Maintenance</a>                | £3,521,428   | £3,521,428   | £3,521,428   | £3,521,428   | £3,521,428   |
| <a href="#">Asset Management &amp; Review</a>            | £150,000     | £150,000     | £150,000     | £150,000     | £150,000     |
| <a href="#">Other</a>                                    | £1,025,000   | £425,000     | £225,000     | £25,000      | £25,000      |
| <a href="#">Salaries</a>                                 | £2,935,064   | £2,935,065   | £2,935,064   | £2,937,066   | £2,933,063   |
| <b>Revenue Spend by Team</b>                             |              |              |              |              |              |
| <a href="#">Planned &amp; Cyclical</a>                   | £5,571,208   | £5,777,732   | £5,709,732   | £5,771,732   | £5,734,732   |
| <a href="#">M&amp;E / Heating</a>                        | £4,484,569   | £4,449,485   | £4,449,485   | £4,449,485   | £4,482,210   |
| <a href="#">Repairs &amp; Maintenance</a>                | £19,510,047  | £19,510,047  | £19,510,047  | £19,510,047  | £19,510,047  |
| <a href="#">Other</a>                                    | £1,076,000   | £1,076,000   | £1,076,000   | £1,076,000   | £1,076,000   |
| <a href="#">Charges</a>                                  | £-27,778     | £-27,778     | £-27,778     | £-27,778     | £-27,778     |

## Capital Investment Plan

| Planned & Cyclical                  | 2019 to 2020 budget | Information on 2019 to 2020 budget setting  | Indicative future budget provision - for information |                       |                       |                       | Information on budgets from Years 2 to 5 in the 5 year plan   |
|-------------------------------------|---------------------|---|--|-----------------------|-----------------------|-----------------------|---|
|                                     |                     |   | Year 2 - 2020 to 2021                                | Year 3 - 2021 to 2022 | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 |   |
| Works                               | £                   | Notes   | £  | £                     | £                     | £                     | Notes   |
| 1 Lovell Contract - Kitchen Install | £2,228,200          | Estimated Kit Installs Apr - March 490 @ curent ave 3.9K = 1,911,000 Est Full Rewires with Kitchens Apr - March 122 (25% of Kits) @ current ave 2.6K = 317,200 therefore Total of £2,228,200  | £2,228,200   | £2,228,200            | £2,228,200            | £2,228,200            | Year 2020-21 to 2022-23 will be similar numbers as 2019-20 request. However review of required numbers for future contracts will take place prior to 2023-24 as the required numbers could be more or less for future Contract.   |
| 2 Lovell Contract - Rewires         | £260,000            | Estimated Stand Alone Planned Rewires Apr - March 100 @ current ave 2.6K = 260,000.   | £260,000   | £260,000              | £260,000              | £260,000              | Year 2020-21 to 2022-23 will be similar numbers as 2019-20 request. However review of required numbers for future contracts will take place prior to 2023-24 as the required numbers could be more or less for future Contract.   |
| 3 Roofs Replacement                 | £1,227,000          | 69 Planned 3 Bed Roofs @ ave cost 7K = 483,000 -- 21 Planned 2 Bed Roofs @ ave cost 6.5K = 136,500 - 21 Planned 1/2 Bed HT Flat Roofs @ave cost 7.5K = 157,500 -- 2 x Block Roofs at Derham Rd & Bentry Lodge using the mini tender roofing framework estimated 125,000 -- 50 adhoc referrals from Response @ ave cost 6.5K = 325,000 | £1,510,000   | £1,510,000            | £1,510,000            | £1,510,000            | Roofs due for renewal are subject to a pre survey by a Bristol City Project Surveyor to determine if roof requires replacing or not. If the roof is in good condition it would be re-lifed until the next cyclical programme. 250 roofs are estimated to require renewal each year of which an estimated 180 Pitched Roofs & 5 Flat Roofs actually require renewal. Therefore request is based on this info. 180 pitched roofs @ ave cost of 7K & 5 Flat Roofs @ave cost of 50K   |
| 4 Windows - Houses & HTF's          | £634,800            | 226 Units (Houses/Flats) at Cromwell View, Hillsborough Flats, Hollidge Gdns, Albert Place, The Nursery, Thistle St, Cutler Rd, Maynard Cl, Greenditch Ave, @ 2.3K = 519,800 -- 7 Flats with Timber Sliding Sashes at Apsley Rd @ 10K = 70,000 -- est 15 adhoc referrals from Response @ est 3K = 45,000 ...--                        | £746,000   | £746,000              | £746,000              | £746,000              | 1149 dwellings are due for new windows 2020-2024. An average of 287 each year. This will be subject to inspection to ascertain if windows need to be replaced or relifed . Therefore request based on 287 @ ave cost of 2.6K Due dates in Keystone under review, and do vary over the coming years, - they are a guide to replacement dates. properties are inspected as part of the external maintennce programme above and replacement included in the project (using scaffold once), or re-lifed with a new due date for future programmes based on condition. |
| 6 Cavity Wall & Insulation          | £149,500            | forecast an estimated 59 CWI @ ave cost £500 ea & estimated 400 loft upgrades @ ave cost £300 . This subject to surveys to determine if works are required.   | £89,500  | £40,000               | £40,000               | £40,000               | There are 118 dwellings with no recorded CWI. There are 603 dwellings recorded as upgrade to loft insulation required. And a further 779 refused access . Therefore 2019-20 forecast as column R. 20 - 21 forecast estimated 59CWI @ ave cost £500ea & estimated 200 loft upgrades @ ave cost £300. These forecasts subject to survey to determine if works are required. 2021-22, 22-23 & 2023-24 forecast contingency for any referrals/further properties identified, 20 CWI @ est £500 ea & 100 loft upgrades @ est £300ea.                                   |
|                                     | <b>£4,499,500</b>   |   | <b>£4,833,700</b>                                    | <b>£4,784,200</b>     | <b>£4,784,200</b>     | <b>£4,784,200</b>     |   |

## Capital Investment Plan

| M&E / Heating                              |                   | 2019 to 2020 budget  | Information on 2019 to 2020 budget setting | Indicative future budget provision - for information |                       |                       |  | Information on budgets from Years 2 to 5 in the 5 year plan |
|--|-------------------|--|--|--|-----------------------|-----------------------|--|---|
| Works                                      | £                 | Notes  | Year 2 - 2020 to 2021                      | Year 3 - 2021 to 2022                                | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 | Notes  |   |
|  |                   |  | £  | £  | £                     | £                     |  |   |
| 7 Heating Partnerships - Installs          | £2,310,000        | Target of 750 full systems, 250 boiler replacements, 24 Air to Water systems then 5% slippage                                  | £2,310,000                                 | £2,310,000   | £2,310,000            | £2,310,000            | similar programme over next for years  |   |
| 9 Laundry Maintenance & Refurbishment      | £200,000          | Juniper Court, Princess Royal Gardens, The Brambles, Jim O Neil House, Hilton Court, Arncliffe, Moorgrove House, Henacre road, | £200,000                                   | £200,000   | £200,000              | £200,000              | Similar programme over next four years   |   |
| 10 Communal Rewires & Emergency Lighting   | £607,500          | Redwood, Willow, Rewires. Mill House, Condor House, PRG emergency lighting installs. Polden House AOV, Walywyn                 | £675,000                                   | £675,000   | £675,000              | £675,000              | 3 blocks a year at £225,000 per block will review emergency lighting programme   |   |
| 11 M & E Investment in blocks - Door Entry | £144,000          | New PAC controllers citywide, Silcox Road site new doors, Bishport site new doors.   | £144,000                                   | £144,000   | £144,000              | £144,000              | 144,000 per year for similar programme across city for next four years   |   |
| 12 Boiler & Plant installations            | £211,500          | Callington Road Underground Mains, Winterstoke House Boilers, Patterson HWS cylinders, Various Bin Room sprinklers, Boiler     | £211,500                                   | £238,500   | £202,000              | £216,000              | Various plant upgrades. See programme of works   |   |
| 13 Lift Replacement                        | £990,000          | Southbow, Whitemead and Winterstoke Hosue  | £841,500                                   | £810,000   | £769,500              | £725,000              | Various lift refurbishment. See programme of works   |   |
| 116 Sprinklers                             | £300,000          | Pilot sprinkler system. Catlegate earmarked for pilot.   | £1,000,000                                 | £2,000,000   | £2,000,000            | £2,000,000            | £1m year 2, £2m years 3,4,5. Risk that market capacity will not be able to support our demand. This could be a range of £2m to £4m per year depending on rate of delivery. Programme to be developed and team to be established. |   |
|  | <b>£4,763,000</b> |  | <b>£5,382,000</b>                          | <b>£6,377,500</b>                                    | <b>£6,300,500</b>     | <b>£6,270,000</b>     |  |   |

## Capital Investment Plan

| <b>PP Major Projects</b>         |                    | <b>2019 to 2020 budget</b>  | <b>Information on 2019 to 2020 budget setting</b> | <b>Indicative future budget provision - for information</b> |                              |                              |   | <b>Information on budgets from Years 2 to 5 in the 5 year plan</b> |
|----------------------------------|--------------------|---|---|---|------------------------------|------------------------------|---|--|
| <b>Works</b>                     | <b>£</b>           | <b>Notes</b>  | <b>Year 2 - 2020 to 2021</b>                      | <b>Year 3 - 2021 to 2022</b>                                | <b>Year 4 - 2022 to 2023</b> | <b>Year 5 - 2023 to 2024</b> | <b>Notes</b>  |  |
|                                  |                    |   | <b>£</b>  | <b>£</b>  | <b>£</b>                     | <b>£</b>                     |   |  |
| 18<br>Blocks - Contingency       | £200,000           | To cover small retention at Mary Carpenter, and used to cover one-off investigations and emergencies  | £200,000  | £200,000  | £200,000                     | £200,000                     | provision for one-off investigations and emergency works to blocks.   |  |
| 5<br>External Maintenance        | £3,821,250         | This covers the delivery of 3 schemes not undertaken in previous year plus , £1m for Vincent Close (whilst it hoped to complete it in total this year we have experience of delays) plus a further £2m for 6 new blocks | £3,000,000  | £2,000,000  | £2,000,000                   | £2,000,000                   | For year 2 the £3m is £1m for Vincent plus budget of £2m for 6 blocks. Years 3-5 is a further £2m per year for 6 blocks and to keep on top of 10 year programme   |  |
| 600<br>Major Refurbishments      | £6,550,000         | The blocks listed below make up the budget need for 19/20   | £7,000,000  | £7,900,000  | £4,900,000                   | £3,000,000                   | Year 2 is completion of 19/20 projects, continuation of Eccleston, start of Ropewalk, start of Dove St and continuation of Silcox 3. Year 3 is continuation of Dove St , completion of Eccleston, Ropewalk and Silcox 3 Year 4 is completion of Dove St and provision of £3m for 2 new major refurb. Year 5 is £3m for 2 new major refurb |  |
| 114<br>Blocks - Window Servicing | £150,000           | restart of 5 year programme, based previous experience of 9 blocks per year   | £150,000  | £150,000  | £150,000                     | £150,000                     |   |  |
|                                  | <b>£10,721,250</b> |   | <b>£10,350,000</b>                                | <b>£10,250,000</b>  | <b>£7,250,000</b>            | <b>£5,350,000</b>            |   |  |

| <b>PP - Individual Projects</b>              |            |   |
|--|------------|---|
| Spencer & Norton                             | £1,400,000 | The projects budgets listed here are added together and the total is shown in the <b>Major Refurbishments</b> budget row above. |
| Chalcroft                                    | £100,000   |   |
| Gaywood                                      | £1,200,000 |   |
| Polden                                       | £1,300,000 |   |
| Walwyn                                       | £800,000   |   |
| Eccleston, Silcox plus 3 others (Firebreaks) | £1,750,000 |   |



## Capital Investment Plan

| Planning & Commissioning           | 2019 to 2020 budget | Information on 2019 to 2020 budget setting  | Indicative future budget provision - for information |                       |                       |                       | Information on budgets from Years 2 to 5 in the 5 year plan   |
|------------------------------------|---------------------|---|--|-----------------------|-----------------------|-----------------------|---|
|                                    |                     |   | Year 2 - 2020 to 2021                                | Year 3 - 2021 to 2022 | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 |   |
| <b>Works</b>                       | £                   | <b>Notes</b>  | £  | £                     | £                     | £                     | <b>Notes</b>  |
| Soft Investment                    | £600,000            | Determined in investment review 2016, LHF to become involved. Projects arigin from tenant and housing officer suggestions and | £600,000   | £600,000              | £600,000              | £600,000              | Allocation agreed following 2016 investmenbt review, schemes prioritised and tenants consulted. LHF to become involved. |
| Structural Works to HRA Properties | £500,000            | Reacting to structural problems found in houses and blocks.   | £500,000   | £500,000              | £500,000              | £500,000              | Based on previous year's experience   |
|                                    | <b>£1,100,000</b>   |   | <b>£1,100,000</b>                                    | <b>£1,100,000</b>     | <b>£1,100,000</b>     | <b>£1,100,000</b>     |   |

800  
34

## Capital Investment Plan

| Development & Special Projects (New Build) | 2019 to 2020 budget | Information on 2019 to 2020 budget setting   | Indicative future budget provision - for information |                       |                       |                       | Information on budgets from Years 2 to 5 in the 5 year plan  |
|--|---------------------|--|--|-----------------------|-----------------------|-----------------------|--|
|  |                     |  | Year 2 - 2020 to 2021                                | Year 3 - 2021 to 2022 | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 |  |
| Works                                      | £                   | Notes  | £  | £                     | £                     | £                     | Notes  |
| New Build                                  | £21,042,000         | On going Programme confirmed site Richeson, Broomhill, Alderman, St Peters, Coombe, Kingswear, and Brunel Ford             | £28,376,406  | £41,449,383           | £25,231,126           | £21,238,000           | <p>With the removal of the headroom cap on local authorities, it has meant a larger and quicker development programme is required so the remaining of the phase 4 programme of the continuing New Build Programme delivering a minimum of 60 homes per year, will commence in 2019 and will be included in the future years budget requirements and include, Brentry House, Greville, Branwhite, Oakhanger, Capel, Littlemead, Bonnington, Gaywood and Florence Brown sites. Further or additional sites may also become available during this phase and could replace or add to the phase 4 Programme.</p> <p>Works has also started to identify the next stage of the programme and next round of development sites to ensure a continuation of development in the coming years and new sites.</p> |
| Land Enabling Works                        | £75,000             | Work to prepare and maintain sites and to carry out the necessary feasabitiy assesment to clarify if sites are developable | £75,000  | £75,000               | £75,000               | £75,000               | Budget to carry out any enabling works to prepare and maintian futre new build sites   |
|  | <b>£21,117,000</b>  |  | <b>£28,451,406</b>                                   | <b>£41,524,383</b>    | <b>£25,306,126</b>    | <b>£21,313,000</b>    |  |

36

Page 138

37

## Capital Investment Plan

| Accessible Homes |  | 2019 to 2020 budget | Information on 2019 to 2020 budget setting   | Indicative future budget provision - for information |                       |                       |                       | Information on budgets from Years 2 to 5 in the 5 year plan                |
|------------------|--|---------------------|--|--|-----------------------|-----------------------|-----------------------|--|
|                  |  |                     |  | Year 2 - 2020 to 2021                                | Year 3 - 2021 to 2022 | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 |  |
| Works            |  | £                   | Notes  | £  | £                     | £                     | £                     | Notes  |
| Accessible Homes |  | £2,000,000          | Demand for adaptations has continued to rise and expenditure continues to exceed the allocated budget. The MBUS policy will be reviewed 2019-20 to ensure our offer to disabled tenants provides a choice of options to enable them to remain living independently | £1,854,028   | £1,854,028            | £1,854,028            | £1,854,028            | Capital investment to be reviewed along with the work of the MBUS project. |
|                  |  | <b>£2,000,000</b>   |  | <b>£1,854,028</b>                                    | <b>£1,854,028</b>     | <b>£1,854,028</b>     | <b>£1,854,028</b>     |  |

005

## Capital Investment Plan

| Repairs & Maintenance | 2019 to 2020 budget | Information on 2019 to 2020 budget setting   | Indicative future budget provision - for information |                       |                       |                       | Information on budgets from Years 2 to 5 in the 5 year plan |
|-----------------------|---------------------|--|--|-----------------------|-----------------------|-----------------------|---|
|                       |                     |  | Year 2 - 2020 to 2021                                | Year 3 - 2021 to 2022 | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 |   |
| <b>Works</b>          | £                   | <b>Notes</b>   | £  | £                     | £                     | £                     |   |
| 42 Acquires           | £200,000            | Investment in empty acquired properties to bring back into use and let as TA           | £200,000   | £200,000              | £200,000              | £200,000              | Forward planned need based on current demand.               |
| 43 Kitchens - Relets  | £1,212,228          | To replace kitchens during the relet process, dased on 2018/19 YE forecast at P6       | £1,212,228   | £1,212,228            | £1,212,228            | £1,212,228            | Forward planned need based on current demand.               |
| 44 Rewiring - Relets  | £873,200            | Rewires required before properties can be let. Based on 2018/19 YE forecast at P6.     | £873,200   | £873,200              | £873,200              | £873,200              | Forward planned need based on current demand.               |
| 45 Bathrooms - Relets | £1,236,000          | Bathroom replacements required in empty properties. Based on 2018/19 YE forecast at P6 | £1,236,000   | £1,236,000            | £1,236,000            | £1,236,000            | Forward planned need based on current demand.               |
|                       | <b>£3,521,428</b>   |  | <b>£3,521,428</b>                                    | <b>£3,521,428</b>     | <b>£3,521,428</b>     | <b>£3,521,428</b>     |   |

## Capital Investment Plan

| <b>Asset Management &amp; Review</b> |                 | 2019 to 2020 budget   | Information on 2019 to 2020 budget setting | Indicative future budget provision - for information |                       |                       |       | Information on budgets from Years 2 to 5 in the 5 year plan |
|--------------------------------------|-----------------|---|--|--|-----------------------|-----------------------|-------|---|
| Works                                | £               | Notes   | Year 2 - 2020 to 2021                      | Year 3 - 2021 to 2022                                | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 | Notes |   |
| 47<br>Structural Investigations      | £100,000        | Structural engineer to be appointed, and start investigations on blocks to inform future block options and programmes | £100,000                                   | £100,000   | £100,000              | £100,000              |       |   |
| 48<br>Asbestos Management (Tests)    | £50,000         | Rolling Asbestos Management Surveys   | £50,000                                    | £50,000  | £50,000               | £50,000               |       |   |
|                                      | <b>£150,000</b> |   | <b>£150,000</b>                            | <b>£150,000</b>                                      | <b>£150,000</b>       | <b>£150,000</b>       |       |   |

## Capital Investment Plan

| <b>Other</b>                                     |                   | <b>2019 to 2020 budget</b>   | <b>Information on 2019 to 2020 budget setting</b> | <b>Indicative future budget provision - for information</b> |                              |                              |  | <b>Information on budgets from Years 2 to 5 in the 5 year plan</b> |
|--|-------------------|--|---|---|------------------------------|------------------------------|--|--|
| <b>Works</b>                                     | <b>£</b>          | <b>Notes</b>   | <b>Year 2 - 2020 to 2021</b>                      | <b>Year 3 - 2021 to 2022</b>                                | <b>Year 4 - 2022 to 2023</b> | <b>Year 5 - 2023 to 2024</b> | <b>Notes</b>   |  |
| 49<br>Disposal Costs - Housing Property Services | £25,000           | Cover fees for consultants / valuations  | £25,000   | £25,000   | £25,000                      | £25,000                      | Cover fees for consultants / valuations  |  |
| 128<br>New Housing ICT system                    | £900,000          | Phase 2 investment in housing IT system improvements   |   |   |                              |                              |  |  |
| 127<br>Sandy Park Depot Improvement Projects     | £100,000          | Business case to move the joinery shop to Sandy Park depot. Depot improvement projects, revenue savings, income generation and GF capital receipt. | £400,000  | £200,000  |                              |                              | Business case to move the joinery shop to Sandy Park depot. Depot improvement projects, revenue savings, income generation and GF capital receipt. |  |
|  | <b>£1,025,000</b> |  | <b>£425,000</b>                                   | <b>£225,000</b>   | <b>£25,000</b>               | <b>£25,000</b>               |  |  |

## Capital Investment Plan

| Salaries  |                   | 2019 to 2020 budget   | Information on 2019 to 2020 budget setting | Indicative future budget provision - for information |                       |                       |       | Information on budgets from Years 2 to 5 in the 5 year plan |
|---|-------------------|---|--|--|-----------------------|-----------------------|-------|---|
| Works   | £                 | Notes   | Year 2 - 2020 to 2021                      | Year 3 - 2021 to 2022                                | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 | Notes |   |
| 51<br>Staffing Allocation - Planned Programme   | £1,883,452        | Based on more robust staff time allocations to capital programmes         | £1,883,453                                 | £1,883,452   | £1,885,454            | £1,881,451            |       |   |
| 52<br>Staffing Allocation - SP&G                | £664,370          | Based on staff costs of the New Build team                                | £664,370                                   | £664,370   | £664,370              | £664,370              |       |   |
| 53<br>Staffing Allocation - Disabled Facilities | £387,242          | Based on staff costs of the adaptations team tiem spent on capital works. | £387,242                                   | £387,242   | £387,242              | £387,242              |       |   |
|   | <b>£2,935,064</b> |   | <b>£2,935,065</b>                          | <b>£2,935,064</b>                                    | <b>£2,937,066</b>     | <b>£2,933,063</b>     |       |   |

## Revenue Investment Plan

| Planned & Cyclical         | 2019 to 2020 budget | Information on 2019 to 2020 budget setting  | Indicative future budget provision - for information |                       |                       |                       | Information on budgets from Years 2 to 5 in the 5 year plan   |
|----------------------------|---------------------|---|--|-----------------------|-----------------------|-----------------------|---|
|                            |                     |   | Year 2 - 2020 to 2021                                | Year 3 - 2021 to 2022 | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 |   |
| Works                      | £                   | Notes   | £  | £                     | £                     | £                     | Notes   |
| Paint Programme - External | £3,117,450          | 2333 units/properties on the 18/19 programme..... 955 houses @est ave 1.5K each = 1,432,500 ---- 756 housetype flats @ est ave 1.2K each = 907,200 ---- 533 units in 3 storey flats @ est ave 1.K = 533,000 ---- Tendered Ext Maint Lot 3 works - 48 units at Hillsborough, 24 units at Greenditch, 9 units at Brentry Lodge, 8 units at Derham Rd, all est @ 2.75K each = 244,750                      | £3,546,000   | £3,546,000            | £3,546,000            | £3,546,000            | There are 23641 dwellings on the External Maintenance Cyclical Programme for 4 Storey & below. The annual programme would be based on 10% of that so an estimated 2364 will therefore be required each year. The forecast is based on that at an average of 1.5K per property. All subject to condition surveys carried out 9 months prior to programme. The average could change when the Framework gets renewed and will then reflect the current market rate. Risk to that is the rate could increase therefore requiring more budget to carry out the same number of dwellings. |
| Internal Painting          | £450,000            | Programme to be reviewed. Budget request based on 30 year Inv Plan.   | £450,000   | £450,000              | £450,000              | £450,000              | Programme to be reviewed. Budget request based on 30 year Inv Plan.   |
| Assisted Decorations       | £38,450             | as 18/19 budget & the 30 year investment plan annual figure.  | £38,700  | £38,700               | £38,700               | £38,700               | Forecast based on 90 properties per year at an average cost of £430 (based on current average per job issued in 2018)   |
| Fire Safety Works          | £1,965,308          | Budget based on 2019/20 Compartmentation Prog at est £1,107,500 , 827 Flat Fire Doors@ £454 ea, 560 Communal Doors @ £485ea, 450 Frames @ £135 ea and £390,000 estimated direct team fitting labour costs. Compartmentation Works will require tendering to accredited Contractors who can certify the works. Outcomes of independant checks & grenfell enquiry may require addl spend to this request. | £1,743,032   | £1,675,032            | £1,737,032            | £1,700,032            | 2020 - 2024 requests based on the Phase 2 works programme for Compartmentation & Fire Doors with estimated costs for works & number of doors required each year as follows- est 807 Flat Doors @ ave cost of £476 ea, est 500 Communal Doors @ ave cost of £509 & est 400 Frames @ ave cost of £141 ea, plus direct labour fitting costs est 390K, all of which will be subject to site survey to identify the actual required works. Outcomes of independant checks & grenfell enquiry may require changes to these requests..   |
|                            | <b>£5,571,208</b>   |   | <b>£5,777,732</b>                                    | <b>£5,709,732</b>     | <b>£5,771,732</b>     | <b>£5,734,732</b>     |   |

54  
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56  
57



## Revenue Investment Plan

| M&E / Heating |                                | 2019 to 2020 budget | Information on 2019 to 2020 budget setting   | Indicative future budget provision - for information |                       |                       |   |  |
|---------------|--------------------------------|---------------------|--|--|-----------------------|-----------------------|---|--|
| Works         | £                              | Notes               | Year 2 - 2020 to 2021  | Year 3 - 2021 to 2022                                | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 | Information on budgets from Years 2 to 5 in the 5 year plan |  |
|               |                                |                     | £  | £  | £                     | £                     | Notes   |  |
| 58            | Gas Servicing                  | £1,594,382          | In House 2% payrise-Increased in line with this. Project to review in house team cost allocations to impact 20.21 onwards.                                       | £1,600,000   | £1,600,000            | £1,600,000            | £1,600,000  | £1.6m a year for four years  |
| 60            | Electrical Safety Testing      | £530,000            | 1200 tests a year based on £250 per test. Also internal workforce costs based on 16/17 @ £230,000.   | £530,000   | £530,000              | £530,000              | £530,000  | £530,000per year for four years  |
| 61            | Smoke Vents                    | £15,000             | Existing Contract expires 08/06/2020. Current Contract value £11,000 a year. There are some repairs to consider and new sites will be adopted into the contract. | £15,000  | £15,000               | £15,000               | £15,000   | £15,000 per year for four years  |
| 62            | Heat Management                | £654,508            | Four yearcontract started 31/07/18.  | £654,508   | £654,508              | £654,508              | £687,233  | Inflation after 4 years impacting 5th year based on indices, Small cost increase for sites not included in original tender |
| 63            | Electrical Maintenance         | £470,701            | In House 2% payrise, project to review internal cost reallocations from trade teams.   | £470,000   | £470,000              | £470,000              | £470,000  | £470,000 per year over four years  |
| 64            | Lifts                          | £365,000            | New contract to start 01/11/18. Competitive procurement sees large savings and investment in monitoring system, saving approximately 60,000 per year             | £365,000   | £365,000              | £365,000              | £365,000  | £365,000 per year for four years   |
| 65            | Central Call                   | £80,000             | Sites being decomissioned and will be removed from contract. Savings will increase over the next 2 years   | £40,000  | £40,000               | £40,000               | £40,000   | £40,000 per year for four years  |
| 66            | Door Entry                     | £13,904             | New Contract Started 01/08/18. Four maintenance visits per year. Savings made on last contract.  | £13,904  | £13,904               | £13,904               | £13,904   | £3,904 per year for four years   |
| 67            | Fire Equipment                 | £15,000             | Servicing fire extinguishers, fire blankets and fire exit safety signs   | £15,000  | £15,000               | £15,000               | £15,000   | £15,000 per year for four years  |
| 68            | Fire Alarm Testing             | £76,073             | Fire alarm servicing/testing. Contract expires 08/06/19  | £76,073  | £76,073               | £76,073               | £76,073   | 5% indices built in per year as contract expiring next year  |
| 69            | TV Aerials                     | £80,000             | New contract started 31/07/18. More competitive, savings should be £20,000 per year  | £80,000  | £80,000               | £80,000               | £80,000   | £80,000 per year for four years  |
| 123           | Brunata Maintenance            | £10,000             | General repairs to various sites throughout the city.  | £10,000  | £10,000               | £10,000               | £10,000   | £10,000 per year for general repairs   |
| 70            | M&E Response Repairs - General | £580,000            | Capital improvements to stock has reduced maintenance costs in heat management contract. Also reduced spend due to Dry Riser thefts have ceased.                 | £580,000   | £580,000              | £580,000              | £580,000  | £580,000 per year for four years   |
|               |                                | <b>£4,484,569</b>   |  | <b>£4,449,485</b>                                    | <b>£4,449,485</b>     | <b>£4,449,485</b>     | <b>£4,482,210</b>   |  |

Revenue Investment Plan

| Repairs & Maintenance |                    |   | Indicative future budget provision - for information |  |                       |                       |  |
|-----------------------|--------------------|---|--|--|-----------------------|-----------------------|--|
|                       |                    |   | 2019 to 2020 budget                                  | Information on 2019 to 2020 budget setting | Year 2 - 2020 to 2021 | Year 3 - 2021 to 2022 | Year 4 - 2022 to 2023  |
| Works                 | £                  | Notes   | £  | £  | £                     | £                     | Notes  |
| Response Repairs      | £10,353,308        | Increases on external spend forecast for materials & new drainage contract. Internal costs likely to have significant change once reviewed by corporate finance. We are only forecasting £8.6m spend for 18/19 but this is predominantly down to our new principle external contractor completing an extremely low volume of work. In 16/17 we spent £10.6m and would have spent close to £10m in 17/18 but for the implementation of the new external contract in December 17. | £10,353,308  | £10,353,308                                | £10,353,308           | £10,353,308           | This is a demand led service and forward planning based on previous years demand |
| Relets Repairs        | £9,048,739         | Increases on external spend forecast for materials & new drainage contract. Internal costs likely to have significant change once reviewed by corporate finance.  | £9,048,739   | £9,048,739                                 | £9,048,739            | £9,048,739            | This is a demand led service and forward planning based on previous years demand |
| Handy Persons scheme  | £108,000           | Based on contract remaining at the same level. Actually being managed by John Long and should really move to PP   | £108,000   | £108,000                                   | £108,000              | £108,000              | This is a demand led service and forward planning based on previous years demand |
|                       | <b>£19,510,047</b> |   | <b>£19,510,047</b>                                   | <b>£19,510,047</b>                         | <b>£19,510,047</b>    | <b>£19,510,047</b>    |  |

71

72

73

Page 146

Revenue Investment Plan

| Other                           | 2019 to 2020 budget | Information on 2019 to 2020 budget setting   | Indicative future budget provision - for information |                       |                       |                       | Information on budgets from Years 2 to 5 in the 5 year plan                            |
|---------------------------------|---------------------|--|--|-----------------------|-----------------------|-----------------------|--|
|                                 |                     |  | Year 2 - 2020 to 2021                                | Year 3 - 2021 to 2022 | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 |  |
| Works                           |                     | Notes  | £  | £                     | £                     | £                     | Notes  |
| 74 Assisted Gardens             | £85,000             | Based on current provider quarterly costs.   | £85,000  | £85,000               | £85,000               | £85,000               | Review requirements ready to procure new contract, this may impact future year's spend |
| 75 Caretaking Repairs           | £41,000             | minor works to sites to assist the caretaking service  | £41,000  | £41,000               | £41,000               | £41,000               | Based on previous need.  |
| 76 Disabled Adaptations Repairs | £500,000            | Based on existing demand (demand led repairs service for existing adaptations  | £500,000   | £500,000              | £500,000              | £500,000              | This is a demand led service and forward planning based on previous years demand       |
| 700 Estate Management           | £450,000            | one off costs to support estate management activity, e.g. clearances, fencing, deep cleaning, day to day emergencies / | £450,000   | £450,000              | £450,000              | £450,000              | based on existing demand   |
|                                 | <b>£1,076,000</b>   |  | <b>£1,076,000</b>                                    | <b>£1,076,000</b>     | <b>£1,076,000</b>     | <b>£1,076,000</b>     |  |

Revenue Investment Plan

| Charges                               | 2019 to 2020 budget | Information on 2019 to 2020 budget setting   | Indicative future budget provision - for information |                       |                       |                       |   |
|---------------------------------------|---------------------|--|--|-----------------------|-----------------------|-----------------------|---|
|                                       |                     |  | Year 2 - 2020 to 2021                                | Year 3 - 2021 to 2022 | Year 4 - 2022 to 2023 | Year 5 - 2023 to 2024 | Information on budgets from Years 2 to 5 in the 5 year plan |
| Works                                 | £                   | Notes  | £  | £                     | £                     | £                     | Notes   |
| 78 Charges - Construction procurement | £106,000            | agreed SLA plus 2% inflation for staff costs   | £106,000   | £106,000              | £106,000              | £106,000              |   |
| 80 Charges - Response & Relets        | £287,825            | This charge has been maintained at the same level as 2018/19 and reflects a broadly similar level of programme. The charge will be | £287,825   | £287,825              | £287,825              | £287,825              |   |
| 18 Charges - Leaseholder income       | -£421,603           | This charge has been maintained at the same level as 2018/19 and reflects a broadly similar level of programme. The charge will be | -£421,603  | -£421,603             | -£421,603             | -£421,603             |   |
|                                       | <b>-£27,778</b>     |  | <b>-£27,778</b>                                      | <b>-£27,778</b>       | <b>-£27,778</b>       | <b>-£27,778</b>       |   |

## The 2019/20 Proposed Housing Revenue Account Budget

The main income and spend types in the HRA are:

| Income                     | Spending                      |
|----------------------------|-------------------------------|
| • Gross Rent               | • Capital investment in homes |
| • Service charges          | • Revenue repairs to homes    |
| • (Rent loss on Voids)     | • Management & Service costs  |
| • Useable Capital receipts | • Debt costs                  |
| • Other revenue income     | • Bad debts                   |

The assumptions and resulting figures for the 2019/20 budget are set out below:

### 1a. Income

**Gross rent:** The forecast rental income for 2019/20 is £113.318m, based on the following key factors:

- a. The requirement to reduce social rents by 1% per annum for the four year period from 2016/17 to 2019/20 (Government policy effective from 2016)
- b. The average rent 2019/20 would be £78.70, there are 53 rent weeks in 2019/20
- c. An average stock figure, excluding leaseholders, in 2019/20 of 27,166 (this factors in expected right to buy sales of 180 properties per year, and new build completions of 37 2018/19, and 79 in 2019/20).

The 30yr Business Plan assumes that after 2020 rent increases will return to CPI +1%.

**Service charges:** Service charge income can only cover costs, not exceed them, so service charges generally rise in line with cost increases. Forecast services charge income for 2019/20 is £8.5m, based on service costs increasing by:

- d. the agreed BCC staff salary increase of 2%; and
- e. the expected increase in utilities costs of 33%, which will mean a 5% increase in the prepayment for tenants who pay heating charges. )

**Voids:** The proposal for the 2019/20 budget is to increase the standard of work completed on void properties, and maintain the 18/19 budget for the associated rent loss of £1.5m. This budget represents 1.36% of gross rental income.

**Capital receipts:** These are from the sale of council homes under the Right to Buy (RTB) to sitting tenants at a discount. Sales for 2019/20 are forecast to be 180, with an average sale price after discount of £97k. The receipts will be reinvested to build new council homes, enabling a greater percentage to be retained.

Total RTB receipts forecast to be received in 2019/20 are £16.9m with £2.1m to be repaid to government, leaving £14.8m useable receipts (£10.9m 'additional 1-4-1' and £3.9m 'normal' RTB receipts).

The forecast for useable receipts to be applied to fund the 2019/20 capital programme is **£4.5m** of 'additional 1-4-1 receipts', used to fund 30% of the eligible costs from the new build programme in

2019/20. The remaining receipts will be added to balances and carried forward to help support the capital programme in future years.

In 2018 Government removed the HRA borrowing cap (a Government-set limit determining how much money could be borrowed). With the removal of the headroom cap on local authorities, it has meant a larger and quicker development programme can be enabled. As part of determining the Council's capital financing requirement for 2019/20 and later years the HRA has added the requirement for an additional £43m borrowing to finance the next phase of its new build programme. For 2019/20 new homes will be financed by a mix of an extra £4.8m in borrowing and previously committed HRA funding, including RTB receipts.

**Other revenue income:** This consists of charges for other assets, including garages and shops, and interest on balances.

Interest on balances is calculated using the consolidated interest rate the council receives (which is currently at 1% for 2019/20) applied to the average level of balances forecast for 2019/20 resulting in a budget of **£1.4m**

Other income from commercial leases, shop rents, ground rents, garages etc. have been left as per 2018/19 pending further review.

The total budget for other income in 2019/20 is therefore **£2.5m**

A commercial review of non-dwelling assets is planned for 2020 to ensure non-dwelling assets are effectively utilised and income is maximised.

## **1b. Expenditure**

### **Capital & Revenue repairs:**

The detail of these budgets can be found in the Housing Investment Plan or H.I.P. (formerly known as the CRIP).

The total **Capital** (i.e. major investment that improves homes) investment in new and existing homes = **£51.8m**.

Total **revenue** repairs and maintenance = **£30.6m**.

For accounting purposes funding capital investment is split into two broad categories, **depreciation** and **other**. Depreciation is an accountancy term and is the calculated level of basic re-investment needed to keep homes in reasonable repair (calculated using lifecycles / element costs as per our investment planning approach). This sets the minimum level of revenue funding to capital investment in homes that must be applied in that year (or set aside in a separate reserve account to be invested in homes in the future). Depreciation is shown as an expenditure item in revenue, and an income item in capital and the figure for 2018/19 is **£25.6m**.

**Management and service costs:** The budget structure splits these costs into two sections, management costs which are direct overheads to the HRA (including recharges) and service costs which are rechargeable to tenants. Budget proposal for 2019/20 is **Management costs: £29.538m, Service costs £9.16m**

**Debts costs:** These are the forecast for interest payments on the £249m debt on the HRA, (including the new borrowing) these generally relate to long-term loans on fixed rate interest charges. The budget for debt costs in 2019/20 is **£11.5m**.

**Bad debts:** This figure is not the level of arrears, but is rather the amount of money set aside to cover bad debts (i.e. older former or current tenants' arrears that are not collectable). The bad debts

figure of £2.9m represents **2.6%** of gross rent and is higher than performance in previous years. This reflects the initial likely impact of welfare benefit reforms – as c.70% of tenants are in receipts of housing benefit. This figure is a high risk factor and will need to be monitored closely. The budget for bad debts 2018/19 is **£2.9m**.

**Other:** Other costs of **£1.8m** include other rents and rates and council tax payments on void properties

**ICT systems:** Developing and improving housing ICT systems, including significant systems update, improved digital offer and mobile working options.

## 2. Resulting budget 2019/20

Table 1: 2019/20 Budget

| <b>Income Revenue</b>                             | <b>£m</b>    | <b>Revenue Spending</b>                  | <b>£m</b>    |
|---|--------------|--|--------------|
| Gross Rent  | 113.3        | Revenue repairs                          | 30.6         |
| Voids   | (1.5)        | Management costs                         | 29.6         |
| Net Service charges                               | 8.5          | Service costs                            | 9.1          |
| Other revenue income                              | 2.5          | Debt costs                               | 11.6         |
|   |              | Bad debts                                | 2.9          |
|   |              | Other                                    | 1.8          |
|   |              | Depreciation                             | 25.6         |
|   |              | Other revenue financing of capital       | 11.6         |
| <b>Revenue Income Total</b>                       | <b>122.8</b> | <b>Revenue Spend Total</b>               | <b>122.8</b> |
| <b>Revenue (Deficit) funded from HRA Balances</b> |              |  | <b>-</b>     |
| <b>Income Capital</b>                             |              |  |              |
|   |              | <b>Capital spending</b>                  |              |
| Depreciation                                      | 25.6         | Capital investment                       | 29.9         |
| Other revenue financing of capital                | 11.6         | New Build                                | 21.0         |
| Useable 141 Capital receipts                      | 4.5          | ICT systems development and improvements | 0.9          |
| Normal RTB Receipts                               | 5.3          |  |              |
| New Borrowing                                     | 4.8          |  |              |
| <b>Capital Income Total</b>                       | <b>51.8</b>  | <b>Capital Spend Total</b>               | <b>51.8</b>  |

### 3. Medium Term Financial Plan

Table 2: Revenue 5 year budget

| 2018/19          | HRA Revenue Budget                 | 2019/20          | 2020/21          | 2021/22          | 2022/23          | 2023/24          |
|------------------|------------------------------------|------------------|------------------|------------------|------------------|------------------|
|                  |                                    | £'000            | £'000            | £'000            | £'000            | £'000            |
|                  | <b>Income</b>                      |                  |                  |                  |                  |                  |
| (111,439)        | Gross Rent                         | (113,318)        | (114,674)        | (118,236)        | (121,966)        | (125,356)        |
| 1,504            | Voids                              | 1,504            | 1,525            | 1,573            | 1,622            | 1,667            |
| (8,214)          | Net Service charges                | (8,502)          | (8,327)          | (8,409)          | (8,492)          | (8,575)          |
| (1,762)          | Other revenue income               | (2,463)          | (2,565)          | (3,019)          | (3,105)          | (3,456)          |
| <b>(119,910)</b> | <b>Total Income</b>                | <b>(122,779)</b> | <b>(124,041)</b> | <b>(128,091)</b> | <b>(131,941)</b> | <b>(135,720)</b> |
|                  | <b>Expenditure</b>                 |                  |                  |                  |                  |                  |
| 32,092           | Revenue repairs                    | 30,614           | 30,785           | 30,717           | 30,779           | 30,775           |
| 27,408           | Management costs                   | 29,538           | 29,834           | 30,132           | 30,435           | 30,737           |
| 8,555            | Service costs                      | 9,101            | 9,192            | 9,284            | 9,377            | 9,470            |
| 11,203           | Debt costs                         | 11,543           | 11,741           | 12,044           | 12,034           | 11,976           |
| 2,936            | Bad debts                          | 2,936            | 3,474            | 3,554            | 3,636            | 3,718            |
| 1,874            | Other                              | 1,800            | 1,836            | 1,873            | 1,911            | 1,949            |
| 24,641           | Depreciation                       | 25,630           | 26,322           | 27,085           | 27,742           | 28,583           |
| 11,200           | Other revenue financing of capital | 11,617           | 9,545            | 13,402           | 16,027           | 14,842           |
| -                | Transfer to Reserve                | -                | 1,312            | -                | -                | 3,670            |
| <b>119,910</b>   | <b>Total Expenditure</b>           | <b>122,779</b>   | <b>124,041</b>   | <b>128,091</b>   | <b>131,941</b>   | <b>135,720</b>   |
| -                | <b>Total HRA Balances</b>          | -                | -                | -                | -                | -                |



Table 3: Capital 5 year Summary &amp; Financing

| 2018/19       | HRA Capital Budget              | 2019/20       | 2020/21       | 2021/22       | 2022/23       | 2023/24       |
|---------------|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| £'000         |                                 | £'000         | £'000         | £'000         | £'000         | £'000         |
|               | <b>Investment</b>               |               |               |               |               |               |
| 27,369        | Capital Programme               | 29,890        | 30,627        | 31,272        | 27,997        | 26,063        |
| 12,175        | New Build                       | 21,042        | 28,376        | 41,449        | 25,231        | 21,238        |
| -             | ICT                             | 900           | -             | -             | -             | -             |
| <b>39,544</b> | <b>Total Capital Investment</b> | <b>51,832</b> | <b>59,003</b> | <b>72,721</b> | <b>53,228</b> | <b>47,301</b> |
|               |                                 |               |               |               |               |               |
|               | <b>Financing</b>                |               |               |               |               |               |
|               | Usable RTB 141 Receipts         | 4,513         | 7,841         | 8,122         | 3,672         | 3,876         |
| 25,000        | Depreciation                    | 25,630        | 26,322        | 27,085        | 27,742        | 28,583        |
| 11,000        | Other Revenue Funding           | 11,617        | 9,545         | 13,402        | 16,027        | 14,842        |
| -             | New Borrowing                   | 4,818         | 15,295        | 22,974        | -             | -             |
| 3,544         | Other Capital Receipts          | 5,254         | -             | 1,138         | 5,787         | -             |
| <b>39,544</b> | <b>Total Capital Financing</b>  | <b>51,832</b> | <b>59,003</b> | <b>72,721</b> | <b>53,228</b> | <b>47,301</b> |

#### 4. Business Plan

The business plan has been updated to reflect the 2019/20 draft budget figures as year 1. The impact of the various proposals has meant that the capital programme is now only fully funded throughout the life of the Business Plan; further work is being carried out to refine the assumptions.

## Housing Investment Plan (HIP) – 2019/20

**See also HIP spreadsheet appendix A3**

### **Introduction**

This report and the accompanying appendix sets out the capital and revenue budget for investment in our homes for 2019/20, and includes a view of the requirement over the following 4 years for information. There is also a list of key procurement projects that will be needed to deliver the programme.

Assumptions are held in the HRA Business Plan (in the 30 year HIP) around future investment requirements to meet the replacement dates and condition needs of our homes. The repair and improvement of existing homes is planned using comprehensive house condition and energy performance data, building element life-cycles and accurate costings. Investment planning aims to ensure repairs and replacement of key building elements is undertaken in a timely way so homes continue to meet the government's Decent Homes Standard. (currently more than 95% of our homes meet this standard). The plan also focusses spend on tenants' priorities such as affordable warmth, kitchens, and health and safety.

#### **Key points to note:**

1] This programme is entirely funded from the ring fenced HRA, and will from now on show a rolling 5 year outlook based on stock condition and planned projects. The budget proposal for the coming year, is for delivery of this ongoing investment plan. Each year this report will bring the new five year rolling programme.

2] We are reviewing our budget assumptions within the HRA 30 year HIP for future investment needs and contingencies. We will also be doing more proactive structural assessments of our blocks and assessing asset performance, appraising options to inform future investment and estate regeneration priorities. Our active asset management approach will also include evidence based modelling to assess the performance of our assets (turnover, lettable, meeting current and future housing need, investment needs and opportunities for development). We will assess the best use of non-housing assets for housing development, generating an income for housing, or meeting other local community needs.

3] Our approach to delivery of the rolling programme needs to change to ensure we are able to flexibly resource, plan, and respond to challenges that often prevent timely delivery (leading to underspends). The requirements for this are:

- Delivery focussed on using in-house construction surveying and engineering skilled staff resources, with a single delegated authority and flexibility to recruit within HRA budget, and to resource and skill the teams as required, including increasing internal workforce where this is within the approved budgets.

- To support this with authority for using external architectural, design, consultant surveying and agency staff.
- A single approval to the procurement programme by CPG (this will be compliant with procurement regulations and the Council's procurement regulations and delegated authorities).
- A clear consistent and agile procurement and legal support service that enables a more robust approach to procurement outcomes with contractors delivering good value and service to our tenants.

4) New Build Programme: This is a rolling programme with each of the project duration running over different financial years, The budget for 2019/20 covers phase 3 of the programme, which includes the completion of Richeson Close, Broomhill EPH, Guildford Road, Monsdale Close, the start of the Alderman Construction phase £21m over the period 2019 – 2021 and will see 53 new council homes and 80 market sale new homes built, and we are due to receive a income for the sale of the market homes of £18m and the commencement of Phase 4 of the programme at St Peters, Coombe, Oakhanger, Capel, Littlemead and Brunel Ford

With the removal of the borrowing cap on local authorities, it has meant a larger and quicker development programme can be enabled. Phase 4 of the programme of the continuing New Build Programme, will commence in 2019 and will be included in the future years budget requirements and include, Brentry House, Greville, Branwhite, Kingswear Road , Bonnington Walk, Gaywood House and Florence Brown sites. Further or additional sites may also become available during this phase and could replace or add to the phase 4 Programme.

### **2019/2020 budget**

| Capital / Revenue | 2018/2019 Budget   | 2019/2020 HIP assumptions | 2019 / 2020 Budget |
|-------------------|--------------------|---------------------------|--------------------|
| Capital           | £39,544,000        | £61,667,747               | £51,832,242        |
| Revenue           | £32,092,199        | £33,035,877               | £30,614,046        |
| <b>Total</b>      | <b>£71,636,199</b> | <b>£94,703,474</b>        | <b>£82,446,288</b> |

### **Procurement Summary – 2019/2020**

Much of the Capital and Revenue investment programme is via our in house workforce or existing contracts and frameworks previously approved. Over the coming years some will expire or new contracts will need to be procured to continue to deliver the works programmes arising from the agreed CRIP. The table below provides a summary of the required main procurement activity during the year. The request is for Cabinet to delegate authority to the Service Director to approve these procurement projects as they are prepared to go to tender, and in line with the Councils approval process via CPG and delegated levels of authority. The reports for approval will include costs and timescales, and an Equalities Impact Assessment and ECO assessment will be undertaken and included for each major procurement project.

## **Principles of Housing Repairs and Maintenance procurement and delivery strategy**

1. Co-ordinating works that go together; and sequencing works to prevent waste and disruption
2. Reviewing / standardising product and material specifications based on good practice, market engagement, tenant engagement and lessons learned, - and to prevent maintenance costs ( reducing spares on vans, van sizes, travelling to stores).
3. strategic decision-making around supply and fit verses labour only contracts with materials purchased directly where this can bring savings and standardisation
4. Best use of in-house workforce, supported by external contractors
5. Strategic advantage optimised around when to use internal workforce alongside external contractors for the same works programmes.
6. Good customer standards built into contracts and for the internal teams
7. Strategy to mitigate risk of contractors entering administration
8. Maximising opportunities for Social value contributions
9. Governance of our approach through Project Boards and the planned programme portfolio board.

### Value for money will be achieved by:

- a. Selecting appropriate procurement route to ensure competent contractors can apply and are selected, and the length of contract to ensure contractor commitment and a competitive price.
- b. Using fit for purpose contract documentation prepared with legal services.
- c. Involving tenants in setting standards of customer care and in contractor selection process as an advisory panel
- d. Nominated contract managers accountable for managing the quality and delivery of the contract once let, and engaging tenants in core group meetings.
- e. Select contractors who will have the resources and appropriately skilled workforce to undertake the works, supporting our aims of right first time and increasing customer satisfaction

Opportunities will be proactively explored for each contract type to include for the provision of apprentices working in partnership with On-Site Bristol, where possible. The Council will encourage the successful contractors to use local labour, social value being part of the quality assessment process.

The procurement approach for each programme will follow the council's agreed Procurement approval processes including reporting to Commissioning and Procurement Group (CPG).

| Budget / Service                  | Duration  | Estimated Annual contract sum | Notes  |
|-----------------------------------|---|-------------------------------|--|
| <b>Response Repairs contracts</b> |   |                               |  |
| Scaffolding                       | 4 years   | £100,000                      | Void and response maintenance have a requirement for internal teams to use scaffolds and surveyors to carry out investigation works .  |
| <b>M&amp;E contracts</b>          |   |                               |  |
| Communal Rewiring                 | 2019/2020   | £450,000                      | Redwood and Willow House Rewires   |
| Domestic Testing                  | 5 years   | £300,000                      | 1200 tests a year  |
| Fire Alarm Testing                | 5 years   | £78,950                       | Expires June 2020. Procurement process to start 19/20  |
| Smoke Vents Servicing & Maint     | 5 years   | £13,000                       | Expires June 2020. Procurement process to start 19/20  |
| TV Maint                          | 2 years   | £65,000                       | Expires July 2020. Procurement process to start 19/20  |
| Lift Refurbishment                | 2019/2020   | £990,000                      | Winterstoke, Whitemead and Southbow House. This will be via open tender as a single project. Lifts are at end of life requiring replacement. They are hard to maintain and find replacement parts for.   |
| Underground Mains                 | 2019/2020   | £70,000                       | Callington Road underground water mains  |
| Boiler and Plant                  | 2019/2020   | £75,000                       | Winterstoke House Boilers  |
| Boiler and Plant                  | 2019/2020   | £40,000                       | Patterson HWS cylinders  |
| Door Entry, Access                | 2019/2020   | £90,000                       | Barton Hill sites, Gate reversals to due vandalism   |
| Laundry refurbishment             | 2019/2020   | £200,000                      | Juniper Court, The Brambles, Jim O Neil House, Hilton Court, Arncliffe, Moorgrove House, Henacre Road, Playford Gardens, Henbury Court, Rossitor Wood Court  |
| Sprinkler Pilot                   | 2019/2020   | £300,000                      | Individual flats and / or whole block sprinkler system pilot   |
| <b>Planned Programmes</b>         |   |                               |  |
| Fire Safety Works –               | 1 Year programme via individual tenders, (internal workforce installing fire doors made by joinery shop). | 957,500                       | Compartmentation works to 998 Flats within low rise blocks at Carrick Hs, Hillsborough, Clifton Vale Close, Wellington Terrace, Downview Flats, Priors Hill, Gatcombe, Hareclive, Acresbush, Cornleaze, Greenditch, Burlington Ct, Cotham Rd, Trinity Lodge, Aberdeen Rd, Henbury Ct, Vincent Cl, Rossiter Wood, Westcott, Whartons, Adams Hay, Overton, Brocks, Ledbury Rd, Staple Hill, Malago Rd.<br>Tenders to FIRAS accredited companies who can certify works. |
| Insulation Works                  | 1 Year extension option to be   | £149,500                      | 1 Year extension option to be requested for the CWI & LI Framework, with view to commence work on new framework 2019 to  |

| Budget / Service   | Duration   | Estimated Annual contract sum | Notes   |
|--|--|-------------------------------|---|
|  | requested for the CWI & LI Framework, with view to commence work on new framework 2019 to commence 2020                      |                               | commence 2020   |
| Roof Replacement   | 3 + 1  | £1,200,000                    | Pitched Roof Framework expires 2020. Therefore either an extension will be requested or work commence to set up a procurement exercise in 2019 to renew in readiness for 2020   |
| Cyclical External maintenance (houses and low rise blocks) | 1 year extension option to current framework with view to commence work on a new 4 year Framework during 2019 to start 2020. | £3,471,300                    | 2208 units/properties on the 18/19 programme<br>955 houses @ est ave 1.5K each = £1,432,500<br>756 housetype flats @ est ave 1.2K each = £907,200<br>533 units in 3 storey flats @ est ave 1.K = £533,000<br>Mini Tender for works at Hillsborough Flats, Apsley Rd, Greenditch Ave, Brentry Lodge & Derham Rd. Combined Works To Be Tendered Under Lot 3 Of Ext Maint Framework 89 dwellings @ est 2.75K each = £244,750 |
| <b>Works to blocks</b>                                     |  |                               |   |
| Block Refurbishment - Framework                            | 3 to 4 years   | £5m to £7m                    | To cover works to all high rise blocks against the ten year maintenance and refurbishment programme. (below projects are tendered individually until the framework is in place).  |
| Ext Maint & Repairs (via open tenders)                     | Tendered via existing frameworks, or open tenders. Each project lasts 3 to 6 months on average                               | £3,821,250                    | Planned works to blocks –<br>Callington Road blocks – Brocks, Overton, Wharton, Adams Hay, Bowmead, Canynge House, Vincent Close, Tyndall House, Haviland House, Carrick House, Langton House, Roegate, John Cozens<br><i>Other blocks may be substituted as priorities emerge</i>  |
| Major Refurbishments                                       | Projects last 6 months to 2 years each. Each tendered individually or in   | £6,750,000                    | Priority blocks at this stage..<br>Spencer & Norton<br>Chalcroft<br>Gaywood<br>Polden<br>Walwyn<br>Eccleston  |

| Budget / Service | Duration                                    | Estimated Annual contract sum            | Notes  |
|------------------|---|--|--|
|                  | batches.                                    |  | Hayleigh, Middleford, Millmead Butler, Castlegate, Moorfields<br>Other blocks may be substituted as priorities emerge , particularly blocks requiring cladding repairs in relation to fire safety  |
| Window Servicing | 4 years                                     | £150,000                                 | 5 year programme completed in 18/19 and needs to restart in 19/20. Generally 9 blocks per year.  |
| <b>New Build</b> |   |  |  |
| New builds       | Various<br>(Normally 1-3 years in duration) | Various (all estimated to be over £500k) | <p>Priority sites for phase 4 of the rolling new build programme are –</p> <p>St Peters EPH(estimated value £5m for 32 new council homes),</p> <p>Florence Brown(estimated value £12m for 32 new council homes and 32 private sale homes, which will produce an income to the HRA estimated at £8m),</p> <p>Conversion Projects (These are small one off project at around £15 – 25k each and there are 50 proposed over next 4 years),</p> <p>Coombe EPH (estimated value £2.8m for 16 new council homes),</p> <p>Greville EPH (estimated value £6m for 32 new council homes),</p> <p>Brentry EPH (estimated value £7m for 37 new council homes),</p> <p>Brunel Ford Site, Horfield(estimated value £4m for 23 new council homes),</p> <p>Kingswear (estimated value £9m for 24 new council homes and 24 private sale homes, which will produce an income to the HRA estimated at £5.5m),,</p> <p>Capel Rd site/ Oakhanger and Littlemead sites in Lawrence Weston(estimated value £9.5m for 53 new council homes),</p> <p>Branwhite(estimated value £5.7m for 34 new council homes),</p> <p>Bonnington Walk(estimated value £38m for 82 new council homes and 122 private sale homes, which will produce an income to the HRA estimated at £30m),</p> <p>Gaywood House(estimated value £3.5m for 20 new council homes),</p> <p>The number of units and actual costs are estimates currently based on an option</p> |

| Budget / Service  | Duration   | Estimated Annual contract sum  | Notes   |
|---|--|--------------------------------|---|
|   |  |                                | <p>appraisal of each site, as the schemes are developed, planning consent obtained and each scheme procured the final costs will be known and approval sought from the service Director Homes and Landlord Service to proceed to the construction phase as per the agrees new build process</p> <p>Other sites may be substituted as priorities emerge and as these sites are subject to further feasibility studies, surveys and seeking planning consent and we will be looking to commence phase 5 of the rolling programme over the next financial years 20/21 – 22/23</p> <p>The types of procurement will vary for each project and will include both Consultant appointments and Construction Procurement.</p> <p>(CPG approval has been obtained for the procurement of the various options for each of the Phase 4 of the programme) The result of which we are using the Scape Framework for the mixed tenure schemes and the Southern construction framework and the Procurement Hub framework for the rest of phase 4 projects.</p> |
| <b>Other</b>  |  |                                |   |
| Adaptations   | 3 + 1 years  | £5m per year                   | Investment in disabled adaptations to HRA and private sector homes. The current contract expires March 2020 – early work to start on new tendering process.   |
| Contracts / framework mini tenders for use of surveying /engineering and design consultants | Ad hoc   | Various amounts up to £100,000 | To assist in house teams with specialist skills and options appraisal expertise across plant, assets, blocks, depots and estates to inform, specify and manage works programmes and projects.   |
| ICT improvement projects  | Ad hoc   | Various amounts                | Procurement of ICT improvement products for housing management systems  |
| Joinery shop removals projects, and depot building improvement alternations works           | Ad hoc tenders for various works and removals up to approx. £450,000 | Various amounts up to £450,000 | Tenders and quotes around moving joinery shop plant, alterations and improvements to buildings at depot locations.  |



## APPENDIX E

### Bristol City Council Equality Impact Assessment Form

(Please refer to the Equality Impact Assessment guidance when completing this form)



|                              |                               |
|------------------------------|-------------------------------|
| Name of proposal             | 2019/20 HRA Budget Proposal   |
| Directorate and Service Area | Housing and Landlord Services |
| Name of Lead Officer         | Julian Higson                 |

#### Step 1: What is the proposal?

Please explain your proposal in Plain English, avoiding acronyms and jargon. This section should explain how the proposal will impact service users, staff and/or the wider community.

##### 1.1 What is the proposal?

To support the recommendations/proposals for:

- ***The 2019/20 Housing Revenue Account (HRA) budget; tested within the context of the 30 year financial business plan model***
- ***The Housing Investment Plan for 2019/20 that underpins the 2019/20 HRA budget,***
- ***The procurement of relevant contractors during 2019/20 to help deliver the Capital & Revenue Investment Plan, and delegate the authority to the Strategic Director Neighbourhoods to appoint relevant contractors***

##### Background to the Proposal

Following the implementation of self-financing in 2012, Housing developed an **HRA Landlord Strategy** and accompanying **30 year financial business plan model**. This strategy was based on the improved financial position of the HRA, which would primarily be funded through rents increasing above inflation in line with government policy. The strategy aimed to deliver three key objectives:

- **Meet Housing Need,**
- **Quality Homes & Neighbourhoods,**
- **Provide Sustainable Tenancies**

Since development of our Landlord Strategy, government policy shifted considerably (most significantly the rent cap – 4 years of rents decreasing by 1% per year), which in turn has a serious impact on the way we as a landlord deliver/respond to requests from our tenants in terms of repairs and our long

term reinvestment plan for our existing stock.

As a result of the changes and the requirement by the government to make savings, Housing's Landlord Strategy was reviewed and the budget for 2017/18 and 2018/19 were reduced.

In September 2018 the Government announced the lifting of the Housing Revenue Account borrowing cap. This, coupled, with the end of the rent reduction (effective from April 2020) will improve forecasts 30 years Business Plan but has a limited impact on the 2019/20 budget.

### **Impact**

Some of the key impacts/elements of the revised landlord strategy that underpins the 2019/20 budget and financial business plan include:

- Rents – remain as social rents, and will be set following government policy meaning a reduction of 1% for 2019/20. This is a positive for all our tenants.
- Voids – streamlining processes to minimise the number of days homes are empty until they are relet again. This is a positive impact, as we will be moving tenants into their homes faster and reducing the time the property is left empty. There is also a drive to work closely with our new tenancies to ensure we are aware of their support needs, and can monitor their tenancy to combat failures. The tenant should receive a better, efficient service from this team.
- Repair & Investment of existing homes – investment planning to ensure homes meet the government's Decent Homes Standard, focusing on our key priorities.
- Repairs – repairs will be demand-led responsive repairs and necessary maintenance, for example gas servicing, and other elements which are required.
- New Homes – Our commitment is to build as many council homes as possible, with new borrowing to be utilised to fund the new build programme. There is still a positive impact as the city desperately needs more social housing. This will benefit prospective tenants who are in the most need of a property, in relation to the equality groups, this will positively impact families, older residents, and disabled tenants as a proportion of our new homes will be built to at least lifetime homes standard.

### **Procurement of Contractors**

Prior to 2018-19, procurement of contractors to undertake investment programmes that are included in the HRA budget has been subject of a separate Cabinet approval reports.

In this proposal, the suggestion is for 2019/20 approval of the procurement required to deliver the repair and investment of council housing should be delegated to the Service Director of Housing and Landlord Services, in consultation with the Cabinet Member for Homes, to appoint contractors.

This is a positive impact for the council and our tenants, as this proposal aims to make the procurement of contractors more efficient, and will also mean work programmes can be started earlier without the need for further approvals which can add extra costs to the budget.

In summary, the proposal should lead to a more consistent approach to investment decisions, better governance, and the delivery and confidence that we are investing our money where it will have the greatest impact on the life of our tenants.

### **Step 2: What information do we have?**

Decisions must be evidence-based, and involve people with protected characteristics that could be affected. Please use this section to demonstrate understanding of who could be affected by the proposal.

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

The most current figures available are from October 2018: Housing Services has 31,059 tenants living in 26,615 properties. It is estimated that in total Housing Delivery houses around 62,000 people. In addition, we have 2010 leaseholders in 1568 properties.

We know the ethnicity of 93.82% of our tenants. Of those whose ethnicities we know, 76.1% are White British. This has dropped slightly from 77.2% in April 2017. The next largest ethnic groups are African Somalis, 4.7% (Up from 4.5% in 2017) and White-Other, 4.4% (up from 4.2% in 2017)

A higher proportion of our tenants are female, 62.4%, than male, 37.6%.

We know the age of 98.6% of our tenants. The largest age group are 45-54 year olds, 21.1% of the tenants whose age we know are in this age band. 23.8% of our tenants are aged over 65,

20.0% of our tenants identify as disabled. 12.1% of our tenants report mobility problems, 12.3% a long-term illness and 10.6% suffer from mental or emotional distress.

In the year 25<sup>th</sup> October 2017- 25<sup>th</sup> October 2018 27414 response repairs were ordered, an average of 0.88 per tenant. On average 0.34 repairs were cancelled per tenant

Younger tenants were more likely to order repairs than middle-aged tenants, with 16-24 year olds requesting an average of 1.58 repairs per tenant and 25-34 year olds requesting an average of 1.01 repairs per tenant. Over 75s reported an average of 0.95 repairs per tenant. Younger tenants were also significantly more likely to have had a repair cancelled with an average of 0.65 cancellations per 16-24 year old and 0.56 cancellations per 25-34 year old.

BME tenants (0.91 repairs per tenant) were more likely to order repairs than White British tenants (0.85 repairs per tenant) or White Other tenants (0.75 repairs per tenant) They were also more likely to have had a repair cancelled (0.44 cancellations per BME tenant)

Disabled tenants (0.71 repairs per tenant) were less likely to order repairs than non-disabled tenants. They were no more likely to have had a repair cancelled than non-disabled tenants, but certain groups such as those with learning disabilities were more likely to have had a repair cancelled (0.49 cancellations per tenant)

Satisfaction with repairs averages 78% satisfaction for both men and women, and disabled and non disabled people and BME and non-BME tenants, however tenants aged under 34 are less likely to be satisfied with repairs (only 60% satisfaction). 80% of BME tenants were satisfied with the service compared to 77% of non BME tenants. (Source STAR survey 2017)

It has been an aspiration of the business to carry out more detailed consultation with tenants. This year has seen the introduction of local housing

forums and the continuation of well-established service user groups. We plan to progress tenant engagement throughout 2019-2020 and will continue to visit service delivery with key stakeholders. Further work will continue in this area as tenant engagement resources are increased and a priority survey is launched with our tenants in 2019-2020.

## 2.2 Who is missing? Are there any gaps in the data?

We need to include data on who is requesting repairs as well as who is having repairs cancelled.

## 2.3 How have we involved, or will we involve, communities and groups that could be affected?

Various methods will be used to communicate with our key stakeholders, some of which are listed below:

- 
- Service user groups
- Local Housing Forums
- Attending tenant group sessions to discuss the proposals and impact
- Liaising with key tenant representatives who already comment, and provide advice to the city council on a variety of topics from a tenants perspective
- Engaging with BME tenant representatives to ensure they are aware of important changes with the services they received
- Officer briefings, advising service areas/teams about the changes and what this means for tenants, access to services, repairs reporting and so on.
- Technological advances in our housing management system will allow us to carry out more detailed segmentation and evaluation of tenants to evaluate their experience of service delivery.

### **Step 3: Who might the proposal impact?**

Analysis of impacts on people with protected characteristics must be rigorous. Please demonstrate your analysis of any impacts in this section, referring to all of the equalities groups as defined in the Equality Act 2010.

## 3.1 Does the proposal have any potentially adverse impacts on people with protected characteristics?

From the current data available all the groups will be affected by the proposals mentioned above to some extent, older and disabled tenants may be affected

more so in terms of the proposal, however those tenants who need works carrying out which are urgent will still be dealt with.

- Disabled – highly affected due to possible health/mobility issues, urgent repair requests will still be dealt with
- Age – older tenants affected due to possible health/mobility, urgent repair requests will still be dealt with and we need to identify why young tenants are more likely to have their repairs cancelled
- Religion and belief – positive impact for this group, as there are works programmed to deliver a cultural washing project for tenants from BME communities when there is a need to change/upgrade bathrooms due to damp issues being reported or serious leaks in blocks
- Pregnancy/Maternity – could affect mothers to be, or new mums, urgent repair requests will still be dealt with
- BME – more Asian and Muslim tenants have repairs cancelled which will need investigating

The introduction of a new housing management system will allow us opportunities to investigate and better understand the above which the business was unable to do previously.

The likely impact of the proposal regarding repairs/reinvestment means all tenants will be affected as budgets are cut. In general terms:

- Access to repairs will still be available, however we will ensure tenants in the most need will be prioritised (older, disabled tenants)
- Planned works which will now be reduced will affect tenants living in our multi-storey blocks, urgent repairs will be the focus as mentioned above, and some planned works will be delayed, or programme stretched

Using equalities data for caretaking services as a proxy for identifying who lives in multi-storey blocks, reductions in planned repairs for these properties does have an equalities impact and will affect more older and white British tenants but has a disproportionate impact on BME tenants. 27.41% (8,778) of all our tenants receive caretaking services and this group is made up of primarily older and White British tenants.

Although there will be changes to the service, we will ensure the tenants in the most need are still dealt with efficiently. Our duty as a landlord will still be maintained.

3.2 Can these impacts be mitigated or justified? If so, how?

#### **Repair & Reinvestment of existing homes**

- We will mainly be focusing on key building elements linked to continuing

to meet the government's Decent Homes Standard.

- We will continue to meet key priorities as a landlord on areas such as:
  - Affordable warmth
  - Fuel Poverty
  - Kitchens replacement programme
  - Accessibility of our homes – ensuring the council property meets the needs of the tenant
  - Health & Safety
  - Safeguarding – tackling the worst homes

### **Procurement of Contractors**

The city council tendering process will assess potential contractors on previous experience, knowledge of Equalities legislation, good practices, awareness of different community groups and offering a high level of customer care to our tenants and stakeholders.

In addition to this contractors are asked to submit method statements on Health & Safety issues such as:

- Health and Safety – Occupied Properties Risk Assessment, including communication with, and safety of our tenants
- Customer Care – continuous communication, dealing with vulnerable tenants etc.

Housing Service have a Contractors Code of Conduct, all contractors working for the council must adhere to this Code. Contractors are expected to ensure access/egress is accessible throughout any construction works, keeping the site tidy, and generally helping to minimise the impact of the construction works on surrounding residents and stakeholders.

Contractors will be advised of any communication issues with stakeholders and local residents, before works begin to ensure that they keep residents updated.

### **3.3 Does the proposal create any benefits for people with protected characteristics?**

This proposal does have some benefits for our tenants in the following ways:

- Voids – Improved monitoring and trials in the way we relet our homes over the last year have seen a reduction of three days in average void times year on year.
- Repair & Investment - Continuing to focus on our priorities as a landlord,

for example affordable warmth, health and safety, and kitchens.

- A focus on cultural washing facilities for BME tenants in line with their cultural practices.
- Improving heating and insulation for our existing homes and reacting to these requests. This is a huge benefit for all tenants, particularly older and disabled tenants who feel the effects of the cold.
- Targeting works to reduce fuel poverty for our tenants.
- New Homes – Continuing to build new homes within the current climate is still a huge benefit for tenants that need a home, focusing on housing need in certain areas of the city to meet housing demand is still a positive impact for tenants.

### 3.4 Can they be maximised? If so, how?

In the current climate where government policy is geared around making savings, maximising the proposal to create further benefits may be difficult to achieve. One area which will be maximised is the council's opportunity to change bathroom facilities for BME tenants who practice different cultural washing techniques. This is an opportunity to provide tenants with wet rooms when a repair is reported relating to leaks/damp.

### **Step 4: So what?**

The Equality Impact Assessment must be able to influence the proposal and decision. This section asks how your understanding of impacts on people with protected characteristics has influenced your proposal, and how the findings of your Equality Impact Assessment can be measured going forward.

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

The assessment has raised the issue of how our tenants will be affected by the HRA budget for 2019/20 and the investment plan as a result of a change in government policy.

It has highlighted that as a landlord, we must provide as much information and support to our tenants and stakeholders as we are able to, using the resources we do still have available.

Using the new IT management system, streamlining processes, and offering tenants new ways of communicating with us and our services tenants will receive a more focused and efficient service.



In terms of the repairs and reinvestment service we provide, this will become more focused as we continue to develop our asset data, survey information on our assets and carefully planning how funds are spent, and ultimately ensuring they are spent in the right way.

It also highlights that all contactors working with the city council must adhere to Equalities Policies and understand that they will be required to adapt their communication practices depending on the equalities groups.

**4.2 What actions have been identified going forward?**

- Ensure staff are aware of changes in service so they are able to provide a clear message to tenants when they are contacted.
- Engage with service areas – Repairs, Planned Programmes, CSP, CSC, Estate Management etc and update as with other stakeholders (tenant groups, tenants associations).
- Consult with stakeholders regarding the proposal; provide clear information about the changes for tenants and how they will be affected.

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

- Key Performance Indicators will be used to monitor the contractor’s performance.
- Monitor the number of complaints received regarding repairs and planned work requests.
- Continue to collect asset intelligence, proactive surveys, identify urgent priorities, assess information and feed into investment plan to ensure we have good sound knowledge and data of our homes.
- Monitor the impact on the BP and 2018/19 2019-20 HRA Budget with Finance to track progress and ensure the model is working.

Service Director Sign-Off:

Equalities Officer Sign Off:

Duncan Fleming

Date:14/01/2019

Date: 19/12/2018

## Eco Impact Checklist

| <b>Title of report:</b> Housing Revenue Account 2019/20 Budget Proposals   |        |              |  |  |
|--|--------|--------------|--|--|
| <b>Report author:</b> Julian Higson  |        |              |  |  |
| <b>Anticipated date of key decision</b> Cabinet January 2019. Full Council February 2019   |        |              |  |  |
| <b>Summary of proposals:</b> This cabinet report sets out the proposals for the 2019/20 Housing Revenue Account (HRA) budget; which have been tested within the 30-year financial business plan model and which will ultimately form part of the council's overall budget for 2019/20. |        |              |  |  |
| Will the proposal impact on...   | Yes/No | +ive or -ive | If Yes...  |  |
|  |        |              | Briefly describe impact  | Briefly describe Mitigation measures   |
| Emission of Climate Changing Gases?  | Yes    | Both         | <p>A number of the proposals contained within this budget such as installing loft and cavity wall insulation and tackling poor heating systems will reduce emissions.</p> <p>Emissions of climate changing gases will also arise through the use of energy, transport fuel and materials during works.</p> | <p>Where practicable, works delivered under these budget proposals will:</p> <ul style="list-style-type: none"> <li>• Use sustainable construction materials</li> <li>• Use local resources and materials</li> <li>• Reduce the energy used during works</li> <li>• Reduce the travel impacts associated with works</li> <li>• Reduce emissions of climate changing gases by improving the energy efficiency of council homes and reducing consumption of fossil fuels.</li> </ul> <p>A-rated windows will be specified unless any additional cost is considered unacceptable.</p> |
| Bristol's resilience to the effects of climate change?   | Yes    | +ive         | Improvements to energy and water efficiency will improve Bristol's resilience to fuel scarcity & drought.  |  |
| Consumption of non-renewable resources?  |        | -ive         | Fossil fuels and other non-renewable materials and products will be used in the works delivered by these budget proposals.   | All construction materials covered by the BRE Green Guide to Specification must be rated B or above unless there are significant technical or financial reasons why this cannot be achieved. Equivalent ranking schemes will be considered.  |
|  |        | +ive         | Improvements to energy efficiency will improve Bristol's   |  |

|  |     |             |  |   |
|--|-----|-------------|--|---|
|  |     |             | <p>resilience to fuel scarcity &amp; reduce fossil fuel consumption.</p> <p>Improvements to water efficiency through replacement bathrooms will improve Bristol's resilience to drought.</p> | <p>All timber and wood-derived products for supply or use in performance of the works delivered under this budget must be from independently verifiable legal and sustainable sources as defined by UK Government guidance.</p> <p>Water efficient products such as showers, dual flush toilets and low flow taps will be specified where appropriate.</p> <p>Durable and recyclable materials and components will be specified where appropriate.</p> <p>Responsive repairs volumes will be monitored to ensure maintenance and replacement cycles are at an appropriate level.</p>  |
| Production, recycling or disposal of waste |     | -ive        | <p>Waste will arise during the delivery of the works delivered by this budget.</p>   | <p>Contractors and Direct Labour will be required to take responsibility for their waste, including adhering to the waste duty of care and waste hierarchy by:</p> <ul style="list-style-type: none"> <li>● Reducing waste</li> <li>● Reusing waste where legal and practicable</li> <li>● Using products which are readily recyclable.</li> <li>● Recycling as much waste as possible</li> </ul> <p>Hazardous wastes will be stored and disposed of in a legally compliant manner.</p> <p>Where appropriate contract documents will promote the recycling of scrap metal, with any income returning to Bristol City Council.</p> |
| The appearance of the city?                | Yes | May be +ive | <p>The 2019/20 budget contains a range works which will help maintain the external appearance of existing Council</p>  | <p>External maintenance works to Council Housing will aim to improve the appearance of existing council housing.</p>  |

|                                   |  |      |  |  |
|-----------------------------------|--|------|--|--|
|                                   |  |      | <p>Housing and HRA land.</p> <p>It is hoped that new build council housing will enhance the appearance of the city.</p>  | <p>Durable materials which maintain homes appearance will be specified where practicable.</p> <p>New build homes will be subject to the planning process.</p>  |
| Pollution to land, water, or air? |  | -ive | <p>Works delivered under this budget are likely to involve the use and storage of materials that could contaminate land, watercourses and surface water drains, if accidentally released.</p> <p>Works are likely to create dust and noise.</p> <p>Transport to deliver works will create air pollution.</p> | <p>Contractors and Direct Labour will be required to work in accordance with all relevant regulatory guidance and also ensure appropriate procedures and equipment are in place to:</p> <ul style="list-style-type: none"> <li>● Securely store any potentially polluting materials and keep them away from watercourses and surface water drains.</li> <li>● Avoid washing out containers of paint and similar materials into drains.</li> <li>● Ensure correct foul sewer connections are made, rather than to storm drains.</li> <li>● Reduce dust.</li> <li>● Reduce noise pollution.</li> <li>● Contain any spills.</li> </ul> <p>Homes and Landlord Services will continue to build on previous progress made to programme works in a manner which reduces the transport impacts of staff and contractors.</p> |
| Wildlife and habitats?            |  | -ive | <p>It is possible for works and construction materials associated with this budget to:</p> <ul style="list-style-type: none"> <li>● Impact upon legally protected species or habitats</li> <li>● Impact on priority species or habitats</li> <li>● Remove or damage trees.</li> </ul>                        | <p>Timber must be used in accordance with the above requirements.</p> <p>Where works have the potential to disturb protected species or impact upon their habitat, guidance from a suitably experienced and qualified ecological consultant will be sought and followed at the earliest opportunity.</p> <p>Any works requiring Planning</p>   |

|  |  |  |  |   |
|--|--|--|--|---|
|  |  |  |  | <p>Permission will be reviewed by a Council Ecologist as part of the Planning process.</p> <p>Wherever possible existing trees will be retained and works affecting these trees will be undertaken in accordance with “BS 5837: Trees in relation to design, demolition and construction – Recommendations”</p> |
|--|--|--|--|---|

**Consulted with:** Nicola Hares

**Summary of impacts and Mitigation - to go into the main Cabinet/ Council Report**

**The significant impacts of this proposal are...**

Works delivered under this budget will result in the consumption of non-renewable resources, production of climate changing emissions and production of waste. Works also create the potential for both direct and indirect impacts on wildlife and habitats.

Some works delivered under this budget such as loft and cavity insulation have the potential for reducing consumption of fossil fuels and emissions of greenhouse gases.

**The proposals include the following measures to mitigate the impacts...**

A number of mitigation measures are included in the main ECO Impact Checklist which accompanies this Cabinet Report. In addition, the following mitigation measures will also be implemented:

- A Sustainability Appraisal will be completed as part of any procurement process.
- Homes and Landlord Services will liaise with BCC’s Environmental Performance team during the development of specifications etc.
- Continuously improving asset intelligence will be used to target works where most required on housing stock.

**The net effects of the proposals are:**

Overall positive provided the mitigation measures outlined in this ECO Impact Checklist are successfully implemented.

**Checklist completed by:**

|   |                             |
|---|-----------------------------|
| Name:   | Matthew Sands               |
| Dept.:  | Homes and Landlord Services |
| Extension:                                    | 25545                       |
| Date:   | 4/12/18                     |
| Verified by<br>Environmental Performance Team | Nicola Hares                |

# Decision Pathway

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**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|   |   |  |  |
|---|---|--|--|
| <b>TITLE</b>  | <b>2019/20 Budget Recommendations to Full Council</b> |  |  |
| <b>Ward(s)</b>  | All   |  |  |
| <b>Author:</b> Denise Murray  | <b>Job title:</b> Director, Finance                   |  |  |
| <b>Cabinet lead:</b> Craig Cheney   | <b>Statutory officer:</b> Denise Murray, s151 officer |  |  |
| <b>Proposal origin:</b> <i>Other</i>  |   |  |  |
| <b>Decision maker:</b> Mayor<br><b>Decision forum:</b> <i>Cabinet</i>   |   |  |  |
| <p><b>Purpose of Report:</b> To set out the Mayor’s Revenue budget (in light of the decisions made by Council in respect of the Council Tax Base in January 2018), incorporating decisions for:</p> <ul style="list-style-type: none"> <li>• Revenue 2019/20 and future financial years;</li> <li>• Capital Programme 2019/20 to 2023/24;</li> <li>• Treasury Management Strategy which is including prudential indicators to be considered by Cabinet in making recommendations for Council to approve the budget at its meeting on 26 February 2019.</li> </ul> <p>It should be noted that, at the time of producing this budget report, the Final 2019/20 Local Government Finance Settlement has not yet been published. The proposals within this budget report have been made on the basis of the latest information regarding the likely details of the settlement. The difference between these estimates and the details in the final settlement is not expected to be significant and will be met by reserve contributions.</p>   |   |  |  |
| <p><b>Evidence Base:</b></p> <p>An update to the Medium Term Financial Plan (MTFP) was approved by Full Council in December 2018 showing a small deterioration in the financial position which needed to be addressed when setting the annual budget. This report builds on both the detailed and comprehensive work undertaken on the MTFP.</p> <p>As is customary, where appropriate public consultation has been undertaken in relation to the budget proposals and feedback from the consultation process has been taken into account in making these final recommendations.</p> <p>This report proposes a net revenue budget in 2019/20 of £376.3 million and a capital budget of £236.4m. There are no new saving proposals outlined in balancing this budget.</p> <p>In the 2019/20 provisional settlement the Government announced that the council tax referendum threshold for Bristol was maintained at 4% including the flexibility to apply the remaining adult social care precept of 1%.</p> <p>After due consideration, this report recommends a 3.99% council tax increase in the Council’s band D council tax for 2019/20. This equates to an annual increase of £64.87 per band D household and excludes precepts from the Avon and Somerset Police and Crime Commissioner and the Avon Fire Authority.</p> <p>The Council tracks and monitors performance monthly and any risks are reported through routine management reporting.</p> <p>The report contains a large amount of important information and in order to make this accessible, the report is comprised of a main report and 7 appendices as follows:</p> <p>Appendix A – Budget Report for Full Council</p> <ul style="list-style-type: none"> <li>• Appendix 1 – Detailed budget summary by Directorate and Division</li> <li>• Appendix 2 – Capital Programme</li> </ul> |   |  |  |

- Appendix 3 – Budget Risk Matrix
- Appendix 4 – Treasury Management Strategy
- Appendix 5 – Flexible Use of Capital Receipts Strategy
- Appendix 6 – Budget Consultation report (to follow)
- Appendix 7 – Equalities Relevance Check

**Cabinet Member / Officer Recommendations:**

To Note :

- The report from the Budget Scrutiny is to follow after the 10<sup>th</sup> and 14<sup>th</sup> January Resources Scrutiny Commission meetings.
- The categorisation of earmarked reserves and provisions set out in Section 17.
- The advice given by the Chief Finance Officer with respect to the robustness of the budget estimates and the adequacy of the Council’s reserves as set out in Section 16.
- The results of consultation as set out in Section 18 and detailed in Appendix 6.

To agree to recommend to Full Council:

- An overall 3.99% increase in the Council’s element of council tax for 2019/20 with 1% as a precept for Adult Social Care and a 2.99% general increase.
- The General Fund revenue budget for 2019/20, as summarised in Section 7, the detailed budget summary by Directorate as outlined in Appendix 1.
- The Capital Programme as set out in Appendix 2.
- The Treasury Management Strategy, including the Prudential Indicators measuring affordability, capital spending, external debt and treasury management, as set out in Appendix 4.
- That they note the results of consultation as detailed in Appendix 6.

**Delegation of authority**

- To delegate authority to the Director, Finance after consultation with the Deputy Mayor and Cabinet Member for Finance, Governance & Performance and the Mayor, to make any necessary adjustments following receipt of the final settlement information, West of England Combined Authority budget or other technical adjustments to the figures to be submitted to Full Council on 26 February 2019.

**Corporate Strategy alignment:**

The Corporate Strategy underpins the Council’s budget.

**City Benefits:**

It is a statutory requirement to set a legal budget

**Consultation Details:**

Details of consultation are included within Appendix 6

|  |  |   |  |
|--|--|---|--|
| <b>Revenue Cost</b>                          | <b>£ see Full Report</b>                     | <b>Source of Revenue Funding</b>                | Various  |
| <b>Capital Cost</b>                          | <b>£ see Full Report</b>                     | <b>Source of Capital Funding</b>                | Various  |
| <b>One off cost</b> <input type="checkbox"/> | <b>Ongoing cost</b> <input type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input type="checkbox"/> |

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The Council’s financial position has been set out in this report. Council is under a legal obligation (Local Government Finance Act 1992) to set a balanced budget and in doing so they are obliged, under normal administrative principles, to take into account the various relevant factors, particularly in respect of consultation and equalities.

Members are entitled to exercise their political judgement, paying due regard to the relevant factors rather than being absolutely determined by them.

The budget report sets out a comprehensive picture of the Council's finances over the short and medium term to assist in the decision making process in setting the 2019/20 budget and the forward look for the Council.

Overall, expenditure in 2018/19 is expected to be largely contained within the agreed budgets, although there are

significant variances within that overall result. In consequence, the general reserve is expected to be retained at £20m with no need for amendment.

In considering the budget report, the following key considerations should be highlighted in particular:

- The extent to which the service overspends in 2018/19 is recurrent and may present a risk in 2019/20, requiring further budget provision of efficiencies to be agreed in-year.
- Effective governance arrangements to monitor and report the overall delivery of the 2019/20 budget.

Provisions have been made in the budget for risks and the budget proposed is realistic and affordable, albeit challenging.

The increases in council tax as set out in this report, if agreed in this and subsequent years will generate additional revenue over time, which will facilitate the sustainable delivery of key services. If agreed, this budget would provide for affordable services in 2019/20 to 2021/22, with a further gap to be considered in the future following the receipt of the outcome of the Spending Review and other changes in Local Government Finance.

**Finance Business Partner:** Michael Pilcher, 14/01/2019

## **2. Legal Advice:**

Approval of a balanced budget each year is a statutory responsibility of the Council (Local Government Finance Act 1972).

The Mayor's role is to consider the budget recommendations in the report and propose a budget to Full Council to adopt. Cabinet and Full Council must have regard to the report of the Chief Finance (s.151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves (Local Government Act 2003).

Public consultation has taken place in relation to the level of Council tax to be set in 2019/20. In doing so the Council has satisfied its statutory duty to consult with non-domestic rate payers (S65 Local Government Finance Act 1992).

The responses to the consultation must be taken into account by Cabinet. Cabinet should also be satisfied that a proper consultation has taken place in that consultation was undertaken when proposals were at a formative stage and sufficient reasons and time has been given to allow consultees to understand and respond to them properly.

Appendix A and Appendix 6 of the report sets out the process that was undertaken and how responses have been taken in to consideration by officers when developing proposals for final decision.

When considering proposals and options, Members must bear in mind their fiduciary duty to the council taxpayers of Bristol. Members must have adequate evidence on which to base their decisions.

The Public Sector Equality duty requires the decision maker to consider the need to promote equality for persons with "protected characteristics" and to have due regard to the need to i) eliminate discrimination, harassment, and victimisation; ii) advance equality of opportunity; and iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it.

The Equalities Impact Check at appendix 7 is designed to assess whether there are any barriers in place that may prevent people with a protected characteristic using a service or benefiting from a policy. The decision maker must take into consideration the information in the check before taking the decision.

**Legal Team Leader:** Nancy Rollason, Head of Legal Service 14/01/2019

## **3. Implications on IT:** n/a

**IT Team Leader:** n/a

**4. HR Advice:** The budget proposals for 2019/20 do not include a requirement for workforce reductions. However, some workforce reductions arising from the 2018/19 approved budget still need to be made, but these are not anticipated to be significant. Any requirement for redundancies will be mitigated through pro-active vacancy management and redeployment arrangements. Where workforce reductions or service redesign is required, service managers will consult with employees and trade unions in accordance with agreed HR policies. As an employer, the City Council is under an obligation to avoid redundancies and will use its best endeavours to avoid any job losses.



|  |                         |            |
|--|-------------------------|------------|
| <b>HR Partner:</b> Mark Williams, 14/01/2019       |                         |            |
| <b>EDM Sign-off</b>                                | Denise Murray           | 14/01/2019 |
| <b>Cabinet Member sign-off</b>                     | Councillor Craig Cheney | 14/01/2019 |
| <b>CLB Sign-off</b>                                | Denise Murray           | 14/01/2019 |
| <b>For Key Decisions - Mayor's Office sign-off</b> | [name]                  | [date]     |

|  |
|--|
| <p>Appendix A – Budget Report for Full Council;</p> <ul style="list-style-type: none"> <li>• Appendix 1 – Detailed budget summary by Directorate and Division</li> <li>• Appendix 2 – Capital Programme</li> <li>• Appendix 3 – Budget Risk Matrix</li> <li>• Appendix 4 – Treasury Management Strategy</li> <li>• Appendix 5 – Flexible Use of Capital Receipts Strategy</li> <li>• Appendix 6 – Budget Consultation report (to follow)</li> <li>• Appendix 7 – Equalities Relevance Check (to follow)</li> </ul> |
|--|

## 1. MAYOR'S BUDGET RECOMMENDATIONS TO COUNCIL

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That the Mayor's budget proposals in respect of 2019/20 be approved as set out in this report, subject to any amendments agreed at this meeting:

### **To note:**

- a) The report from the Overview and Scrutiny Management Board.
- b) The budget consultation process that was followed and feedback as outlined in Section 18 and Appendix 6.
- c) That the consultation feedback and equality impact assessments have been taken into consideration and has informed the final budget proposals.
- d) The comments of the Chief Finance Officer (s151 Officer) on the robustness of the Budget and adequacy of reserves as set out at paragraph 16.

### **To agree:**

- e) The Bristol City Council levels of council tax increase of 3.99%; which includes 1% to support Adult Social Care and noting the precepts of the Police and Crime Commissioner for Avon and Somerset and the Avon Fire Authority.
- f) The Council's General Fund net revenue budget for the year 2019/20 as £376.3 million and expenditure allocations as set out in Appendix 1; subject to any budget amendments properly notified to and approved by the Council in line with the Constitution.
- g) Agree the Council's capital budget (including the HRA) for the years 2019/20 - 2023/24, totalling £856.8 million as set out in paragraph 14 and detailed in Appendix 2.
- h) The proposed total Schools budget of £356.9 million for 2019/20 as set out in paragraph 10, which will be funded by the Dedicated Schools Grant.
- i) The proposed Treasury Management Strategy for 2019/20 in Appendix 4, incorporating the Minimum Revenue Provision policy and the prudential indicators and limits.
- j) The calculations for determining the council tax requirement for the year 2019/20 in accordance with the Local Government Finance Act 1992.
- k) To approve the Strategy for the Flexible use of Capital Receipts as set out in Appendix 5.

## 2. LIST OF APPENDICES

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This report should be read alongside a series of appendices:

- Appendix 1 – Detailed Budget Summary by Directorate and Division
- Appendix 2 – Capital Programme 2019/20 – 2023/24
- Appendix 3 – Budget Risk Matrix
- Appendix 4 – Treasury Management Strategy
- Appendix 5 – Flexible Use of Capital Receipts Strategy
- Appendix 6 – Budget Consultation Report
- Appendix 7 – Equalities Impact Relevance Check

### 3. EXECUTIVE SUMMARY

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3.1. Over the past decade the Council, like many other public sector bodies, has been on a difficult journey. 2019/20 is the ninth year of austerity and cuts in funding and the final year of the agreed 4 year settlement. We know that from 2020 onwards, we are on our own and almost all our funding from central government will have gone - meaning the city's services will be almost entirely dependent on council tax, business rates and income we can raise from other sources. By this time, responsibility for funding key services will have effectively shifted from central government to local tax payers.

3.2. We have been successful in managing our finances and by taking a medium-term rather than a short-term approach, we can invest in the areas that really matter. In these tough times, we have sought to protect the most vulnerable in our city from the worst effects of funding cuts and to invest in our city, in order to build confidence in the future.

3.3. In meeting our legal responsibility to set an annual balanced budget (Local Government Finance Act 1992) which sets out how our financial resources are to be allocated and utilised, we have sought to do this in a controlled manner:

- Ensuring available resources are allocated to our strategic priorities which include our core, statutory and regulatory requirements;
- Maintaining sustainable and resilient finances and ensuring value for money; and
- Managing significant financial risks.

3.4. We must however not be complacent as this continues to be challenging time of significant change. The Council is ambitious about what it wants for the future of the city and how it is going to make it happen.

3.5. The approved revenue budget for 2019/20 totals £376.2m, a net increase of £12.8m from 2018/19. This is made up of £30.2m of investment in services offset by £17.4m previously approved package of savings. There is no requirement for any new savings to achieve a balanced budget for 2019/20.

3.6. The Council is in the early stages of an ambitious capital programme which is set out in detail over a five year period from 2019/20 to 2023/24 at a gross budget of £856.8 million and is fully funded through the use of external funding, capital receipts and borrowing.

### 4. COUNCIL STRATEGY

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4.1. Creating a vision for Bristol: One City Plan, launched in January 2019 and sets out an ambitious vision and actions for the future of Bristol to 2050. It is a collaborative approach to reach a shared vision for Bristol and aims to use the collective power of Bristol's key organisations to make a bigger impact, by supporting partners, organisations and citizens to help solve key challenges, such as driving economic growth for everyone.

4.2. The Corporate Strategy 2018 – 2023 remains the Council's main strategic document and sets out our contribution to the city as part of the One City Plan. It outlines our vision and values and informs everything we do, how we plan for the future and how we will demonstrate progress in delivering those priorities.

4.3. In achieving this vision we have based our activities around four themes:

- Empowering and Caring
- Fair and Inclusive
- Well Connected

- Wellbeing

4.4. Our key commitments aligned to each theme are outlined in the Corporate Strategy and the full document can be accessed via the hyperlink below.

<https://www.bristol.gov.uk/policies-plans-strategies/corporate-strategy>

## 5. FINANCIAL PLANNING AND STRATEGIC OVERVIEW

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5.1. The Policy and Budget Framework provides the structure and process for budget decision making. The Medium Term Financial Plan (MTFP) is a key financial planning document and covers a rolling five year period. It is a living document which provides a reference point for executive decision making, and ensures that the Council is able to optimise the balance between financial resources and delivery of the priorities, as set out in the Corporate Strategy. It sets out principles of:

- How we spend
- How we invest
- How we save and make efficiencies

5.2. The full list of our MTFP principles is outlined in the Full Council report ([link](#)). The MTFP has modelled the potential funding position up to 2023/24 based on a series of assumptions leaving a small budget gap. The funding position beyond 2020 is very uncertain; not least as the current spending review only covers the period up to 2019/20. The budget planning that has followed models a 3 year balanced position 2019/20 to 2022/23. Due to the uncertainty ahead, no attempt has been made at this stage in the process to seek to balance the final 2 years of the rolling 5 year programme and there is no requirement for any new savings to achieve a balanced budget.

5.3. The budget has been prepared giving full consideration to these strategic documents, ensuring that each year's budget is considered within the context of the Council's ongoing sustainability over the entirety of the planning period. This has been done using best estimates from available data and based on the provisional Local Government Finance Settlement for 2019/20 announced by government on 13<sup>th</sup> December 2018.

5.4. We have sought to ensure that we are financially resilient and able to free up resources in order to respond to changing need, demand and priorities. We have made improvements to the way we work and to the services we provide, tackling the issues we face today and we are developing plans and solutions for the future. Throughout the process of setting the budget, the Council has been very mindful of the impact of changes or reductions on residents and the Equalities Impact Assessments (EQIAs) are included in this and other associated reports. Decision makers will need to take these into account when considering this and other budget related reports.

## 6. REVENUE BUDGET POSITION FOR 2018/19

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6.1. This report is concerned mainly with the budget estimates for 2019/20, however the starting point for calculating these budgets is based on the latest 2018/19 budgets. In adopting this approach to budgeting, it is important to consider current performance against budget.

6.2. The current forecast of the year end revenue position, based on actual expenditure at the end of October 2018 and forecasts made in December 2018 is an underspend of £0.044m. (0.1% of the budget), a movement of £0.7m since the last report published in

December 2018 and £4.4m underspend for HRA (3.6%), £1.2m underspend for DSG (0.3%) and £0.9m overspend in Public Health grant (2.8%),

6.3. Pressures within Adult Social Care and Education have been addressed via an in-year supplementary estimate, containing a combination of base and one off funds. This has meant that this near balanced position for 2018/19 has in part been delivered by use of non-recurring savings and budgets held in abeyance and presents a risk for future years which will need to be addressed in the 2019/20 budget setting process.

| Approved Budget<br>£m |                               | Revised Budget<br>£m | Forecast Outturn<br>£m | Variance<br>£m |
|-----------------------|-------------------------------|----------------------|------------------------|----------------|
| 207.8                 | Adult, Children and Education | 232.6                | 232.1                  | (0.5)          |
| 59.5                  | Growth and Regeneration       | 58.8                 | 58.4                   | (0.4)          |
| 47.9                  | Resources                     | 50.2                 | 50.7                   | 0.5            |
| <b>315.3</b>          | <b>Sub-total</b>              | <b>341.6</b>         | <b>341.2</b>           | <b>0.4</b>     |
| 40.9                  | Corporate Expenditure         | 21.9                 | 21.9                   | 0.0            |
| <b>356.2</b>          | <b>Total</b>                  | <b>363.6</b>         | <b>363.2</b>           | <b>(0.4)</b>   |

6.4. Due to various decisions and slippage in capital projects, the approved budget of £244.0m for 2018/19 is set to decrease to a forecast spend of £162.6m (66%). Budgets in the capital programme were re-profiled during the year to reflect the updated spend profile.

| Approved Budget<br>£m |                               | Revised Budget<br>£m | Movement<br>£m |
|-----------------------|-------------------------------|----------------------|----------------|
| 33.2                  | Adult, Children and Education | 27.5                 | 5.7            |
| 134.7                 | Growth and Regeneration       | 82.6                 | 52.1           |
| 10.9                  | Resources                     | 8.0                  | 2.9            |
| <b>178.8</b>          | <b>Sub-total</b>              | <b>118.1</b>         | <b>60.7</b>    |
| 18.6                  | Corporate Expenditure         | 5.3                  | 13.3           |
| 47.0                  | HRA                           | 39.2                 | 7.8            |
| <b>244.4</b>          | <b>Total</b>                  | <b>162.6</b>         | <b>81.8</b>    |

6.5. Further details of the forecast year end position can be found in the Period 7 Financial Monitoring Report 2018/19 presented to Cabinet 22 January 2019.

## 7. GENERAL FUND REVENUE BUDGET 2019/20

7.1. The approved revenue budget for 2019/20 totals £376.2m, a net increase of £12.8m from 2018/19. This is made up of £30.2m of investment in services offset by £17.4m of previously agreed savings and efficiencies. These investments are detailed further below and historically agreed savings with those applicable to 2019/20 budget are outlined in the directorate budget analysis.

7.2. The table below provides a summary of the 2019/20 budget for approval and indicative funding and spending plans for the period to 2023/24.

| 18/19<br>£m  |                                   | 19/20<br>£m  | 20/21<br>£m  | 21/22<br>£m  | 22/23<br>£m  | 23/24<br>£m  |
|--------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| 232.4        | Adult, Children and Education     | 226.4        | 223.6        | 227.2        | 232.9        | 238.0        |
| 58.7         | Growth and Regeneration           | 63.5         | 65.4         | 68.1         | 71.3         | 73.2         |
| 50.7         | Resources                         | 51.2         | 51.9         | 53.0         | 54.7         | 56.7         |
| 21.6         | Corporate Expenditure             | 35.3         | 31.9         | 33.0         | 36.7         | 39.2         |
| <b>363.4</b> | <b>Total Funding</b>              | <b>376.3</b> | <b>372.8</b> | <b>381.3</b> | <b>395.6</b> | <b>407.1</b> |
| 204.5        | council tax*                      | 214.7        | 222.8        | 231.2        | 239.9        | 248.9        |
| 144.1        | Business Rates (NNDR)             | 134.2        | 129.3        | 129.3        | 129.3        | 129.3        |
| 0.0          | Business Rates Levy rebate        | 1.5          | 0.0          | 0.0          | 0.0          | 0.0          |
| 7.6          | New Homes Bonus                   | 6.9          | 7.1          | 7.2          | 7.4          | 7.5          |
| 12.0         | Improved Better Care Fund         | 14.5         | 11.6         | 11.6         | 11.6         | 11.6         |
| 2.0          | Adult Social Care Grant           | 3.5          | 2.0          | 2.0          | 2.0          | 2.0          |
| (6.8)        | Collection Fund Surplus/(Deficit) | 0.9          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>363.4</b> | <b>Total Funding</b>              | <b>376.3</b> | <b>372.8</b> | <b>381.3</b> | <b>390.2</b> | <b>399.3</b> |
| <b>0.0</b>   | <b>Budget Surplus/(Deficit)</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>(5.4)</b> | <b>(7.8)</b> |

7.3. The base budgets are by far the most significant element of the Council's budget and are monitored monthly and reported to the Corporate Leadership Board, the Mayor and Cabinet. An incremental approach has been adopted and whilst not the most efficient mechanism, it is one that is easy to understand, apply consistently and enable the changes applied to the current year budgets, to be transparent.

7.4. The following specific changes and key assumptions have been made in the development of the 2019-20 General Fund revenue budget.

- A cash reduction in Revenue Support Grant of £12.3m (i.e. 41% of 2018/19 figure of £29.6m).
- Additional one-off funding for adult / children's social care announced in the Autumn Budget on 29 October 2018 – this will be utilised in line with any grant conditions with the aim of supporting transformation in these services.
- Increase of £7.9m in the amount of business rates income receivable, due mainly to a 2.0% inflationary increase in the multiplier set by the government. Section 31 grant will continue to be received by us due to government decisions to limit inflationary increases in the business rates multiplier in previous years.
- Pay award of up to 2.7% for 2019/20 agreed with trade unions and estimated pay awards in future years.
- Centrally held general inflationary provision for supplies and services budgets, essential utilities such as gas, electricity and water, external insurance premiums and business rates payable by us.

- General inflationary increase for fees and charges budgets.
- Where applicable specific grant income budgets will be adjusted in line with government announcements – related expenditure will either be reduced to bring it into line with the reduced level of funding or identified as an unfunded cost pressure (where this is not possible).
- Specific inflationary increases in Private Finance Initiative (PFI) unitary charges based on contractual terms and conditions. Specific inflationary increases as set out in other (non-PFI) long-term contracts.
- Service specific cost pressures arising from the National and Foundation Living Wage and increasing demand.
- Unallocated general reserve will be retained at between 5%- 6% of the net revenue budget.
- Earmarked reserves are set at a reasonable level to cover the specific financial risks and liabilities faced by the Council and as a minimum are reviewed annually.
- The reserves held are invested and the interest received supports the Council's budget and where practical reduces the borrowing requirement.

7.5. The table below summarises the assumed budget changes and cost pressures:

| 18/19<br>£m                              | 19/20<br>£m | 20/21<br>£m | 21/22<br>£m | 22/23<br>£m | 23/24<br>£m |
|--|-------------|-------------|-------------|-------------|-------------|
| 12.4 Pay & Inflation                     | 8.0         | 8.1         | 8.5         | 8.8         | 9.3         |
| 1.8 Capital Financing                    | 1.3         | 6.9         | 1.0         | 3.7         | 2.3         |
| 7.4 Base budget adjustments              | 14.7        | 1.3         | 2.2         | 2.5         | 0.0         |
| (29.9) Historic Agreed Savings           | (13.9)      | (8.7)       | (3.1)       | (0.7)       | 0.0         |
| 0.0 Removal of savings                   | 2.8         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>(8.3) Recurring Funding Pressures</b> | <b>12.9</b> | <b>7.6</b>  | <b>8.6</b>  | <b>14.3</b> | <b>11.6</b> |

7.6. It is important that the Council continues to plan ahead and it is clear that the growth of our local tax base is providing real additional resource that will assist with managing increases in service demand and further reductions in government funding.

7.7. Whilst council tax capping rules remain in place, for 2019/20 the referendum threshold set by central government was maintained at 4% for Bristol, which includes 1% relating to the Adult Social Care precept. Where council tax is set below the referendum threshold the council tax yield will be permanently reduced with no opportunity to make up that baseline income in future years should the economy pick up, without the costly exercise of a referendum.

7.8. During this period of continued austerity and uncertainties for the economy arising from Brexit and global events, we are conscious of the impact of council tax increases on Bristol residents. At the same time residents have made it clear they value the services they receive and the environment in which they live and some of those that are able to have indicated that they are willing to pay a little more. That provides a difficult balancing act between council tax increases; income charges; income generation; and service reductions.

7.9. Given the growth in demand for our services and the absence of any new permanent funding being made available by government for our services, the Council is required to take action to ensure the sustainability of Adult Social Care and a social care precept of 1% is proposed for 2019/20. The proposal within the report is that for 2019/20 the budget should be predicated on the basis of a proposed increase of 3.99% (£10.2m) in the amount of council tax income receivable, split between:

- Growth in the size of the council tax base (i.e. £1.95m)
- Original MTFP Planning increase of 1.99% (i.e. £4.11m)
- Government-assumed additional increase of 1.0% (i.e. £2.07m)
- Government-recommended specific increase in relation to Adult Social Care of 1.0% (i.e. £2.07m).

7.10. The Council has continued to provide a local council tax reduction scheme that supports working age people on a similar basis to those who previously received 100% council tax benefit prior to this being abolished in 2013; and is one of a handful of English councils to do so. Pensioners are protected from any changes under the prescribed national scheme. The overall scheme is estimated to cost in the region of £39.3m in 2019/20.

7.11. Previous savings proposals totalling £2.753m have been reduced or reversed in 2019/20, facilitated by the additional increase of 1% in council tax.

|  | Original Saving*<br>£m | Removed<br>£m | Residual Saving<br>£m |
|--|------------------------|---------------|-----------------------|
| RS04 – Redesign of library service               | 1.400                  | 1.400         | 0                     |
| FP02 – New ways of running parks and open spaces | 1.905                  | 0.244         | 1.611                 |
| FP05 – Reduced Education Services Grant          | 1.320                  | 1.109         | 0.211                 |
| <b>Total</b>                                     | <b>4.625</b>           | <b>2.753</b>  | <b>1.822</b>          |

*\*As outlined in savings agreed by Full Council February 2018*

7.12. Part of the budget process each year looks at unavoidable pressures on services that will have an on-going financial impact, some of which are outside of the control of the service itself and cannot be immediately addressed by savings/efficiencies. Examples of these would be legislative changes such as new functions/standards, non-negotiable contractual changes and organisational development.

7.13. There are other areas where the current budget is not adequate for the level of demand within the service, loss of grants or reduction in income is anticipated. Whilst these can be addressed it may not be possible to mitigate these changes immediately due to the need for an improvement programme which seeks to improve outcomes and deliver a sustainable long term strategy.

## **Adult, Children and Education**

### **Adults**

7.14. Adult Social Care has a current (2018/19) net budget of £149.7m, the single biggest area of expenditure of the Council and prior to the approval of an in year supplementary estimate, forecasted pressures of £11.1m. We support adults who have a disability, are vulnerable or live with an age-related disorder, as well as commissioning services aimed at addressing social care and health inequalities, promoting health and wellbeing. We work in partnership with our service users and carers, health, housing and the third sector, to maximise people's potential for independence, meeting assessed need within a legal framework most notably as set out in the Care Act 2014.



7.15. The strategic direction and a range of work streams are outlined in the Better Lives Programme and the overall performance of adult services continues to improve particularly in the key policy areas of reducing reliance on residential and nursing care, home care and ensuring timely hospital discharge. However, there is a need for further investment into the areas outlined in the paragraph above, to meet commissioning needs of adults age 18-64, the National Living Wage and to help enable the transition to an approach based on a higher level of early intervention and prevention.

|                                      | 19/20<br>£m    | 20/21<br>£m    | 21/22<br>£m  | 22/23<br>£m  | 23/24<br>£m  |
|--------------------------------------|----------------|----------------|--------------|--------------|--------------|
| Adult Social Care Demand             | 0.954          | 0.771          | 0.856        | 1.150        | -            |
| National Living Wage                 | 0.700          | 1.000          | -            | -            | -            |
| Re-profile of Better Lives programme | 6.295          | (3.928)        | -            | -            | -            |
| Preparing for Adulthood demand       | 2.973          | -              | -            | -            | -            |
| <b>Total Expenditure Increases</b>   | <b>10.922</b>  | <b>(2.157)</b> | <b>0.856</b> | <b>1.150</b> | <b>0.000</b> |
| Winter pressures grant               | (2.028)        | 2.028          | -            | -            | -            |
| 19/20 Social Care Grant              | (3.465)        | 1.465          | -            | -            | -            |
| Social Care precept                  | (2.065)        | -              | -            | -            | -            |
| <b>Total income changes</b>          | <b>(7.558)</b> | <b>3.493</b>   | <b>0.000</b> | <b>0.000</b> | <b>0.000</b> |

7.16. The 1% Adult Social Care precept (£2m) and one off grants (£5m) totalling £7 million and will only part-fund the significant cost pressures we face in relation to Adult Social Care.

### Children's Social Care

7.17. During 2018/19, the Children's Social Care service has been maintaining a balanced budget in this first year of the Strengthening Families Programme (to improve outcomes for children and young people). The underlying position however, reveals budget pressures of £0.6m in the social care placements part of the budget, offset by underspends elsewhere in the service. The 2<sup>nd</sup> year of the Strengthening Families Programme (2019/20) will see further investment in the service (£0.5m) and further savings to be delivered (£1.6m). In the context of existing pressures on placement costs, the delivery of the planned savings will be more challenging. Numbers of looked after children are now around 620 (66 per 10,000 population, which compares well with statistical neighbours and Core Cities). As at 31st March 2018, the comparator position was as per the table below.

| Looked After Children snapshot  |        | Bristol City Council | Statistical Neighbours | Core Cities | England |
|---|--------|----------------------|------------------------|-------------|---------|
| All children looked after at 31 March   | Number | 644                  | 534                    | 1,012       | 75,420  |
| Rate of children looked after at 31 March per 10,000 children aged under 18 years | Rate   | 69                   | 80                     | 86          | 64      |

7.18. The service is experiencing pressures in foster care and other allowances and a provision is contained within the inflation assumptions. The service is also considering the arrangements for recruiting and retaining qualified social workers to maintain a highly trained and directly employed workforce.

### Education

7.19. The Education service is within budget for 2018/19, with the inclusion of a supplementary estimate in Period 6. The budget proposals for 2019/20 recognise the difficulties in managing the reduction in the Education Services Grant, which was due to be £0.8m saving in 2018/19 and a further £0.8m in 2019/20. This net £1.1m shortfall in the budget plans for the Education service has been removed from the budget for 2019/20 as a result of the additional increase in council tax. The service is still under review and consultants have been engaged for a short exercise, to assess capacity for delivering statutory responsibilities in the future.

7.20. Pressures remain within the Home-School Transport budget. Further work has been commissioned to obtain improved management information to facilitate the assessment of future demand and operation of the home-school transport function and will report back as part of the budget monitoring process in 2019/20.

### Growth and Regeneration

7.21. The directorate has a number of key priorities which this budget is designed to support. They are as follows:

- Sustainable and inclusive economic growth
- Delivering housing and regeneration
- Preventing homelessness
- Ensuring that air quality standards are met across the city

7.22. In addition to the above, waste management investment is required which is predominantly attributed to a change in accounting treatment for the annual growth in waste horizons. This was previously funded from one off earmarked reserves following the establishment of the Bristol Waste Company. This growth is attributed to increasing demand resulting from increasing population, number of dwellings and the amount of waste that needs to be collected and disposed of across the city.

7.23. The capital programme contains some significant schemes in the pipeline attributed to Growth and Regeneration functional areas and these are outlined in more detail in section 14 – Capital Programme.

|                                | 19/20<br>£m | 20/21<br>£m | 21/22<br>£m | 22/23<br>£m | 23/24<br>£m |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Base budget adjustments</b> |             |             |             |             |             |
| Waste growth                   | (2.208)     | (1.200)     | 0           | 0           | 0           |
| End of one-off waste funding   | (3.000)     | 0           | 0           | 0           | 0           |

## Resources

7.24. The Directorate contains the Council's key professional support services which aid the strategic direction of the Council and provide essential advice to Members and managers to improve outcomes and deliver change. The Directorate, beyond its core, statutory and regulatory duties, also serves some of the most vulnerable in the city.

7.25. Some service pressures have been identified 2019/20, the largest of which is anticipated shortfall in land charges income £0.345 million. These are mitigated by efficiencies flowing from improvements in systems and processes, recurrent underspending areas of the budget, as outlined in 2018/19 monitoring report and with a change in election periods, no further contribution is required to the election reserve until 2021. These changes accumulate to a net £0.300m in earlier delivery of previously agreed savings.

|  | 19/20<br>£m  |
|--|--------------|
| <b>Pressures</b>                         |              |
| Data Protection                          | (0.122)      |
| Shortfall in land charges income         | (0.345)      |
| Replacement of ICT systems               | 0.420        |
| Remove contribution to Elections reserve | 0.177        |
| Acceleration of BE1 efficiency savings   | 0.170        |
| <b>Total</b>                             | <b>0.300</b> |

## Corporate Expenditure Accounts

7.26. Central accounts hold a variety of corporate budgets which do not relate directly to individual services, as well as council-wide budgets which largely for timing reasons are not allocated to individual services. Generally, these council-wide budgets will be allocated to services in year, once their impact is known. Corporate budgets include the Council's capital financing costs. In addition, in accordance with accounting requirements, central accounts include those costs which are defined as the Corporate and Democratic Core and Levies.

|  | £m            |
|--|---------------|
| Capital Financing  | 15.555        |
| Corporate and Democratic Core and Levies                               | 4.632         |
| Planned contributions to reserves (risk)                               | 2.800         |
| Service Budget held pending transfer<br><i>e.g. Contract Inflation</i> | 12.265        |
|  | <b>35.252</b> |

7.27. Recent work has identified several areas of cross Council activity which require additional funding to support the corporate aims of the Council. These include work within equalities, company shareholder governance, City Office and civil protection. Funding of £0.7m has been included to deliver the minimum requirements needed to fulfil these services.

|                       | £m    |
|-----------------------|-------|
| Civil Protection Unit | 0.125 |
| Equalities            | 0.142 |
| City Office           | 0.095 |
| Companies Governance  | 0.350 |
|                       | 0.712 |

### Savings

7.28. Inevitably, managing the scale of reduction in government funding and increasing cost pressures of which the Council has been exposed has meant that the Council has had to make some difficult decisions around the level of services. Since 2010/11 savings in the region of £276m have been identified to ensure that priority services can be delivered. This includes £76.4m approved by Full Council at its meeting on 20 February 2018 of which £17m was assumed for 2019/20.

7.29. The propositions were at different stages of development; some may have or may still be subject to consultation/engagement. A strong governance framework is in place in relation to monitoring and reporting the delivery of agreed savings and this will continue into 2019/20 and form part of the assessment of reserves.

7.30. There is no requirement for any new savings to achieve a balanced budget for 2019/20 due to the previously approved package of savings identified by the Council as part of the 2018 budget. See appendix 6 of the report. <https://www.bristol.gov.uk/savingsproposals>

|  | 19/20<br>£m    | 20/21<br>£m  | 21/22<br>£m  | 22/23<br>£m  | 23/24<br>£m |
|--|----------------|--------------|--------------|--------------|-------------|
| <b>Savings as agreed by Full Council</b>                   | 17.374         | 12.612       | 7.100        | 4.774        | -           |
| Crosscutting savings offset against inflationary pressures | (3.900)        | (3.960)      | (4.000)      | (4.050)      | -           |
| <b>Total</b>   | <b>13.474</b>  | <b>8.652</b> | <b>3.100</b> | <b>0.724</b> | -           |
| <b>Savings Removed</b>                                     | <b>(2.753)</b> | -            | -            | -            | -           |

### One-off Investments

7.31. There is £7.0m one-off funding predominantly attributed to additional Section 31 business rate and business rates levy rebate. It is proposed that these are earmarked for:

- City Funds to support transformational change in Bristol through business and community funders and the public sector coming together to share resource and raise finances to help address key priorities in Bristol.

- Development of City Leap, which is a series of energy and infrastructure investment opportunities that the Council would be publishing over the coming months and years.

### **Long Term Investments / Shareholdings**

7.32. The Council has a range of long term investments and shareholdings some of which are wholly owned or to which it has a material interest. In addition a business plan has been approved in 2018/19 for the establishment of a new housing company and approval to develop the option appraisal for City Leap (smart energy systems). Many of the companies ideas are still in start-up / growth phase, which dependent on the nature of the business can have material start-up cost as the company grows to scale.

7.33. As at 31 December 2018, the Council had invested £26.9m in share capital and loans to wholly owned Council subsidiaries.

7.34. These are complex businesses and when entering into long term investments such as these it is important to assess the market conditions and acknowledge that the industry is ever-changing and as such will always be subject to external influences, volatility and risks.

7.35. As a public sector body we should only intervene when there is a failure or gap in the market and when intervention will lead to an improvement or greater efficiency. Where taxpayers' money or assets are involved in delivering the ambition, the Council must also ensure that Value for Money (VfM) is secured. A VfM assessment extends beyond consideration of a financial case but also need to take into account the economic case and social value.

7.36. Business plans are being refreshed and/or developed for submission to Cabinet for consideration. The plans will need to be agile to reflect changing market conditions and the operating model required to be sustainable. These businesses will be able to deliver services whilst at the same time accessing a wider market, in order to generate income from additional customers and it is anticipated that from this investment the Council will eventually benefit from the generation of profits. Following the pay-back period, the profits can be used as appropriate to support the Council's revenue budget position or deliver key priorities.

7.37. Where investments are made in 2019/20, this will be subject to the agreed business plan. They will be subject to due diligence and the public sector rationale will form part of this assessment. There must be a strong clarity of purpose with regards to what the project is intended to achieve. An informed judgement on affordability must be made and the level of risk needs to be fully assessed and acknowledged in the reports.

7.38. Governance, monitoring and quality performance parameters are to be agreed by the Shareholder and regularly reported to the Shareholder Group / Cabinet. To ensure the Council's investment is protected, commercial information that could impact on an individual company value will be managed sensitively. As a public authority it will be necessary to consider the sensitivity of the information being requested at the time of the request and the nature of any harm that would be caused prior to disclosure.

## **8. COLLECTION FUND SURPLUS / DEFICIT**

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8.1. Bristol City Council is required by statute, to maintain a Collection Fund separate from the General Fund of the Council. Income from council tax and business rates are fixed at the start of each financial year. Any variations from this are realised through the Collection Fund and are distributed in subsequent years. Following changes to council tax discounts and exemptions and localisation of business rates, there is now significantly greater volatility

and risk in relation to collection fund income.

8.2. As previously reported to Council on 11 December 2018, overall there is an estimated surplus on the Collection Fund for the year ending 31 March 2019 of £0.892m.

## 9. COUNCIL TAX 2019/20

9.1. The referendum threshold for increasing the council tax has been increased to 4% to take account of the flexibility regarding the Social Care Precept and extension of core council tax increase to 3%. The precept will need to be identified separately and the s151 Officer will be expected to notify the Secretary of State of the amount intended to be raised and verify that the funding has been used for Adult Social Care.

### Calculation of the Council's Tax Base

9.2. At its meeting on 11 December 2018 the Council agreed Bristol City Council's tax base for the year 2019/20 as 126,999. This represents an increase of some 0.95% on the previous year's tax base (125,798).

### Council tax by Band

9.3. It is recommended that the following amounts be submitted for agreement by Full Council for the year 2019/20:-

a. **£214,729,909 (2018/19 £204,538,742)** being the sum to be met from council tax in 2019/20 for services provided by the Council

b. Bristol City Council's share of the council tax for the year 2019/20 for the services it provides for each category of dwelling shown as follows:-

|                            | <b>Band A</b><br>£ | <b>Band B</b><br>£ | <b>Band C</b><br>£ | <b>Band D</b><br>£ | <b>Band E</b><br>£ | <b>Band F</b><br>£ | <b>Band G</b><br>£ | <b>Band H</b><br>£ |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2019/20 council tax £      | 1,127.21           | 1,315.08           | 1,502.95           | 1,690.82           | 2,066.56           | 2,442.30           | 2,818.03           | 3,381.64           |
| 2018/19 council tax £      | 1,083.96           | 1,264.62           | 1,445.27           | 1,625.94           | 1,987.26           | 2,348.57           | 2,709.90           | 3,251.88           |
| <b>Percentage Increase</b> | <b>3.99%</b>       | <b>3.99%</b>       | <b>3.99%</b>       | <b>3.99%</b>       | <b>3.99%</b>       | <b>3.99%</b>       | <b>3.99%</b>       | <b>3.99%</b>       |

## 10. DEDICATED SCHOOLS GRANT

10.1. Schools Forum considered the proposals on the use and distribution of the available funding at its meeting on 16th January 2019. The Dedicated Schools Grant for 2019/20, advised by the Education and Skills Funding Agency is as follows:

| <b>DSG Block</b>              | <b>Purpose</b>   | <b>Comparable DSG 2018/19</b><br>£m | <b>DSG 2019/20</b><br>£m | <b>Change</b><br>£m |
|-------------------------------|--|-------------------------------------|--------------------------|---------------------|
| Schools Block                 | For distribution through the mainstream formula for maintained schools and academies and for growing schools | 252.023                             | 261.445                  | 9.422               |
| Central School Services Block | For Local Authority core functions, admissions and historic commitments                                      | 2.828                               | 2.895                    | 0.067               |

|                   |   |                |                |               |
|-------------------|---|----------------|----------------|---------------|
| High Needs Block  | Funding for pupils with special educational needs in mainstream, special and out-borough schools, for pupils in alternative provision and local authority or commissioned services for high needs pupils. | 51.023         | 53.214         | 2.191         |
| Early Years Block | Funding for distribution to Early Years settings for 2, 3 and 4 year old early years provision, with some provision for central oversight and co-ordination.  | 36.600         | 36.433         | -0.167        |
| <b>Total</b>      |   | <b>342.474</b> | <b>353.987</b> | <b>11.513</b> |

10.2. In December 2018, the final allocations of DSG from the Education and Skills Funding Agency (ESFA) took account of 1,010 more pupils in October 2018, compared to October 2017. This produces £5.2m more than the indicative Schools Block allocation advised in July 2018, but this funding will substantially be needed to fund schools for those extra pupils. This is partly offset by a £1.3m reduction in the Growth Fund allocation, compared to the indicative budget, but the Department for Education (DfE) had provided some details of this and that loss had been anticipated.

10.3. The DfE announced additional funding for High Needs beyond that advised in July 2018: £1m more for 2018/19, helping reduce the historic deficit in High Needs, plus another £1m for 2019/20, helping fund more of the pressures identified in the High Needs budget for that year.

| High Needs Forecast           | Adjusted Forecast P7 2018/19 | Changes for 2019-20 | Initial assessed commitments for 2019/20 | Comment  |
|-------------------------------|------------------------------|---------------------|--|--|
| <b>Total Expenditure</b>      | <b>54.346</b>                | <b>3.841</b>        | <b>58.187</b>                            |  |
| Brought forward               | -2.055                       | 1.108               | (0.947)                                  |  |
| DSG Funding (gross)           | 55.454                       | 326                 | 55.780                                   | 2019/20 Includes £53.214m DSG, £2.566m transfers agreed by Schools Forum |
| <b>Total funding</b>          | <b>53.399</b>                | <b>1.434</b>        | <b>54.833</b>                            |  |
| <b>Overspend (cumulative)</b> | <b>0.947</b>                 | <b>2.407</b>        | <b>3.354</b>                             | <b>£3.3m shortfall by March 2020</b>                                     |

10.4. In order to fund the High Needs Budget in the short-term, the recommendation is to plan to use High Needs DSG from 2020/21 in advance to cover the in-year shortfall. This is permissible under the DSG regulations, but it does not address the underlying shortfall in the High Needs DSG.

10.5. The High Needs budget is expected to operate under current policies and current rates of funding for schools. Expected changes in demand have been factored in. This will prevail until the High Needs Transformation programme recommends any changes. This would suggest that the forecast spend of £58.2m on High Needs is the best estimate of the

budget required to meet our needs for 2019/20. A £3.3m cumulative deficit is the expected position at March 2020, with or without the use of future DSG.

10.6. The strategy for addressing the High Needs deficit is three-fold:

- Officers and Members continue to lobby central government on the budget pressures in the high needs budget. The additional £1m provided to Bristol through higher High Needs DSG in each of 2018/19 and 2019/20 is an indication that central government are listening to the calls for more funding. A possible, part-solution to assist further would be a re-basing of the high needs budget to reflect local spending levels (as happened during 2016/17).
- A high needs transformation programme has begun, with four constituent projects: top-up funding; alternative provision; hospital education; and support services. These are focussed on how best to improve outcomes for children and young people, but may result in lower spend over time, if investment is made in activities most likely to promote such outcomes.
- Officers will continue to look for all opportunities to transfer funding from different blocks or funds to support the High Needs budget.

| <b>DSG Block</b>                 | <b>DSG<br/>2019/20<br/>£m</b> | <b>Transfers<br/>between<br/>blocks<br/>2019/20<br/>£m</b> | <b>Allocations<br/>from<br/>underspend or<br/>future years<br/>DSG £m</b> | <b>Proposed<br/>Schools<br/>Budget<br/>2019/20<br/>£m</b> |
|----------------------------------|-------------------------------|--|---|---|
| Schools Block                    | <b>261.445</b>                | (2.000)  | 0.000   | <b>259.445</b>  |
| Central School Services<br>Block | <b>2.895</b>                  | (0.566)  | 0.000   | <b>2.329</b>  |
| High Needs Block                 | <b>53.214</b>                 | 2.566  | 2.407   | <b>58.187</b>   |
| Early Years Block                | <b>36.433</b>                 | 0.000  | 0.517   | <b>36.950</b>   |
| <b>Total</b>                     | <b>353.987</b>                | <b>0.000</b>   | <b>2.924</b>  | <b>356.911</b>  |
|                                  |                               |  | Estimated brought forward DSG surplus from 2018/19                        | (0.397)   |
|                                  |                               |  | 2019/20 DSG   | (353.987)   |
|                                  |                               |  | Carry-forward DEFICIT at end of 2019/20                                   | (2.527)   |
|                                  |                               |  | <b>Total</b>  | <b>(356.911)</b>  |

10.7. The proposals to ensure a balanced DSG in the short term is to transfer £2.566m from the schools block growth fund and central schools services block to the High Needs Block, to use £2.5m from 2020/21 in advance and £0.4m forecast carry forward surplus to provide a balanced position for 2019/20.

## 11. PUBLIC HEALTH GRANT

11.1. The Public Health service is funded from a ring-fenced grant provided by the Department of Health and Social Care. This grant is being reduced year on year. The allocation for 2018/19 was £32.486 million and the projected allocation for 2019/20 is expected to be £31.628 million (representing a reduction of £0.858m). Funding must be used in line with the conditions of the grant. This follows annual reductions since the grant was passed to local authorities in 2015/16.



|                      | 16/17<br>£m | 17/18<br>£m | 18/19<br>£m | 19/20<br>£m |
|----------------------|-------------|-------------|-------------|-------------|
| Public Health Grant  | 34.186      | 33.343      | 32.486      | 31.628      |
| Reduction in funding | 2.828       | 0.843       | 0.857       | 0.858       |
| %age                 | 7.6%        | 2.5%        | 2.6%        | 2.6%        |

11.2. The totality of the resources available to promote the health and wellbeing of the population is much greater than this ring fenced Public Health grant. The combined resources of the Council and our partners, e.g. Clinical Commissioning Group, the hospital trusts, local schools, police, etc. can all be used more thoughtfully to maximise health gain for the city's population.

11.3. The key public health challenges facing the city in 19/20 are:

- Health inequalities, within the city and between the city and the region/England;
- Morbidity and mortality from the main diseases affecting the population such as mental health
- The need to modify behavioural risk factors such as smoking and drugs
- Addressing wider determinants of health, such as employment and housing

11.4. In response to these challenges the service has set out its key priorities for 2019/20 as follows:

- Implement new Public Health service model and commissioning intentions
- Thrive (mental health) Programme
- Suicide prevention work
- Adapting the new Local Health Resilience Partnership mass response plan template for communicable diseases and ensuring pathways are robust in Bristol
- Review Business Continuity plans in light of the new Public Health Service model
- Support to Adverse Childhood Experiences programme
- Support to City Office and development of One City Approach
- Explore how to maximise Public Health delivery using a settings approach (Healthy Schools, Health at Work)
- Alcohol harm reduction
- Addressing obesogenic environment
- Develop the 'Health in all policies' work
- To develop Sport England Strategic Vision Model for Bristol

## 12. HOUSING REVENUE ACCOUNT

12.1. In a separate report presented to Cabinet in January the Mayor is asked to approve the 2019/20 Housing Revenue Account budget within the context of the 30 year business plan. HRA self-financing, whereby the Council retains all rental income but must finance all capital and revenue costs associated with its stock, has been in effect since 2012. It is intended to facilitate greater assurance for sustainable long term planning and improved asset management.

12.2. There have been a number of changes to government policy, which have impacted on planning assumptions, including a requirement to reduce rent by 1% per annum until 2020. The impact of this change in government policy has led to a significant loss of income to the HRA. This is because the business plan, in line with assumptions incorporated within the self-financing agreement, assumed a level of annual inflationary increase.

12.3. The Council has a duty to agree a balanced HRA budget for the next financial year, as well as a sustainable long term business plan, which takes account of capital investment needs in its stock and the revenue costs of managing and maintaining it. Although the account is ring-fenced, which means there can be no cross-subsidy between the revenue cost of services provided through the General Fund and the HRA, there are many services provided to both and paid for through recharges.

### 13. WEST OF ENGLAND COMBINED AUTHORITY (WECA)

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13.1. The Budget for the WECA and Mayoral budget will be set on 1 February 2019 by the WECA Committee – following the receipt of the details, the changes from 2018/19 to 2019/20 will be incorporated into the Council’s budget.

### 14. CAPITAL PROGRAMME

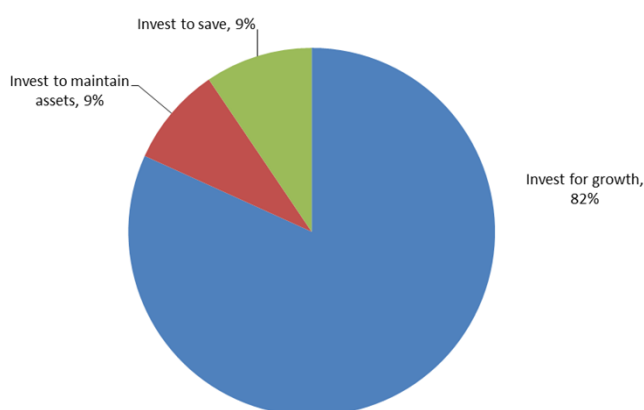
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14.1. The Council continues to play a key role in investing in the infrastructure of the city and its communities; providing facilities for local people to use as well as business premises that provide jobs and opportunities. Our longer term capital programme aspirations are significant, however we recognise that these investments are essential if we are to deliver revenue savings and transform our capacity to meet future needs.

14.2. In December, the Council approved a new capital strategy which is aligned to the financing principles set out in the MTFP, ensuring that the development of all prospective schemes is based on clear evidence base and whole-life costing with where appropriate, anticipated pay-back of the investment. The capital strategy will be reviewed annually and particularly in line with the development of an asset management strategy, which will outline the approach to capital investment, ensuring that it is affordable, sustainable and prudent as well as aligned to the Council’s corporate priorities. It will support the provision of the right blend of investment in key priority areas to do the following:

- *undertake mandatory duties keeping the public safe and maintain its investment,*
- *invest for inclusive economic growth;*
- *invest to save by reducing costs that would be borne by the revenue account or generating external income.*

14.3. The Council has an ambitious capital programme over the next five years. A significant proportion (82%) of this programme is aligned to large infrastructure investments that will support long term regeneration across the city, such as programme of new housing building and developing the Temple Quarter area, with only 9% aligned to invest to save and invest to maintain propositions respectively.



14.4. The programme also outlines areas which will support improvements in on-going Council support such as investing in infrastructure to support delivery of Social Care and Education services.

14.5. The capital programme is set out in detail over a five year period from 2019/20 to 2023/24 at a gross budget of £856.8m and is fully funded through the use of external funding, capital receipts and borrowing. A number of the General Fund schemes are earmarked only with business cases pending approval. Should approval not be forthcoming, these funds may be redirected to ensure maximum available capital investment is targeted to works that begin to address the ambition to make Bristol a more equal, aspirational and resilient city, where everyone can share in its success. Further details on the refreshed rolling capital programme are contained in Appendix 2.

14.6. The programme set out will increase capital financing charges by an estimated £20.0m by 2023/24. The Council's agreed MTFP incorporates the principle that there will be no further increase to the indicative prudential borrowing commitment in the capital programme unless substituting a current scheme or where the Council can make an evidenced return on investment. The programme has been reviewed in terms of implementation, funding assumptions and profiling. As a result of this review the amount of funding required to be financed from prudential borrowing has reduced to £206.2m over the period of the MTFP. This has been reflected in the capital financing costs within the base budget.

14.7. Prioritisation of the programme is essential to ensure it remains within an affordable envelope and has involved broadly ranking any new pressures as essential or high priority. The outcome of that exercise is reflected in the programme that is now recommended to the Council. Improved governance arrangements for the development and management of capital projects will be introduced in 2019/20 to ensure greater assurance of delivery.

14.8. The Council must ensure sufficient funding is available to meet the requirements of the agreed projects within its Treasury Management Strategy, which is regularly reviewed and updated to reflect projects as they are refined or become ready for delivery. The draft Treasury Management Strategy is set out as Appendix 4 to this report.

14.9. The table below summarises our current capital spending plans for the next five years that total £856 million. The detailed draft programme and its financing are set out in Appendix 2.

|                              | 19/20<br>£m    | 20/21<br>£m    | 21/22<br>£m    | 22/23<br>£m    | 23/24<br>£m    | Total<br>£m    |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Adults, Children & Education | 24.8           | 25.9           | 4.1            | 0.0            | 0.0            | 54.8           |
| Growth & Regeneration        | 126.8          | 91.3           | 52.6           | 27.0           | 36.8           | 334.5          |
| Resources                    | 17.0           | 8.5            | 6.2            | 5.0            | 5.0            | 41.8           |
| Corporate                    | 10.7           | 8.9            | 9.0            | 9.0            | 10.0           | 47.7           |
| Pending Schemes              | 5.1            | 12.3           | 22.8           | 29.1           | 24.8           | 94.0           |
| Housing Revenue Account      | 51.8           | 59.0           | 72.7           | 53.2           | 47.3           | 284.1          |
| <b>Total</b>                 | <b>236.4</b>   | <b>205.9</b>   | <b>167.4</b>   | <b>123.3</b>   | <b>123.9</b>   | <b>856.8</b>   |
| <i>Financed by:</i>          |                |                |                |                |                |                |
| Prudential Borrowing         | (81.2)         | (57.2)         | (37.1)         | (17.0)         | (13.6)         | (206.2)        |
| Grant                        | (58.1)         | (57.2)         | (23.0)         | (28.5)         | (20.6)         | (187.5)        |
| Developer Contributions      | (6.7)          | (5.8)          | (5.8)          | (5.5)          | (6.9)          | (30.6)         |
| Capital Receipts (GF)        | (33.2)         | (18.0)         | (23.5)         | (14.5)         | (17.5)         | (106.7)        |
| Revenue/Reserves (GF)        | (0.6)          | (0.1)          | (0.1)          | (0.1)          | (0.0)          | (0.9)          |
| Economic Development Fund    | (4.7)          | (8.5)          | (5.3)          | (4.4)          | (18.0)         | (41.0)         |
| Housing Revenue Account      | (51.8)         | (59.0)         | (72.7)         | (53.2)         | (47.3)         | (284.1)        |
| <b>Total</b>                 | <b>(236.4)</b> | <b>(205.9)</b> | <b>(167.4)</b> | <b>(123.3)</b> | <b>(123.9)</b> | <b>(856.8)</b> |

## 15. TREASURY MANAGEMENT STRATEGY

15.1. The Council's Treasury Management Strategy, Minimum Revenue Provision Policy, Investment Strategy and Prudential Indicators are set out in Appendix 4.

## 16. RISK MANAGEMENT AND FINANCIAL ASSURANCE STATEMENT

16.1. Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

16.2. In considering the robustness of any estimates, the following criteria need to be considered:

- Is performance against the current year's budget on track and where variances are evident, ongoing and unavoidable, are they appropriately reflected in the plans?
- Are arrangements for monitoring and reporting performance against the savings plans robust?
  - The reasonableness of the underlying budget assumptions.
  - The alignment of resources with the Council's service and organisational priorities.
  - A review of the major risks associated with the budget.
  - The availability of un-earmarked reserves to meet unforeseen cost pressures.
  - Have realistic income targets been set and 'at risk' external funding been identified?
  - Has a reasonable estimate of cost pressures been made?

- Are arrangements for monitoring and reporting performance against the budget robust?
- Is there a reasonable contingency available to cover the financial risks faced by the Council?
- Is there a reasonable level of reserves which could be used to mitigate any issues arising and are they reducing as the risks decrease?
- The strength of the financial management function and reporting arrangements.
- Has there been quality of engagement with colleagues and councillors in the process to develop and construct the budget?

16.3. Responses to the above are outlined in section 16.11 below.

16.4. This section of the report advises of any significant risks identified in the budget process and sets out the range of measures and provisions put in place to mitigate these risks. There will always be risks inherent in the budget process. It is important that these are identified, mitigated and managed effectively.

- The Corporate Risk Register (CRR) is a live document which seeks to provide assurance to senior management and Members that the Council's main risks have been identified and that arrangements are in place to manage those risks within agreed tolerance. Appendix 3 – Budget Risk Matrix contains a summary of selected key strategic risks, causes, impact, mitigating actions and provides an indicative assessment of how the risks identified in the CRR could be managed should they be realised during this medium term.

16.5. The collection of council tax and the generation of business rate yields are two key risks which need to be closely monitored.

- Council tax collection rates and level of arrears will be subject to regular reviews.
- Provisions for the impact of business rates appeals have been reviewed for sufficiency and activity in this regard will be proactively monitored.
- Business rates income continues to be a significant risk, however as in the case of council tax, any losses greater than those assumed in setting the budget will materialise through a collection fund and will not impact in the current year.

16.6. Parent Company Guarantees in place that underwrite Companies trading activity present significant risks. As the value grows, mitigating actions are being considered which de-risk the activity and an assessment of the sufficiency of the Council's un-earmarked reserves has been undertaken to mitigate this risk should the need arise. Please see section 16.8.

16.7. The Council's financial controls are set out in the Council's financial regulations and scheme of delegations. The Council has a well-established framework for financial reporting at Executive Director Meetings, Corporate Leadership Board, Statutory Policy Board (Member representation), Scrutiny Commissions and Cabinet with a separate dashboard for each directorate. Where unavoidable pressures are identified that cannot be mitigated, collective ownership is taken and where appropriate, funds are held in abeyance, subject to mitigations or a supplementary estimate being agreed to minimise significant variations to net approved budgets.

16.8. The Council must ensure reserves and balances are retained at an appropriate level in order to provide an adequate buffer for any series of one-off pressures – or to provide sufficient time to identify on-going mitigations in a systematic way. Based on the results of the risk assessments undertaken, an adequate level of reserves is as follows:

- General Fund un-earmarked reserve of £20.0m and a financial risk resilience reserve totalling £4.0m as at 1 April 2019, which when combined represent 6.4% of the 2019/20 net revenue budget.
- Other earmarked reserves totalling £67.8m as at 1 April 2019 (excluding, HRA and school balances), which in an emergency can be utilised on a short-term temporary basis, provided the funding is replaced in the following year.

16.9. In the context of the above, the Chief Finance Officer considers the proposed budget for 2019/20 as robust and that the level of reserves are adequate, given a clear understanding by members and senior management of the following:

- Directors and other budget holders should accept their budget responsibilities and subsequent accountability.
- The level of reserves is in line with the risk based reserves matrix but their enhancement will be a prime consideration for the use of any fortuitous in-year saving.
- Risk based budget monitoring and scrutiny arrangements are in place and include arrangements for the identification of remedial action.
- Budget risks are identified and recorded at the earliest opportunity and will be subject to focused control and management.
- To facilitate the realising of operational earmarked reserves, directorates are required to have in place a clear plan for the drawdown in line with the annual profile.
- Effective governance arrangements should be in place at a service and corporate level, to monitor the overall delivery of the 2019-20 budget plus regular monitoring reports to Cabinet.
- There is a clear understanding of the statutory duties of the Council's Chief Finance Officer and that the service implications of them being exercised are fully understood.

16.10. Other risks and opportunities

- Local government funding – during 2019/20, there will be a comprehensive spending review of all government spending; setting out the spending plans for the medium term. This will have a significant impact on the amount of funding local authorities can expect over the medium term. Alongside this review of department spending limits, there is a review of the funding formula which subsequently distributes this funding to individual local authorities. This will incorporate consideration how varying needs and resources of authorities will be taken into account.
- Part of the mechanism by which the government now funds local authorities is through retained business rates. This is also under review with a proposal that from 2020/21 there will be a 75% retention of business rates. No clarity has been provided as to whether a differential approach will be adopted for combined authorities that currently

operate a 100% pilot scheme.

- Brexit - The country faces an unclear future as the government negotiates Britain's exit from the EU. There are countless unknown variables with the prospect of economic uncertainty a reality for the coming years. This uncertainty adds to the cocktail of fiscal austerity as well as longer term demographic challenges. Further tax and benefit changes mean the full effect of austerity is still having a huge impact on residents in the city.

16.11. Assessment of robustness of estimates are outlined in the table below

| Criteria   | Y/N | Response   |
|--|-----|--|
| Is performance against the current year's budget on track and where variances are evident, ongoing and unavoidable, are they appropriately reflected in the plans? | Y   | Period 7 budget monitoring indicates a break even position after taking account of unavoidable pressures in Adult Social Care via a supplementary estimate. Ongoing pressures are reflected in the 2019/20 budget plans for the service.                                   |
| Are arrangements for monitoring and reporting performance against the savings plans robust?  | Y   | Monthly Budget Monitoring, including savings tracker. Governance via EDM, CLB, Delivery Executive, Cabinet and commissioning scrutiny.   |
| The reasonableness of the underlying budget assumptions  | Y   | Assumptions have a source or clear methodology upon which the estimate has been based.   |
| The alignment of resources with the Council's service and organisational priorities  | Y   | Integrated budget and service planning exercise is undertaken for 2019/20 budget with alignment to the corporate strategy and MTFP.  |
| A review of the major risks associated with the budget   | Y   | Corporate and other risk have been reviewed and their likelihood and impact assessed.  |
| The availability of un-earmarked reserves to meet unforeseen cost pressures  | Y   | Unallocated general reserve in line with policy 5-6% net revenue budget; however should this be exceeded as a short term emergency measure longer term earmarked reserve could be utilised.  |
| Have realistic income targets been set and 'at risk' external funding been identified?   | Y   | The income aspects of the overall budget are calculated based on previous and current trends, known influences and identified risks and external funding changes are built into the medium term financial modelling and incorporated in the calculation of the budget gap. |
| Has a reasonable estimate of demand cost pressures been made?  | Y   |  |
| Have one-off cost pressures been identified?   | Y   | Risks and pressures are identified, provisions made where evidence and or mitigating opportunities   |

|  |       |   |
|--|-------|---|
|  |       | explored.   |
| Are arrangements for monitoring and reporting performance against the budget and savings plans robust?                                   | Y / N | Arrangements for revenue are robust. The governance and monitoring of the delivery of the schemes in the capital programme require improvement and an action plan is being developed.                           |
| Is there a reasonable contingency available to cover the financial risks faced by the council?   | Y     | Risk reserves as at 31 March 2019 - £4.0m and contingency for non-delivery across the life of the MTFP - £1.7m  |
| Is there a reasonable level of reserves, which could be used to mitigate any issues arising and are they reducing as the risks decrease? | Y     | The adequacy of the level of reserves is fully assessed and set annually, and it is reviewed periodically throughout the course of the year to check appropriate direction or release where no longer required. |
| The strength of the financial management function and reporting arrangements?  | Y     | A risk based approach is taken to the alignment of staff to projects and programmes in order to optimise the skills available and an appropriate monthly reporting framework is in place.                       |
| Has there been a degree and quality of engagement with colleagues and councillors in the process to develop and construct the budget?    | Y     | There has been widespread and practical engagement throughout the budget development and construction process with senior colleagues, Executive Councillors and Scrutiny MTFP and Budget Task and Finish Group. |

## 17. RESERVES AND BALANCES

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17.1. The Council holds a number of reserves as part of its approach to maintaining a sound financial position and to demonstrate that there are no material uncertainties about the Council as a going concern. The requirement for financial reserves is linked to legislation such as Local Government Act 1992, which requires Councils to “have regard” to the level of reserves needed to meet future expenditure when calculating a budget.

17.2. 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 central government’s ongoing funding reductions. The Council’s reserves policy is described below and reflects the guidance previously provided by the Audit Commission, in respect of the appropriate level of general reserves.

17.3. Additionally, some specific earmarked reserves are set aside to manage timing differences between the receipt of income and expenditure being incurred, in accordance with accounting rules.

### **General Reserve**

17.4. The purpose of the Council’s General Reserve will be to cover emergency events only such as unforeseen financial liabilities or natural disasters and support one-off and limited on-going revenue spending. It will be maintained at a minimum level of between 5% and 6% of the council’s net revenue budget.



17.5. The balance of the General Fund Reserve at 31 March 2019 is anticipated to be £20.0m. This will be reviewed annually and maintained at this level for 2019/20.

### Earmarked Reserves

17.6. The purpose of the Council's earmarked reserves is to meet identified spending commitments. These reserves will only be used for the purpose for which they were created and will be reviewed periodically but as a minimum annually.

17.7. The opening balance on earmarked reserves on 1 April 2018 was £87.0m. During 2018/19 there was a planned contribution of £7.5m from clawback of MRP overprovision from previous years. In accordance with the policy on reserves, all forecasted balances at 31 March 2019 have been reviewed for their continuing need, alignment with council priorities and a risk assessment considering internal and external factors has been undertaken.

17.8. There is a forecast net drawdown of reserves of some £26.0m leaving a forecast closing balance at 31 March 2019 of £61.0m.

17.9. The table below summarises the movement and shows estimated earmarked reserves at 1 April 2019 and indicative reduction based on timing of known liabilities.

|  | Opening Balance<br>01.04.18 | Net Increase/<br>Decrease<br>18/19 | Closing Balance<br>31.03.19 | Net Increase/<br>Decrease<br>19/20 | Closing Balance<br>31.03.19 | Net Increase/<br>Decrease<br>2020-2025 | Closing Balance<br>31.03.24 |
|--|-----------------------------|------------------------------------|-----------------------------|------------------------------------|-----------------------------|--|-----------------------------|
| Capital Investment                         | (16.795)                    | (0.195)                            | (16.990)                    | 5.715                              | (11.275)                    | 0.200                                  | (11.075)                    |
| Business Transformation                    | (5.684)                     | 4.701                              | (0.983)                     | 0.600                              | (0.383)                     | (3.693)                                | (4.076)                     |
| Risk Management                            | (13.439)                    | 2.855                              | (10.584)                    | 4.215                              | (6.369)                     | 3.641                                  | (2.728)                     |
| Statutory/Ring-Fenced                      | (14.642)                    | 1.670                              | (12.971)                    | 2.000                              | (10.971)                    | 7.935                                  | (3.036)                     |
| Financing                                  | (13.600)                    | 7.059                              | (6.541)                     | 2.172                              | (4.368)                     | 3.013                                  | (1.355)                     |
| Service Specific                           | (15.460)                    | 4.027                              | (11.434)                    | 5.330                              | (6.104)                     | 5.941                                  | (0.163)                     |
| Legal                                      | (0.750)                     | 0.000                              | (0.750)                     | 0.000                              | (0.750)                     | 0.000                                  | (0.750)                     |
| Consultation Reserve                       | (1.000)                     | 0.500                              | (0.500)                     | 0.000                              | (0.500)                     | 0.000                                  | (0.500)                     |
| Risk                                       | (6.050)                     | 5.510                              | (0.540)                     | (4.000)                            | (4.540)                     | 0.000                                  | (4.540)                     |
| <b>Total Earmarked Reserves</b>            | <b>(87.420)</b>             | <b>26.127</b>                      | <b>(61.293)</b>             | <b>16.032</b>                      | <b>(45.262)</b>             | <b>17.038</b>                          | <b>(28.224)</b>             |
| <i>%age movement in earmarked reserves</i> |                             |                                    | <i>-30%</i>                 |                                    | <i>-26%</i>                 |  | <i>-38%</i>                 |
| <b>General Reserve</b>                     | <b>(20.000)</b>             | <b>(1.571)</b>                     | <b>(21.571)</b>             | <b>1.571</b>                       | <b>(20.000)</b>             | <b>0.000</b>                           | <b>(20.000)</b>             |
| <i>%age of net revenue budget</i>          |                             |                                    | <i>5.7%</i>                 |                                    | <i>5.4%</i>                 |  | <i>5.1%</i>                 |

### Reserve type and description

|                                   |   |
|-----------------------------------|---|
| Capital Investment Reserves       | The capital reserve is maintained to provide funding for the Council's capital / commercial investments and growth in Enterprise areas.   |
| Business Transformation Reserves  | Invest to save funds and feasibility funds for transformation programmes  |
| Specific Risk Management Reserves | Risk Reserves Funds set aside to mitigate known risks not otherwise provided for including, contribute to costs of Waste contract, volatility in Housing Benefit Subsidy and uninsured risks.   |
| Statutory/Ring-Fenced Reserves    | 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 . Stoke Park Dowry.   |
| Financing Reserves                | Technical Financial Reserves - Includes PFI sinking fund, grant income carried forward in accordance with accounting regulations, including troubled families grant and resources set aside to match known contract liabilities,  |
| Service Specific Reserves         | Amounts set aside to finance specific projects or to meet known expenditure plans, including:<br>- Bristol Futures - to provide new technology to improve public services<br>- Development Fund primarily to fund Docks Asset Survey existing and proposed regeneration schemes<br>- Election reserve for local elections |
| Legal Reserve                     | Funds set aside to commission advice and mitigate risks of potential litigation/claims.   |
| Mayors Consultation Reserve       | Funds set aside to mitigate risks of delays to delivery of savings as a result of consultation outcomes   |
| General Risk Reserve              | Funds set aside to mitigate risks aligning to risk register not specifically quantified   |

17.10. The combined total of the reserves is anticipated to be £73.8m at the start of 2018/19, with the general balances in isolation representing 5.7% of the net budget requirement. Over the period of the MTFP, a total of £22.0m of additional one-off contributions to earmarked reserves has been assumed from a reassessment of prior years' MRP overprovision within capital financing assumptions. A review of earmarked reserves has been undertaken in conjunction with key risks, as set out in paragraph 16

above and the capital programme. Provision has been set aside for potential capital investment that will be required for areas such as energy infrastructure, harbour review and flood risk assessment.

17.11. During 2019/20 there is a planned contribution to reserves of £8.8m. This will be allocated to the areas as outlined below:

- i. £4.0m is required to reinstate a risk reserve for the residual term of the MTFP.
- ii. The risk assessment indicates further reserves are required to meet the risk relating to the harbour and £3.8m has been earmarked in 2019/20 for this specific risk.
- iii. To deliver on-going revenue savings to the Council, we have a programme of work around the commercialisation of some of our services. In order to deliver income and savings, this will require some start-up funding and £1.0m is proposed to be put aside for any investments required. Any proposals to drawdown from this reserve will be subject to a rigorous business case.

|                               | <b>19/20<br/>£m</b> |
|-------------------------------|---------------------|
| Risk Reserves                 | 4.0                 |
| Harbour Risk                  | 3.8                 |
| Commercialisation Investments | 1.0                 |
|                               | <b>8.8</b>          |
| <i>Financed by:</i>           |                     |
| Minimum Revenue Provision     | 6.0                 |
| Budgeted contribution         | 2.8                 |
| Total                         | 8.8                 |

17.12. The levels of General and Earmarked reserves recommended in this report for the financial year 2019/20 are believed to be sufficient to meet all of the Council's obligations, and have been based on a detailed risk assessment. The limits will be reviewed on an annual basis against prevailing risk assessments which consider both internal and external factors.

### **Capital Receipts**

17.13. Receipts from capital assets such as land or buildings are normally only permitted to be spend on other capital expenditure, however local authorities have flexibility for a limited period, to also use capital receipts to fund delivery of on-going savings and transform service delivery. Between 2016/17 and 2022/23, any capital receipts received can be used to fund expenditure for delivery of savings and service transformation.

17.14. The Flexible Use of Capital Receipts Strategy is set out in Appendix 5.

## **18. CONSULTATION AND SCRUTINY INPUT:**

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### **Internal consultation:**

18.1. Development of the MTFP and budget has been reviewed and challenged by a Task and Finish Group of the Council's Overview and Scrutiny Management Board from

September to December. The Resources Scrutiny commission considered the final budget proposals and the Capital Programme in meetings scheduled for 10<sup>th</sup> and 14<sup>th</sup> January.

18.2. Comments received from Overview and Scrutiny Management Board on any individual matter arising will be incorporated in this report for Full Council.

#### **External consultation:**

18.3. The consultation on the Council's 2019/20 budget was open for six weeks from 5 November 2018 until 17 December 2018. Individual responses were received via the survey and additional responses were received from organisations and individuals via email, suggestion boxes and at events. The final report summarising the result is attached at Appendix 6.

18.4. Following review of consultation feedback from this year's budget consultation and previous consultations, council tax increases of 3.99% have been recommended and three savings proposals have been removed or reduced, as shown in paragraph 7.11. These changes reduce the adverse impact that may have affected education support to schools and parks and library services.

#### **Consultation Principles**

18.5. The Mayor and the Cabinet are keen to listen to any ideas for generating efficiencies and increasing income. Where it has been identified that further public consultation is required in relation to a new proposal or specific implementation of an existing proposition the opportunity will be provided to discuss with the city the details of exactly how the proposed savings could be made within the approved cash limits.

18.6. Principles:

- Where specific consultation is still considered necessary, Full Council will set the service cash limit but will not make decisions on operation issues within the service budget.
- Decision (and consultation) in respect of detailed operational proposals are a matter for Cabinet.
- Following Full Council, Cabinet will decide how best to allocate funds within the designated cash limits. When making decisions on specific proposals within budget lines it will take into consideration consultation responses and Equalities Impact Assessments where needed, fully recognising the constraints on any departure from the Council's budget / financial plan.
- Services should ensure consultation is undertaken on defined proposals, giving consultees enough time and information to respond properly and that responses are taken into account. Informal engagement at a formative stage of proposals can also be beneficial.

#### **19. OTHER OPTIONS CONSIDERED:**

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19.1. Throughout the budget process, a large number of individual cost reduction, income and investment options are considered. This is a complex process with many iterations and possibilities too numerous to present as discrete options. This report presents the final overall package of detailed proposals, which together seek to balance levels of investment, cost reduction and an appropriate level of income.

## 20. PUBLIC SECTOR EQUALITY DUTIES:

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20.1. As part of this decision making process, the Public Sector Equality Duty Decision requires council staff and elected members to consider what will be the impact on people with protected characteristics, whether in the wider city or in our own organisation. We need to understand who will be affected, how will they be affected and where possible, how to minimise unintended negative consequences by planning in mitigations from the start.

20.2. This report sets out the Mayor's budget proposals for Full Council to set the budget. Some proposals will need further development for Cabinet to make a specific decision. The process for this is set out in the section on consultation principles (Para 18.5). For these proposals a relevance check is required and, where it is indicated as needed by the relevance check, a full Equalities Impact Assessment will be undertaken to inform Cabinet when making that decision.

**Proposed Budget 2019/20 - Full Council Summary by Division (General Fund)**

| Division                                   | 2019/20 Budget - Proposed  |                      |                |                 |                               | Proposed 2019 / 20 Budget £000 |
|--|----------------------------|----------------------|----------------|-----------------|-------------------------------|--------------------------------|
|  | Base Budget 2019 / 20 £000 | Pay & Inflation £000 | Virements £000 | Growth £000     | Savings and Efficiencies £000 |                                |
| <b>Adults, Children and Education</b>      |                            |                      |                |                 |                               |                                |
| 14 Adult Social Care                       | 138,574                    | 3,015                | 5,436          | 5,995           | (4,213)                       | 148,807                        |
| 15 Children and Families Services          | 60,300                     | 668                  | 15             | 0               | (1,430)                       | 59,553                         |
| 16 Educational Improvement                 | 13,639                     | 100                  | 779            | 286             | 0                             | 14,805                         |
| 34 Public Health                           | 31                         | 0                    | (31)           | 0               | 0                             | (0)                            |
| 36 Public Health - General Fund            | 3,637                      | 24                   | (365)          | 0               | (59)                          | 3,237                          |
| <b>Adults, Children and Education</b>      | <b>216,181</b>             | <b>3,808</b>         | <b>5,834</b>   | <b>6,281</b>    | <b>(5,703)</b>                | <b>226,402</b>                 |
| <b>Resources</b>                           |                            |                      |                |                 |                               |                                |
| 21 Digital Transformation                  | 12,844                     | 139                  | (501)          | 0               | (350)                         | 12,132                         |
| 22 Legal and Democratic Services           | 6,383                      | 147                  | 80             | 497             | (207)                         | 6,901                          |
| 24 Finance                                 | 10,529                     | 325                  | 245            | 259             | (130)                         | 11,227                         |
| 25 HR, Workplace & Organisational Design   | 10,985                     | 373                  | (593)          | 95              | (330)                         | 10,529                         |
| 28 Policy, Strategy & Partnerships         | 2,563                      | 75                   | 205            | 142             | (43)                          | 2,942                          |
| 38 Commercialisation & Citizens            | 7,726                      | 228                  | (60)           | (185)           | (260)                         | 7,449                          |
| <b>Resources</b>                           | <b>51,030</b>              | <b>1,287</b>         | <b>(624)</b>   | <b>808</b>      | <b>(1,320)</b>                | <b>51,181</b>                  |
| <b>Growth &amp; Regeneration</b>           |                            |                      |                |                 |                               |                                |
| 37 Housing & Landlord Services             | 11,375                     | 99                   | 90             | 0               | 37                            | 11,601                         |
| 42 Development of Place                    | 1,576                      | 46                   | (140)          | 0               | (90)                          | 1,392                          |
| 46 Economy of Place                        | 3,368                      | 32                   | 996            | (125)           | (2,368)                       | 1,904                          |
| 47 Management of Place                     | 43,622                     | 1,808                | (546)          | 7,305           | (3,620)                       | 48,568                         |
| <b>Growth &amp; Regeneration</b>           | <b>59,942</b>              | <b>1,984</b>         | <b>400</b>     | <b>7,180</b>    | <b>(6,042)</b>                | <b>63,465</b>                  |
| <b>Corporate Funding &amp; Expenditure</b> |                            |                      |                |                 |                               |                                |
| X2 Levies                                  | 957                        | 0                    | (100)          | 0               | 0                             | 857                            |
| X3 Corporate Expenditure                   | 34,906                     | (7,080)              | (5,668)        | (827)           | 13,064                        | 34,395                         |
| X8 Corporate Revenue Funding               | (363,015)                  | 0                    | 158            | (13,442)        | 0                             | (376,299)                      |
| <b>Corporate Funding &amp; Expenditure</b> | <b>(327,152)</b>           | <b>(7,080)</b>       | <b>(5,610)</b> | <b>(14,269)</b> | <b>13,064</b>                 | <b>(341,047)</b>               |
| <b>General Fund Total</b>                  | <b>0</b>                   | <b>(0)</b>           | <b>(0)</b>     | <b>0</b>        | <b>(0)</b>                    | <b>0</b>                       |

**Proposed Budget 2019/20 - Full Council Summary by Division (Other Accounts)**

| Division                       | 2019/20 Budget - For Proposed |                      |                |             |                               | Proposed 2019 / 20 Budget £000 |
|--------------------------------|-------------------------------|----------------------|----------------|-------------|-------------------------------|--------------------------------|
|                                | Base Budget 2019 / 20 £000    | Pay & Inflation £000 | Virements £000 | Growth £000 | Savings and Efficiencies £000 |                                |
| <b>Housing Revenue Account</b> |                               |                      |                |             |                               |                                |
| 32 Housing Services - HRA      | (47,958)                      | 4,211                | (2,385)        | 2,772       | (5,632)                       | (48,992)                       |
| X1 HRA Funding & Expenditure   | 47,958                        | (4,211)              | 2,385          | (2,772)     | 5,632                         | 48,992                         |
| <b>Housing Revenue Account</b> | <b>0</b>                      | <b>0</b>             | <b>0</b>       | <b>(0)</b>  | <b>(0)</b>                    | <b>(0)</b>                     |
| <b>Dedicated Schools Grant</b> |                               |                      |                |             |                               |                                |
| 17 Dedicated Schools Grant     | 0                             | 0                    | 0              | 0           | 0                             | 0                              |
| <b>Dedicated Schools Grant</b> | <b>0</b>                      | <b>0</b>             | <b>0</b>       | <b>0</b>    | <b>0</b>                      | <b>0</b>                       |
| <b>Other Accounts Total</b>    | <b>(0)</b>                    | <b>0</b>             | <b>0</b>       | <b>(0)</b>  | <b>(0)</b>                    | <b>(0)</b>                     |

## Proposed Budget 2019/20 - Directorate summary with savings

### Directorate: Adults, Children and Education

| Summary by Division                         |                                | 2019/20 Budget                 |                         |                   |                |                                     |                                    |
|---|--------------------------------|--------------------------------|-------------------------|-------------------|----------------|-------------------------------------|------------------------------------|
| Division                                    |                                | Base Budget<br>2019/20<br>£000 | Pay & Inflation<br>£000 | Virements<br>£000 | Growth<br>£000 | Savings and<br>Efficiencies<br>£000 | Proposed<br>2019/20 Budget<br>£000 |
| 14  | Adult Social Care              | 138,574                        | 3,015                   | 5,436             | 5,995          | (4,213)                             | 148,807                            |
| 15  | Children and Families Services | 60,300                         | 668                     | 15                | 0              | (1,430)                             | 59,553                             |
| 16  | Educational Improvement        | 13,639                         | 100                     | 779               | 286            | 0                                   | 14,805                             |
| 34  | Public Health                  | 31                             | 0                       | (31)              | 0              | 0                                   | (0)                                |
| 36  | Public Health - General Fund   | 3,637                          | 24                      | (365)             | 0              | (59)                                | 3,237                              |
| <b>Total Adults, Children and Education</b> |                                | <b>216,181</b>                 | <b>3,808</b>            | <b>5,834</b>      | <b>6,281</b>   | <b>(5,703)</b>                      | <b>226,402</b>                     |

### Savings proposals within Adults, Children and Education as agreed by Full Council - February 2018

| Saving Name   | Description  | Savings<br>£000 | Savings<br>Reference |
|---|--|-----------------|----------------------|
| Better Lives Programme (Improving outcomes for adults in Bristol) | We are currently delivering a transformation programme to change our adult social care services in order to ensure a more joined up and efficient service for the city. The programme will focus on ensuring people have the right level of care and ensuring residents can maximise their own independence; ensuring commissioning decisions can be better investigated to ensure good investment; and making sure our teams can work more efficiently and effectively with our partners.   | (4,213)         | FP33                 |
| Strengthening Families Programme                                  | To respond to national and local challenges in children's social care, we are embarking on a 3-year programme to improve outcomes for children, young people and families and put us on a sustainable financial footing. The Statement of Intent for the Programme is to make cost savings whilst holding our ambition of improving outcomes, commissioning and delivering quality services and keeping "children and families" at the heart of what we do. There are three angles from which we are approaching the challenge:<br>1. DEMAND – tackling the number of children, young people and families that need our support and reducing the level of that need;<br>2. SUPPLY – how we organise our resources and commission in order to respond to that demand and, within that;<br>3. WORKFORCE – how we organise and support our staff to deliver the most effective and timely response to families. We are currently developing this proposal and if it leads to a potential significant change in services we will carry out public consulta | (1,160)         | FP31                 |
| Youth services contracts  | As part of the council's work to join up services for children, young people and families, we will be looking to partners to help carry out activity. A targeted youth contract has been commissioned This is already expected to involve a £1.2m reduction in funding and is now likely to offer a further £700k worth of savings. The contract is out for commissioning and the council is currently evaluating bids. In addition a support grant of £350k is being offered to an organisation which can manage and distribute smaller grants to community organisations to tackle medium and longer term issues as well as responding to emerging social problems in communities  | (271)           | FP07                 |
| Review and reduce spend on services provided by external partners | This proposal will consider how we can buy services provided by external partners more efficiently and reduce the overall cost.  | (59)            | FP01                 |
| <b>Total savings proposals</b>                                    |  | <b>(5,703)</b>  |                      |

## Proposed Budget 2019/20 - Directorate summary with savings

### Directorate: Resources

| Summary by Division    |                                       | 2019/20 Budget                 |                         |                   |                |                                     |                                    |
|------------------------|---------------------------------------|--------------------------------|-------------------------|-------------------|----------------|-------------------------------------|------------------------------------|
| Division               |                                       | Base Budget<br>2019/20<br>£000 | Pay & Inflation<br>£000 | Virements<br>£000 | Growth<br>£000 | Savings and<br>Efficiencies<br>£000 | Proposed<br>2019/20 Budget<br>£000 |
| 21                     | Digital Transformation                | 12,844                         | 139                     | (501)             | 0              | (350)                               | 12,132                             |
| 22                     | Legal and Democratic Services         | 6,383                          | 147                     | 80                | 497            | (207)                               | 6,901                              |
| 24                     | Finance                               | 10,529                         | 325                     | 245               | 259            | (130)                               | 11,227                             |
| 25                     | HR, Workplace & Organisational Design | 10,985                         | 373                     | (593)             | 95             | (330)                               | 10,529                             |
| 28                     | Policy, Strategy & Partnerships       | 2,563                          | 75                      | 205               | 142            | (43)                                | 2,942                              |
| 38                     | Commercialisation & Citizens          | 7,726                          | 228                     | (60)              | (185)          | (260)                               | 7,449                              |
| <b>Total Resources</b> |                                       | <b>51,030</b>                  | <b>1,287</b>            | <b>(624)</b>      | <b>808</b>     | <b>(1,320)</b>                      | <b>51,181</b>                      |

### Savings proposals within Resources as agreed by Full Council - February 2018

| Saving Name   | Description  | Savings<br>£000 | Savings<br>Reference |
|---|--|-----------------|----------------------|
| Efficiency savings as outlined in budget report                         | - Re-procurement of several ICT systems including HR/Payroll system<br>- Removal of contribution to election reserves<br>- Acceleration of planned BE1 savings efficiency saving   | (667)           | NEW                  |
| Restructure HR, Finance and associated support teams                    | Restructure the support teams to combine functions and outline clear responsibilities, objectives and reporting lines; convert temporary posts to permanent posts and stop recruiting to vacant posts. Scaling it to fit the smaller organisation which the council is becoming.   | (250)           | BE1                  |
| Reducing Fraud and Avoidance  | Refocusing efforts to prevent and minimise fraud particularly in the identification of those not entitled to subsidies and discounts and ensuring those that are expected to pay for services do.  | (100)           | BE42                 |
| Restructure Policy and Strategy Team                                    | Refocus and restructure the Policy and Strategy Team to increase policy, public affairs, equalities and consultation capacity. Seek investment from other city partners in our international work, carrying a risk of reduction in this work if willing partners can't be found.   | (43)            | BE56                 |
| More income from commercial opportunities                               | Investigating new ways we can increase the council's income through commercial means.  | (200)           | IN23                 |
| Income from 'Can Do Bristol' platform                                   | Use our new online social action platform to host Employer Sponsored Volunteer schemes, volunteer banks and campaigns for external partners, up to and including fully managed volunteering services. Make money by charging fees depending on the level of service required. (Note: We would not charge users or VCSE organisations using the normal functions of Can Do Bristol) | (10)            | IN30                 |
| Reviewing options for cash payments and/or cash related traded services | Work with partners across the region to make the most of investment in land and buildings. Unlock difficult sites for development.   | (50)            | IN31                 |
| <b>Total savings proposals</b>  |  | <b>(1,320)</b>  |                      |



**Proposed Budget 2019/20 - Directorate summary with savings**

**Directorate: Growth & Regeneration**

| Summary by Division                    |                             | 2019/20 Budget              |                         |                   |                |                                  | Proposed 2019/20 Budget |
|--|-----------------------------|-----------------------------|-------------------------|-------------------|----------------|----------------------------------|-------------------------|
| Division                               |                             | Base Budget 2019/20<br>£000 | Pay & Inflation<br>£000 | Virements<br>£000 | Growth<br>£000 | Savings and Efficiencies<br>£000 | £000                    |
| 37                                     | Housing & Landlord Services | 11,375                      | 99                      | 90                | 0              | 37                               | 11,601                  |
| 42                                     | Development of Place        | 1,576                       | 46                      | (140)             | 0              | (90)                             | 1,392                   |
| 46                                     | Economy of Place            | 3,368                       | 32                      | 996               | (125)          | (2,368)                          | 1,904                   |
| 47                                     | Management of Place         | 43,622                      | 1,808                   | (546)             | 7,305          | (3,620)                          | 48,568                  |
| <b>Total Growth &amp; Regeneration</b> |                             | <b>59,942</b>               | <b>1,984</b>            | <b>400</b>        | <b>7,180</b>   | <b>(6,042)</b>                   | <b>63,465</b>           |

**Savings proposals within Growth & Regeneration as agreed by Full Council - February 2018**

| Saving Name  | Description   | Savings<br>£000 | Savings<br>Reference |
|--|---|-----------------|----------------------|
| Reduce staffing in museum service  | To save on operating costs, we will consider reviewing the staffing numbers in the museum collections team.   | (50)            | BE16                 |
| Improving the performance of the council's Commercial/ Investment Property portfolio | Review our commercial property portfolio and where appropriate rationalise and redirect to those that generate better rates of return and/or support wider economic objectives. Also increase income through a programme of rents/lease reviews introducing more commercial arrangements for the use of council commercial assets.  | (100)           | BE57                 |
| Review and reduce spend on services provided by external partners                    | This proposal will consider how we can buy services provided by external partners more efficiently and reduce the overall cost.   | (2,152)         | FP01                 |
| New ways of running parks and open spaces  | We have developed a plan for the future of our parks and open spaces. We are looking at all options, including how parks could bring in money for the council. We have also been exploring how we can work with community groups more effectively.  | (1,028)         | FP02                 |
| Youth services contracts   | As part of the council's work to join up services for children, young people and families, we will be looking to partners to help carry out activity. A targeted youth contract has been commissioned This is already expected to involve a £1.2m reduction in funding and is now likely to offer a further £700k worth of savings. The contract is out for commissioning and the council is currently evaluating bids. In addition a support grant of £350k is being offered to an organisation which can manage and distribute smaller grants to community organisations to tackle medium and longer term issues as well as responding to emerging social problems in communities | (3)             | FP07                 |
| Neighbourhood Partnerships   | We recognise the value of engaging with communities on the issues that affect them, but believe there are more efficient ways to do this than current Neighbourhood Partnership structure. We will work with councillors and communities to change the focus and scope of this in the future by looking at what individual communities need.  | (562)           | FP09                 |
| Gradually reduce funding to Destination Bristol                                      | The council makes an annual £482k contribution to Destination Bristol, which works to attract tourists, visitors and conferences to the city. This proposal will gradually reduce our contribution over five years to allow time to find alternative funding sources.   | (58)            | FP16                 |
| Review our approach to managing and optimising                                       | Work with partners across the region to make the most of investment in land and buildings. Unlock difficult sites for development.  | (400)           | FP38                 |
| Increasing the use of community managed or owned spaces                              | Rethink assets that have potential to provide sustainable community benefits, giving local people more direct control over the management of a particular building or activity and simultaneously reduce the financial burden on the council.   | (30)            | FP39                 |
| Efficiencies realised by new Operations Centre                                       | Our new state-of-the-art Operations Centre will contain services such as traffic and emergency control. By bringing these together and selling the remaining space to partners we can make savings, increase our income and reap the benefits of closer partnership working.  | (445)           | IN02                 |
| Residents' parking income  | When people pay for residents' parking permits this is used to pay back the cost of installing the scheme. Once this money is paid back the income will be used firstly to cover parking services costs with any surplus being used to support transport related initiatives.   | (4)             | IN03                 |
| Establish city centre business rate development team                                 | Establish a team to bring unused city centre buildings back into use thereby increasing business rate contributions.  | (160)           | IN04                 |
| Increase income from museum buildings  | We will look at ways to increase income from our cultural assets such as the museum and art gallery and the M Shed, and various events the council runs. This could include re-tendering the café contract, reviewing our exhibitions programme and retail offerings at these venues  | (50)            | IN05                 |
| Generate additional income from our historic assets                                  | We will explore opportunities to generate income from a number of historic assets from increased income from room hire, weddings and event. This covers the following buildings:<br>• City Hall<br>• Passenger Shed<br>• Old Council House<br>• Lord Mayor's Mansion House & Chapel   | (50)            | IN06                 |
| Increase income generation and efficiency across culture services                    | Proposals include introducing adult admission fees for Red Lodge and Georgian House Museums; increasing major event income through sponsorship and making the Bristol Film Office and Site Permissions services self-financing. This could be achieved by working to increase the number of events held in the city and productions filmed here. This was the subject of a consultation. A summary of responses is available here <a href="https://www.bristol.gov.uk/en_US/council-spending-performance/corporate-strategy-2018-2023-budget-consultation">https://www.bristol.gov.uk/en_US/council-spending-performance/corporate-strategy-2018-2023-budget-consultation</a>       | (60)            | IN25                 |
| Increase office rental capacity at Filwood Green Business Park                       | Increase income potential from rented office accommodation by refitting the Filwood Green Business Park Work Hub.   | (10)            | IN26                 |
| Generating and saving money through energy generation and efficiency                 | Bristol City Council's Energy Service is committed to making Bristol a carbon neutral city by 2050. The team will manage and support a range of projects such as heat networks, energy efficiency and energy generation available to residents and businesses across the city. Taking a more entrepreneurial approach to these projects, the team will raise an income to fund their activity whilst saving the council money by improving its energy usage.  | (540)           | IN27                 |
| New ways of funding Development Management services                                  | Development Management provides paid for services that generates an income for the council. For the next four financial years the service will raise its income target and pursue more paid for work to cover the costs of existing job roles. Additionally, staffing will be slightly reduced by half a post to ensure the service can be more self-sufficient.  | (80)            | IN29                 |
| Savings to road maintenance budget   | We are changing, the way we maintain our roads, by adopting more preventative longer term treatments at the right time to extend the life of the road surface and reduce the amount we need to spend on day to day repairs.   | (250)           | RS02                 |
| Reduce the scope of upgrading the city's advertising and signage                     | We are currently updating 'wayfinding' signage across the city; distinctive blue displays with maps and directions on them. Plans to extend the system in to new areas have been reduced.   | (10)            | RS32                 |
| <b>Total savings proposals</b>   |   | <b>(6,041)</b>  |                      |

# Capital Programme 2018/19 to 2023/24



|  |    |
|--|----|
| Adults, Children & Education .....             | 2  |
| Growth & Regeneration.....                     | 3  |
| Resources .....                                | 8  |
| Corporate .....                                | 9  |
| Schemes Pending Business Case Development..... | 10 |
| Capital Financing .....                        | 11 |
| Housing Revenue Account (HRA) .....            | 12 |

# Adults, Children & Education

| Ref  | Scheme  | Description  | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|--|---|--|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| Pe01   | School Organisation/<br>Children's Services Capital Programme | To provide enough suitable school/education places to meet the growing demand. This will involve building new schools and providing new spaces in existing facilities. | 20,228           | 17,870           | 21,615           | 4,141            |                  |                  | 63,854         |
| Pe03   | Schools Devolved Capital Programme                            | Additional capital investment in school buildings, funded primarily by government grants.  | 1,800            | 1,000            | 1,104            |                  |                  |                  | 3,904          |
| Pe04   | Non Schools Capital Programme                                 | Investment in Education Management Case System and Employment Engagement Hub.  | 795              | 200              |                  |                  |                  |                  | 995            |
| Pe05   | Children & Families - Aids and Adaptations                    | Equipment and adaptations for children with disabilities.  | 330              | 168              | 154              |                  |                  |                  | 652            |
| Pe06a  | Children's Social Care Services                               | New homes investment for Care Services linking into The Strengthening Families Programme.  | 492              | 308              |                  |                  |                  |                  | 800            |
| Pe05b  | Adults Social Care Services                                   | New homes investment for Care Services linking into The Better Lives Programme.  | 348              | 4,000            | 3,000            |                  |                  |                  | 7,348          |
| Pe07   | Extra care Housing  | Extra Care Housing to provide accommodation for older people with some care services on site.  | 1,624            |                  |                  |                  |                  |                  | 1,624          |
| Pe08   | Care Management/Care Services                                 | Investment in existing and Social Care Infrastructure and Assets.  | 230              | 150              |                  |                  |                  |                  | 380            |
| <b>Public Health – Sports Services</b>         |   |  |                  |                  |                  |                  |                  |                  |                |
| Pe10   | Sports capital investment                                     | Three identified sports schemes to proceed to delivery – Rugby Pitches, Ardagh Hub and Tennis Courts investment.   |                  | 1,100            |                  |                  |                  |                  | 1,100          |
| <b>Adults, Children &amp; Education Totals</b> |   |  | <b>25,847</b>    | <b>24,796</b>    | <b>25,873</b>    | <b>4,141</b>     |                  |                  | <b>80,657</b>  |

# Growth & Regeneration

| Ref  | Scheme                                      | Description  | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|--|---|--|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| <b>Management of Place – Highways Transport &amp; Flood Risk</b> |   |  |                  |                  |                  |                  |                  |                  |                |
| PL01   | Metrobus                                    | Completion of the three Metrobus schemes (totalling £200m) to improve public transport and reduce congestion.                    | 3,010            |                  |                  |                  |                  |                  | 3,010          |
| PL02   | Passenger Transport                         | A variety of projects supporting improvements in bus services such as use of hybrid vehicles and smart ticketing.                | 2,097            |                  |                  |                  |                  |                  | 2,097          |
| PL03   | Residents Parking Schemes                   | "Investment in existing residents parking schemes to improve and update transport and parking infrastructure."                   | 1,016            |                  |                  |                  |                  |                  | 1,016          |
| PL04   | Sustainable Transport                       | Key projects include Cycle Ambition funded projects, Better Bus Area Fund, Go Ultra Low city scheme and Bus Shelter replacement. | 12,529           | 3,293            | 1,727            |                  |                  |                  | 17,549         |
| PL06   | Portway Park & Ride Rail Platform           | Develop new platform on Severn Beach rail line between Shirehampton & Avonmouth.   |                  | 1,672            | 553              |                  |                  |                  | 2,225          |
| PL08   | Highways & Drainage Enhancements            | A4/A4174 and Scotland Lane Road enhancement schemes.   | 3,582            | 377              |                  |                  |                  |                  | 3,959          |
| PL09   | Highways Infrastructure - Bridge investment | Redcliffe Bascule bridge and Plimsoll bridge planned investment.   | 250              | 1,750            | 1,300            |                  |                  |                  | 3,300          |
| PL09a  | Highways infrastructure - Chocolate Path    | Planned major works to maintain and improve the Chocolate path.  | 580              | 2,000            | 2,420            |                  |                  |                  | 5,000          |
| PL10   | Highways & Traffic Infrastructure - General | Highways Infrastructure planned maintenance and structural investment.   | 7,769            | 2,745            | 1,000            | 1,000            |                  |                  | 12,514         |
| PL10a  | Highways & Traffic Infrastructure - WECA    | Highways Infrastructure planned maintenance and structural investment funded through WECA.                                       |                  | 6,500            |                  |                  |                  |                  | 6,500          |
| PL10b  | Highways & Traffic Infrastructure           | Street Lighting Lamp replacement programme.  |                  | 369              | 381              | 381              |                  |                  | 1,131          |
| PL10c  | Transport Parking Services                  | Investment in parking facilities across the City.  |                  | 500              | 1,500            |                  |                  |                  | 2,000          |

| Ref                                      | Scheme  | Description  | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|--|---|--|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| <b>Management of Place – Energy</b>      |   |  |                  |                  |                  |                  |                  |                  |                |
| PL18                                     | Energy Services                               | Renewable energy investment schemes including Heat Networks and Solar energy.  | 2,681            | 1,027            | 229              |                  |                  |                  | 3,937          |
| PL18a                                    | Energy Services                               | Bristol Heat Networks expansion programme.   | 293              | 6,112            | 2,797            | 2,000            |                  |                  | 11,202         |
| PL18b                                    | Energy Services                               | Schools efficiencies infrastructure improvements.  | 158              | 474              |                  |                  |                  |                  | 632            |
| PL18c                                    | Energy Services                               | City Leap options development.   | 763              |                  |                  |                  |                  |                  | 763            |
| PL18d                                    | Energy Services                               | EU replicate grant energy infrastructure pilot schemes.  | 500              |                  |                  |                  |                  |                  | 500            |
| <b>Management of Place</b>               |   |  |                  |                  |                  |                  |                  |                  |                |
| NH02                                     | Investment in Parks and Green Spaces          | Improvement of Parks & Green Spaces across the city.   | 1,902            | 3,299            |                  |                  |                  |                  | 5,201          |
| NH06                                     | Bristol Operations Centre                     | Specification, procurement and implementation of modern systems (primarily for Telecare, Traffic Systems and CCTV) to replace end of life equipment. | 693              | 630              |                  |                  |                  |                  | 1,323          |
| NH06a                                    | Bristol Operations Centre - Phase 2           | CCTV replacement programme and investment into Smart City ICT solutions.   | 900              | 2,100            |                  |                  |                  |                  | 3,000          |
| <b>Economy of Place – Major Projects</b> |   |  |                  |                  |                  |                  |                  |                  |                |
| PL11a                                    | Cattle Market Road site re-development        | Enabling and re-development works at the Cattle Market Road site as part of the wider Temple Meads regeneration.                                     | 11,021           | 7,626            | 2,000            |                  |                  |                  | 20,647         |
| PL11b                                    | Temple Meads Master Plan                      | Infrastructure planning for the wider Temple Meads regeneration funded through WECA.   | 610              | 1,390            |                  |                  |                  |                  | 2,000          |
| GR01                                     | Strategic Property - Temple Meads development | Engine Shed 2, Temple Square and Station Approach (Enterprise Zone property acquisitions).   |                  | 6,000            | 8,250            | 2,610            |                  |                  | 16,860         |

| Ref  | Scheme  | Description   | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|------|---|---|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| GR02 | Strategic City Transport                        | Temple Quarter – Redcliffe Corridor infrastructure improvements.  |                  | 1,323            | 2,000            |                  |                  |                  | 3,323          |
| PL04 | Strategic City Transport                        | This covers a range of projects including the Local Enterprise Zone improvements which is LEP funded and Bristol Metro development.   | 8,672            | 1,947            |                  |                  |                  |                  | 10,619         |
| PL13 | Filwood Green Business Park                     | Development of the business park including new employment space.  | 200              |                  |                  |                  |                  |                  | 200            |
| PL16 | Economy Development                             | ASEA 1 – Flood Defence scheme.  | 168              |                  |                  |                  |                  |                  | 168            |
| GR03 | Economy Development                             | ASEA 2 – Flood Defence scheme.  |                  | 4,731            | 4,469            | 5,289            | 4,444            | 13,018           | 31,951         |
| GR04 | Economy Development                             | Central Bristol Flood Relief Scheme.  |                  |                  |                  |                  |                  | 5,000            | 5,000          |
| PL17 | Resilience Fund<br>(£1m of the £10m Port Sale)  | Regeneration projects within the Avonmouth and Lawrence Weston ward, focussing on Jobs and Enterprise, Thriving High Streets and Social Impact.   | 530              | 460              |                  |                  |                  |                  | 990            |
| NH01 | Libraries for the Future                        | Investment in modernising Bristol's libraries, as part of the libraries for the future project.   | 114              | 90               |                  |                  |                  |                  | 204            |
| PL26 | Old Vic & St George's                           | Grant and loan support to facilitate delivery of respective developments.   | 498              |                  |                  |                  |                  |                  | 498            |
| PL32 | Western Harbour Design Development              | Preparatory design works as part of the emerging Western Harbour regeneration strategy.   | 20               | 480              |                  |                  |                  |                  | 500            |
| NH04 | Third Household Waste Recycling & Re-use Centre | Building a third Household Waste Recycling Centre at Hartcliffe Way Depot – subject to the development of a sustainable financial plan that would ensure the continued operation of the centre. | 46               | 1,054            | 2,900            |                  |                  |                  | 4,000          |

### Economy of Place – Property

|      |                    |  |     |       |  |  |  |  |       |
|------|--------------------|--|-----|-------|--|--|--|--|-------|
| PL20 | Strategic Property | Investment to maximise opportunities and develop current property asset portfolio in-line with corporate strategic priorities. | 575 | 1,551 |  |  |  |  | 2,126 |
|------|--------------------|--|-----|-------|--|--|--|--|-------|

| Ref  | Scheme   | Description   | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|------|--|---|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| PL22 | Strategic Property - Investment in existing waste facilities | Health & Safety works on existing waste premises.                       | 289              | 940              |                  |                  |                  |                  | 1,229          |
| PL23 | Strategic Property - Temple Street                           | Additional works to Temple Street to facilitate letting out.            | 164              | 530              |                  |                  |                  |                  | 694            |
| PL24 | Colston Hall   | Redevelopment of Colston Hall.  | 3,325            | 17,015           | 17,057           | 7,331            | 975              |                  | 45,703         |
| PL25 | Strategic Property - Community Capacity Building             | Investment to support local community asset capacity building.          |                  | 500              | 1,000            | 1,000            | 1,000            | 1,000            | 4,500          |
| PL34 | Strategic Property - Community investment scheme             | Development of the Lawrence Weston Community Centre.                    |                  | 500              | 3,000            | 500              |                  |                  | 4,000          |
| PL28 | Bottleyard Studios   | Investment of essential renewal and improvements.                       | 302              |                  |                  |                  |                  |                  | 302            |
| PL05 | Strategic Property - Hawkfield site                          | Hawkfield Business Park development, re-location of Bottleyard studios. | 5,500            | 500              | 2,000            | 2,000            |                  |                  | 10,000         |
| PL15 | Harbour Asset Management Strategy                            | Harbour Asset survey to determine programme of works.                   | 169              | 369              |                  |                  |                  |                  | 538            |

### Development of Place - Housing, City Design, Planning, Innovation

|      |   |   |       |        |        |        |       |     |        |
|------|---|---|-------|--------|--------|--------|-------|-----|--------|
| GR06 | Innovation & sustainability                       | Open Programmable City Region (OPCR), digital network improvements.   | 1,500 | 1,589  | 251    |        |       |     | 3,340  |
| PL14 | Planning & Sustainable Development – Legible City | This consists of environmental improvements and the delivery of the Legible City Phase 2 which improves a network of a pedestrian wayfinding system across Bristol promoting public health related initiatives. | 251   | 185    | 149    | 74     | 78    | 35  | 772    |
| PL15 | Planning & Sustainable Development – Public realm | Public realm environmental improvements.  | 306   | 154    | 100    | 100    | 100   | 100 | 860    |
| PL30 | Housing Strategy and Commissioning                | Housing Delivery Programme designed to accelerate the delivery of new homes, in particular affordable homes through enabling, grant funding and land release.   | 9,455 | 30,399 | 23,535 | 13,660 | 7,782 |     | 84,831 |

| Ref                                    | Scheme  | Description  | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|--|---|--|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| <b>Housing &amp; Landlord Services</b> |   |  |                  |                  |                  |                  |                  |                  |                |
| NH07                                   | Private Housing                                     | Delivering aids and adaptations for disabled people in private homes, helping them live more independently (based on current estimates of available external grant funding). | 3,574            | 2,650            | 2,650            | 2,650            | 2,650            | 2,650            | 16,824         |
| PL30a                                  | Housing Programme delivered through Housing Company | Implement new housing delivery vehicle to accelerate affordable housing provision across the city.   | 260              | 12,000           | 10,000           | 14,000           | 10,000           | 15,000           | 61,260         |
| <b>Growth and Regeneration Totals</b>  |   |  | <b>86,272</b>    | <b>126,831</b>   | <b>91,268</b>    | <b>52,595</b>    | <b>27,029</b>    | <b>36,803</b>    | <b>420,798</b> |



# Resources

| Ref                                   | Scheme   | Description   | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|---------------------------------------|--|---|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| Re01                                  | ICT Refresh Programme                                | A programme of investment to replace and upgrade the Council's ICT assets.  | 220              | 2,590            | 2,000            | 1,500            | 1,500            | 1,500            | 9,310          |
| Re02                                  | ICT Development - HR/Finance                         | Development of HR/Finance System.   | 1,177            | 1,623            |                  |                  |                  |                  | 2,800          |
| Re03                                  | Future State Assessment (FSA) - ICT Development      | Investment that will be required to support ICT infrastructure including a Cloud Hosting solution.                                    | 1,147            | 5,862            | 3,267            | 2,195            | 1,000            | 1,000            | 14,471         |
| Re04                                  | Bristol Workplace Programme                          | Reduce the number of offices we work in and invest in the remaining buildings to make them modern, efficient and flexible workplaces. | 483              |                  |                  |                  |                  |                  | 483            |
| Re05                                  | Omni Channel Contact Centre                          | ICT system development.   | 255              | 200              |                  |                  |                  |                  | 455            |
| Re05                                  | Mobile Working for Social Care (Adults & Children's) | Investment of ICT equipment to improve agile working of social care teams, part of the transformation programmes.                     | 817              | 96               |                  |                  |                  |                  | 913            |
| <b>Facilities Management Services</b> |  |   |                  |                  |                  |                  |                  |                  |                |
| PL21                                  | Building Practice Service - Essential H&S            | Health & Safety works to maintain the structural fabric and condition of existing Council buildings to meet statutory compliance.     | 2,632            | 3,373            | 2,510            | 2,500            | 2,500            | 2,500            | 16,015         |
| PL27                                  | Strategic Property - vehicle replacement             | Vehicle Fleet replacement programme.  | 2,132            | 3,302            | 746              |                  |                  |                  | 6,180          |
| <b>Resources Totals</b>               |  |   | <b>8,863</b>     | <b>17,046</b>    | <b>8,523</b>     | <b>6,195</b>     | <b>5,000</b>     | <b>5,000</b>     | <b>50,627</b>  |

# Corporate

| Ref                     | Scheme                             | Description  | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|-------------------------|------------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| CP02                    | Corporate - Advanced Scheme Design | Funding required to ensure investment in scheme design and delivery. |                  | 1,000            | 1,000            |                  |                  |                  | 2,000          |
| CP03                    | Corporate Contingencies            | Contingency required for major capital projects.                     |                  | 9,728            | 7,933            | 9,005            | 9,000            | 10,000           | 45,666         |
| <b>Corporate Totals</b> |                                    |  |                  | 10,728           | 8,933            | 9,005            | 9,000            | 10,000           | 47,666         |

## Capital Programme (GF) Totals

|                                      | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| <b>Capital Programme (GF) Totals</b> | 120,982          | 179,401          | 134,597          | 71,936           | 41,029           | 51,803           | 599,748        |

# Schemes Pending Business Case Development

| Ref   | Scheme   | Description   | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|---|--|---|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| NH05  | Sports provision   | Investment into appropriate swimming and other sports facilities is subject to review design and service delivery based around a nil subsidy model. |                  |                  |                  | 3,000            | 750              |                  | 3,750          |
| Pe02  | Schools Organisation/ SEN Investment Programme                       | Investment in additional SEN provision.   |                  |                  |                  | 6,500            | 17,900           | 17,900           | 42,300         |
| Pe06a   | Children's Social Care Services                                      | Infrastructure investment for Care Services linking into The Strengthening Families transformation programme.                                       |                  | 1,000            | 1,000            | 1,000            | 2,000            |                  | 5,000          |
| NH03  | Cemeteries & Crematoria  | Cemeteries and Crematoria service update and expansion.   |                  | 200              | 1,400            | 4,000            | 400              |                  | 6,000          |
| F09   | Energy Services Phase 2 investment & commercialisation opportunities | Energy Work stream 2 - City Leap, Infrastructure, renewables, heat networks and efficiencies.   |                  | 1,237            | 4,000            | 3,000            | 3,000            |                  | 11,237         |
| PL19  | Harbourside operational infrastructure                               | Investment into improving and replacing Harbourside assets including ICT system improvements.   |                  | 450              | 600              |                  |                  |                  | 1,050          |
| PL36  | Investment in Markets infrastructure & buildings                     | Investment to improve Markets infrastructure and buildings as part of wider development opportunities.  |                  | 250              | 250              | 250              |                  |                  | 750            |
| GR07  | Areas for Growth and Regeneration                                    | Delivery of regeneration opportunities across the city.   |                  | 2,000            | 5,000            | 5,000            | 5,000            | 6,890            | 23,890         |
| <b>Schemes Pending Business Case Development Totals</b> |  |   | <b>0</b>         | <b>5,137</b>     | <b>12,250</b>    | <b>22,750</b>    | <b>29,050</b>    | <b>24,790</b>    | <b>93,977</b>  |

| <b>Capital Programme (GF) include Pending Schemes</b> | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| <b>Totals</b>   | <b>120,982</b>   | <b>184,538</b>   | <b>146,847</b>   | <b>94,686</b>    | <b>70,079</b>    | <b>76,593</b>    | <b>693,725</b> |

# Capital Financing

| Source of Finance               | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000   |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Prudential Borrowing            | (54,805)         | (81,232)         | (57,243)         | (37,081)         | (17,011)         | (13,600)         | (260,972)        |
| Grants                          | (49,830)         | (58,116)         | (57,223)         | (23,037)         | (28,546)         | (20,550)         | (237,302)        |
| Developer Contributions         | (775)            | (6,679)          | (5,750)          | (5,750)          | (5,500)          | (6,890)          | (31,344)         |
| Capital Receipts (GF)           | (15,107)         | (33,226)         | (18,013)         | (23,455)         | (14,500)         | (17,500)         | (121,801)        |
| Revenue / Reserves (GF)         | (465)            | (554)            | (149)            | (74)             | (78)             | (35)             | (1,355)          |
| Economic Development Fund (EDF) |                  | (4,731)          | (8,469)          | (5,289)          | (4,444)          | (18,018)         | (40,951)         |
| <b>GF Financing Totals</b>      | <b>(120,982)</b> | <b>(184,538)</b> | <b>(146,847)</b> | <b>(94,686)</b>  | <b>(70,079)</b>  | <b>(76,593)</b>  | <b>(693,725)</b> |

# Housing Revenue Account (HRA)


| Ref   | Scheme                             | Description  | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000 |
|---|------------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| HRA1  | Planned Programme - Major Projects | Programme includes major refurbishments and external improvements to existing assets.              | 10,055           | 10,721           | 10,350           | 10,250           | 7,250            | 5,350            | 53,976         |
| HRA2  | New Build and Land Enabling        | Planned programme to deliver new housing stock.  | 12,175           | 21,042           | 28,376           | 41,449           | 25,231           | 21,238           | 149,511        |
| HRA3  | Building Maintenance and Repairs   | Planned and cyclical repairs and maintenance including accessible improvements to existing assets. | 17,314           | 20,069           | 20,277           | 21,022           | 20,747           | 20,713           | 120,142        |
| <b>Housing Revenue Account (HRA) Totals</b> |                                    |  | <b>39,544</b>    | <b>51,832</b>    | <b>59,003</b>    | <b>72,721</b>    | <b>53,228</b>    | <b>47,301</b>    | <b>323,629</b> |


## HRA Financing

| Source of Finance                                     | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000   |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| HRA Self Financing (MRR)                              | (25,000)         | (25,630)         | (26,322)         | (27,085)         | (27,742)         | (28,583)         | (160,362)        |
| HRA New Borrowing                                     |                  | (4,818)          | (15,295)         | (22,974)         |                  |                  | (43,087)         |
| Capital Receipts (HRA)                                | (11,000)         | (9,767)          | (7,841)          | (9,260)          | (9,459)          | (3,876)          | (51,203)         |
| Revenue / Reserves (HRA)                              | (3,544)          | (11,617)         | (9,545)          | (13,402)         | (16,027)         | (14,842)         | (68,977)         |
| <b>Housing Revenue Account (HRA) Financing Totals</b> | <b>(39,544)</b>  | <b>(51,832)</b>  | <b>(59,003)</b>  | <b>(72,721)</b>  | <b>(53,228)</b>  | <b>(47,301)</b>  | <b>(323,629)</b> |

## Revised Capital Programme Budget Combined (GF + HRA) Totals

|               | 2018/19<br>£'000 | 2019/20<br>£'000 | 2020/21<br>£'000 | 2021/22<br>£'000 | 2022/23<br>£'000 | 2023/24<br>£'000 | Total<br>£'000   |
|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Totals</b> | <b>160,526</b>   | <b>236,370</b>   | <b>205,850</b>   | <b>167,407</b>   | <b>123,307</b>   | <b>123,894</b>   | <b>1,017,354</b> |

| Corporate Risk Register as at December 2018 - External and Civil Contingency Risks  |   |   |                    |        |                                   |   |                      |        |             |
|---|---|---|--------------------|--------|-----------------------------------|---|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance   | Current Risk Level |        |                                   | What we are doing   | Tolerance Risk Level |        |             |
|   |   |   | Likelihood         | Impact | Risk Rating                       |   | Likelihood           | Impact | Risk Rating |
| <p><b>BRR1: Brexit</b><br/>                     The risk that Brexit (and any resulting 'deal' or 'no deal') will impact the local economy, local funding and delivery of council services, and that uncertainty around Brexit could impact our ability to accurately assess or plan for potential positive or negative outcomes.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Exiting the European Union.</li> <li>• Lack of majority view on draft agreement with EU.</li> <li>• Unprecedented and complex national / international process.</li> <li>• Lack of planning by the authority.</li> </ul> <p>(Corporate Risk Register Report: External Risk BCCC2)</p> | <p>Announced funding of Settlement Visas for EU employees.</p> <p>Participating in MHCLG events and national working group of local authority representatives.</p> <p>Undertaken a draft internal assessment of threat and opportunities following an externally-provided workshop.</p> |  | 4                  | 5      | 20                                | <p>We are monitoring the issue on an ongoing basis.</p> <p>We will complete and disseminate BCC threat and opportunity assessment, including links to our Business Plan 2019/20. This will include clear actions to be taken.</p> <p>Have further meetings of Bristol Brexit Response Group.</p> <p>Maintain the continued internal Brexit working group to ensure preparedness.</p> <p>Continued monitoring of external environment and government relations.</p> <p>Attend MHCLG regional preparedness workshop for Chief Officers.</p> | 3                    | 5      | 15          |
| Risk Owner: Head of Paid Service.   | Action Owner: Head of Policy and Public Affairs.  | Portfolio Flag: Finance, Governance and Performance.                                |                    |        | Strategy Theme: Our Organisation. |   |                      |        |             |

| Budget Risk Register as at January 2019– Threat Risks to the achievement of Bristol City Councils Objectives.   |  |   |                    |        |                                   |  |                      |        |             |
|---|--|---|--------------------|--------|-----------------------------------|--|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance   | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|   |  |   | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>BRR2: Cyber-Security</b></p> <p>The Council's risk level in regards to Cyber-security is higher than should be expected.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Lack of investment in appropriate technologies.</li> <li>Reliance on in-house expertise, and self-assessments (PSN).</li> <li>Lack of formal approach to risk management (ISO27001).</li> <li>Historic lack of focus.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR7)</p> | <p>The Council has secured a new Public Services Network (PSN) Certificate (issued 9<sup>th</sup> November2018).</p> <p>A PSN Remedial Action Plan is in place.</p> <p>Budget provision for Cyber Security was allocated within the Future State Assessment Plan (FSA) as approved by Cabinet June 2018.</p> <p>Independent full security assessments have been carried out November 2018.</p> <p>Increased training - Phishing attacks November 2018.</p> |  | 3                  | 7      | 21                                | <p>The Council has secured a new PSN Certificate as the assessor was confident that the Council had sufficiently completed much of the PSN Action Plan. However, there is still remaining a number of key activities which are being prioritised alongside other priority activity due to the current capacity of key skills/resources. The resourcing issue is being addressed within the current capability and capacity assessments which are a prerequisite to the ICT Restructure being delivered within the FSA Transformation Programme. Q4 2018, Q1 2019.</p> <p>Procurement for an independent assessment of the Cyber-Security risks, which is wider in breadth and deeper in discovery than the test currently undertaken for PSN compliance is underway; there have been delays in the procurement process which mean that the original Nov18 target has been missed. This will review all aspects of IT Security from both outside and within the network. This assessment will form the basis of the mitigation activity which will be undertaken within the FSA Programme. The audit and mitigation plans should be available during February 2019, ready for review by the Council's SIRO and the FSA Transformation Programme Delivery Board.</p> <p>ICT are working closely with the Council's new SIRO to improve the approach to all aspects of Information Assurance (including adoption of ISO27001). In addition to this, ICT are working with the Resources Executive Director and colleagues to review and enhance the current policies and strategies pertaining to Information Management. This is a new initiative without a formal plan as yet.</p> <p>The FSA Programme currently has plans to implement technology platforms to move the Council from file storage to document storage platforms, increase team collaboration without use of email, implement file retention policies, introduce document marking and rights management, implement data classification and improve federated search across structured and unstructured data stores. The FSA Programme will align with the new Information Assurance approach and the strategy set by the Council's SIRO, as direction becomes clear. In the meantime, ICT has given assurances that the FSA Programme deliverables will not impact or inhibit future strategy due to the flexibility and capability within anticipated technical solutions. This will be delivered in line with the 2-3 year FSA Programme.</p> <p>As well as technical controls, the ICT team is currently undertaking a Phishing attach exercise where we are sending emails to staff to see how users react to this type of Cyber Attack. Anyone clicking on links is directed towards targeted training. We will use the outcome of this exercise to inform on how we improve non-technical controls and training in future. ICT will continue to work with the SIRO to develop appropriate targeted training. Q4 2018.</p> | 1                    | 5      | 5           |
| Risk Owner: Senior Information Risk Owner (SIRO).   | Action Owner: Director, Digital Transformation.  | Portfolio Flag: Finance, Governance and Performance.                                |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |  |   |  |        |             |  |                      |        |             |
|--|--|---|--|--------|-------------|--|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance   | Current Risk Level                       |        |             | What we are doing  | Tolerance Risk Level |        |             |
|  |  |   | Likelihood                               | Impact | Risk Rating |  | Likelihood           | Impact | Risk Rating |
| <p><b>BRR3: ICT Resilience</b></p> <p>The Councils ability to deliver critical and key services in the event of ICT outages, and be able to recover in the event of system and/or data loss.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Poor BCP planning and understanding of key system architecture.</li> <li>Untested DR arrangements including data recovery.</li> <li>Untested network reconfiguration to alleviate key location outage.</li> <li>Untested recovery schedules in terms of order and instructions</li> <li>Lack of resilience available for legacy systems (single points of failure – people and technology).</li> <li>Services undertaking their own IT arrangements outside of the corporate approach.</li> </ul> <p>Corporate Risk Register Report: Threat Risk (RR26)</p> | <p>Resilience has been implemented within the Corporate Network to ensure that the network remains active and available in the event of a building becoming unavailable or a circuit being interrupted. Work to date.</p> <p>Backups are held within, and external, to the corporate network to ensure availability. Work to date.</p> <p>The FSA Programme has the movement to more resilient hosting as part of a core deliverable. Utilising cloud hosting improves resilience and recovery and enables access to key systems from outside of the corporate network, and if necessary, from non-corporate devices. As approved by Cabinet June 2018.</p> <p>The FSA Programme includes the review of future DR arrangements with the move to cloud for most services, and a move to crown hosting for remaining, servers. As approved by Cabinet June 2018.</p> <p>The FSA Programme includes work to aid with the survivability and recovery of Cyber Security Incidents which will aid the resilience of key Council systems. As approved by Cabinet June 2018.</p> | New   | 3  | 7      | 21          | <p>A test of current Disaster Recovery arrangements is due within Q4 2018/19.</p> <p>Ensure that Line of Business (LOB) systems that pose a Resilience/Recovery risk are identified and service areas understand the risks to their services within their BCP planning. On-going.</p> <p>Delivery of the FSA Programme remains the key ICT activity. This will be delivered in line with the 2-3 year FSA Programme.</p> | 2                    | 5      | 10          |
| <p>Risk Owner: Head of Paid Service and Service Area Leads.</p>  | <p>Action Owner: Director, Digital Transformation.</p>   | <p>Portfolio Flag: Finance, Governance and Performance.</p> | <p>Strategy Theme: Our Organisation.</p> |        |             |  |                      |        |             |




| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |   |  |        |             |  |                      |        |             |
|--|---|---|--|--------|-------------|--|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance   | Current Risk Level   |        |             | What we are doing  | Tolerance Risk Level |        |             |
|  |   |   | Likelihood   | Impact | Risk Rating |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR4: Long term commercial investments and major projects capital investment.</b></p> <p>BCC'S long-term commercial investments and major projects may require greater than anticipated capital investment.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• The cost is higher than expected.</li> <li>• The project is delivered later than planned.</li> <li>• The operating and maintenance cost of the asset exceeds expectations.</li> <li>• The demand for the asset is less than budgeted driving down income.</li> <li>• Strategic, geographic, social, financial and economic conditions changing over time.</li> <li>• Oversight of Project interdependencies not well managed.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR1)</p> | <p>We have reviewed Capital Governance arrangements and have established the Growth and Regeneration Board in order to improve capital programme governance and accountability arrangements. The Board is overseen by the Delivery Executive to make improvements to capital project business cases, taking account of whole life costing principles and improving capital monitoring arrangements.</p> <p>We are understanding, monitoring and reporting the cost-determining factors, and seeking relevant professional advice to ensure Value for Money (VfM) by undertaking due diligence which covers the economic, financial, social and environmental case. This is ongoing.</p> <p>Governance arrangements are in place for the council as a Company Shareholder.</p> <p>The Growth and Regeneration Directorate is responsible for delivery of major infrastructure projects. Some of the key projects include:</p> <p><u>Harbour Strategy</u></p> <ul style="list-style-type: none"> <li>• We are looking to secure capital funding to commence in 2018/19 through a robust capital business case to make commercial improvements across areas such as new pontoons, and boaters facilities,' both of which will generate income and make the area more attractive economically.</li> <li>• We have completed a commercial benchmarking exercise in terms of charges and commercial offering using similar marina sites across the UK.</li> <li>• We are constructing a plan around our commercial offering, fees &amp; charges, leases etc. to ensure we are maximising income that can be used to invest in the area.</li> <li>• Carrying out condition surveys to assist with the development of a robust maintenance schedule.</li> </ul> <p><u>Arena</u></p> <ul style="list-style-type: none"> <li>• We commissioned consultants to carry out Value for Money (VfM) studies for the Arena at Temple Meads, alternative use of the site plus an alternative scheme at Filton.</li> <li>• Cabinet on the 4<sup>th</sup> September agreed to look to an alternative use for the Temple Quarter site.</li> </ul> <p><u>Temple Quarter</u></p> <ul style="list-style-type: none"> <li>• For contracts we ensure that robust contingencies are built into the project costs, and secure consultant's advice relating to appropriate risk allocation and reward, and other contractual arrangements.</li> </ul> <p><u>Colston Hall</u></p> <ul style="list-style-type: none"> <li>• Consultants were engaged last year to undertake an options appraisal to verify the project in its current format i.e. the scope of the works and ensuring that the correct option has been chosen to make the hall financially sustainable. Cabinet has approved the underwriting of the project to a maximum of £48.8m. The project is progressed through the Southern Construction Framework (administered by Devon County Council).</li> </ul> <p><u>Energy</u></p> <ul style="list-style-type: none"> <li>• In the last 2 years Bristol Energy has grown significantly however the energy market is extremely complex with strong competition from new and existing energy retailers with high volatility in wholesale prices and the industry is currently subject to price scrutiny from Industry regulators.</li> </ul> | ↔   | 3  | 7      | 21          | <p>The Capital Strategy will be developed by February 2019.</p> <p>Improvements to capital programme governance and accountability arrangements through Housing, Property and Growth &amp; Regeneration Board, with tracking and delivery are overseen by Delivery Executive (Ongoing).</p> <p>The Executive Director for Growth and Regeneration has instigated a series of ongoing 'Deep Dives' with a focus on key programmes and project deliverables feedback being reviewed by the Growth and Regeneration Board and further detailed review of the capital programme to be undertaken as part of the budget process (Ongoing).</p> <p>The Growth and Regeneration Board meets monthly to continue to improve project, programme and portfolio risk management to ensure robust arrangements are in place and challenge against deliverables. We will maintain a balanced portfolio of investment assets so that exposure to particular classes of risk can be minimised (Ongoing.)</p> <p>We continue to strengthen client-side arrangements for companies around the:</p> <p><u>Harbour Strategy</u></p> <ul style="list-style-type: none"> <li>• We are working with colleagues across the Growth &amp; Regeneration and Communities Directorates to ensure we have a joined up approach to delivering a new Harbour Strategy. This falls in to three main work streams Assets, Design and Harbour/Marina activity. Whilst these 3 pieces of work are in differing project stages, an umbrella group to act as a steering and governance forum is being established by September 2018.</li> <li>• As part of a robust asset management planning framework we are carrying out condition surveys on the dock's walls to produce a future maintenance schedule as part of the BCC Asset Management Plan by end spring 2019.</li> </ul> <p><u>Temple Quarter</u></p> <ul style="list-style-type: none"> <li>• Cabinet on the 4th September agreed not to pursue the development of the Bristol Arena on the former diesel depot site at Temple Meads.</li> </ul> <p><u>Colston Hall</u></p> <ul style="list-style-type: none"> <li>• We have engaged a consultant under a Pre-Construction Services Agreement (PCSA). We have set up a 10 point plan to address any issues by September 2018 to enable us to meet budget constraints. To assist in the process we have engaged the help of the Southern Construction Framework (SCF) administrator.</li> </ul> <p><u>Energy</u></p> <ul style="list-style-type: none"> <li>• Like all business in this field we continue to work with the company consultants to explore opportunities to ensure we have the right operating model to deliver our objectives. Ongoing</li> <li>• We are currently exploring opportunities for smart energy initiatives which include City Leap.</li> </ul> | 1                    | 7      | 7           |
| <p>Risk Owner: Interim Executive Director Growth and Regeneration, Executive Director Resources and S151 Officer.</p>  | <p>Action Owner: Interim Executive Director Growth and Regeneration, Director Finance.</p>  | <p>Portfolio Flag: Finance, Governance and Performance.</p> | <p>Strategy Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing.</p> |        |             |  |                      |        |             |

Page 225

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |  |   |                    |        |  |  |                      |        |             |
|--|--|---|--------------------|--------|--|--|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance   | Current Risk Level |        |  | What we are doing  | Tolerance Risk Level |        |             |
|  |  |   | Likelihood         | Impact | Risk Rating                              |  | Likelihood           | Impact | Risk Rating |
| <p><b>BRR5: Failure to Manage Asbestos.</b></p> <p>Failure to manage the asbestos management plan for properties.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Staff availability to carry out work plans in a safe way.</li> <li>• Lack of appropriate training.</li> <li>• Lack of oversight and control by local management.</li> <li>• Lack of information on the potential or known risks.</li> <li>• Inadequate contract management arrangements.</li> <li>• Lack of effective processes and systems consistently being applied.</li> <li>• Policies are not kept up to date.</li> <li>• Budget pressures.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR3)</p> | <p>We have an ongoing plan for properties to be surveyed prior to any work being undertaken by Asbestos Consultants plus an ongoing programme of surveys is being carried out.</p> <p>Funding for Contractor training was agreed in February 2018.</p> <p>There is a process for reporting Asbestos exposure incidents to the HSE via F2508 form. Asbestos incidents are reported via the Corporate health and safety accident/incident process. Asbestos incidents are investigated in-house and appropriate actions taken. Significant asbestos issues are reported to the appropriate Health &amp; Safety Committees, senior management and executive. Ongoing.</p> <p>Corporate Asbestos arrangements have been reviewed and published on the Source, 12th June 2018.</p> <p>A corporate review of Asbestos arrangements is being carried out by end Q2 2018/19.</p> <p>Property Services have reviewed their asbestos arrangements.</p> <p>We are holding regular 'Asbestos working group' meetings to progress the management of Asbestos across the authority. Ongoing.</p> | <p>↔</p>  | 3                  | 7      | 21                                       | <p>All managers will be informed of reviewed Asbestos arrangements by use of CHaSMS. This was originally planned for September 2018.</p> <p>Housing are reviewing and updating the service area Asbestos arrangements, as part of a wider action plan to improve the management of Asbestos, following a Corporate Safety review of the Service.</p> <p>Contractor training to inform of BCC's expectations of standards, whilst on our sites, arrangements are being carried out by end March 2019.</p> | 1                    | 7      | 7           |
| <p>Risk Owner: Head of Paid Service and Corporate Leadership Board (CLB).</p>  | <p>Action Owner: Director of Commercialisation (for Corporate Estate) and Director of Housing and Landlord Services (for Social Housing).</p>  | <p>Portfolio Flag: Finance, Governance and Performance.</p> |                    |        | <p>Strategy Theme: Our Organisation.</p> |  |                      |        |             |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |  |                    |        |                                   |  |                      |        |             |
|--|---|--|--------------------|--------|-----------------------------------|--|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|  |   |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>BRR6: Corporate Health, Safety and Wellbeing.</b></p> <p>If the City Council does not meet its wide range of Health &amp; Safety requirements then there could be a risk to the safety of citizens.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• If services do not have sufficient staff numbers to carry out work plans in a safe way.</li> <li>• If services are not able to order appropriate equipment required for staff safety.</li> <li>• Lack of appropriate equipment.</li> <li>• Lack of appropriate training.</li> <li>• Lack of oversight and control by local management.</li> <li>• Lack of information on the potential or known risks.</li> <li>• Inadequate contract management arrangements.</li> <li>• Lack of effective processes and systems consistently being applied.</li> <li>• Policies are not kept up to date.</li> <li>• Budget pressures.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR4)</p> | <p>The Corporate Health &amp; Wellbeing (HS&amp;W) team is in place to support the council and provide advice and guidance. The Corporate Policy Statement, service specific policies, procedures and systems of work and safety arrangements are in place and routinely reviewed.</p> <p>BCC has a Corporate Health and Safety Management System (CHaSMS) to identify and monitor hazards, risks and appropriate actions. Each manager (with staff and /or premises responsibilities) have an action plan which is completed by all Managers on a quarterly basis. Once completed the (HS&amp;W) team check the returns and give relevant feedback to the individual Managers and report the overall results to Senior Management.</p> <p>The accident/incident reporting procedure is in place to monitor injury to colleagues and is communicated. All incidents are subject to the investigation procedure to reduce the potential for any recurrences.</p> <p>Corporate procedures and a risk assessment pro-forma exist for core safety functions including arrangements for fire risk assessment of all workplaces. A register is in place for potential asbestos exposures. We have reviewed and further invested in statutory health surveillance equipment and training and a programme of work in place within council housing post Grenfell.</p> <p>BCC has a programme of e-learning and personal face to face course delivery available to all staff and members. Ongoing specific training on H&amp;S and excessive pressure/ personal resilience is also available. Stress management training and stress risk assessment training is available for managers and employees.</p> <p>An independent occupational health support (NHS Avon Partnership Occupational Health Service) is in place to provide advice, employee support, management medical opinion and advice to support managers dealing with employee ill-health and absence. A pre-employment health screening service is in place to ensure reasonable adjustments are identified to support employees and also an HGV driver medical support service. A confidential Employee Assistance Programme, Wellbeing telephone helpline operates (24hrs / 7 days a week); this programme also includes a range of Wellbeing information via a website. Partnerships with external providers of counselling and physiotherapy services are in place to provide fast-track access to these services. The council is routinely monitoring these services.</p> <p>The Intelligence network including the Corporate Safety Information System is in place to share details of the addresses to the Citizens of Bristol considered to present risks to staff.</p> <p>Corporate Health and Safety is reported to the Leadership team quarterly using the CHaSMS to help monitor compliance.</p> <p>BCC also has a system of Trade Union Consultation with Health and Safety trained Representatives.</p> <p>Benchmarking and annual reports are provided to BCC along with the annual performance report.</p> <p>All contracts set up with external providers include checking their relevant Health and Safety competency.</p> <p>The council's audit programme monitors compliance with statutory duty and best practices.</p> | ↔  | 3                  | 7      | 21                                | <p>A new electronic accident /incident database will be launched in autumn of 2019 as part of the implementation of the Council's new HR system which will inform on the annual report and action plan.</p> <p>A revised approach to Health and Safety compliance will be reviewed and aligned to the Corporate H&amp;S Management System (CHaSMS) by April 2019.</p> <p>A review of the Directorate H&amp;S Co-ordinators Group (DHSWCG) and its reporting of H&amp;S issues will be carried out by April 2019.</p> <p>The programme of work post Grenfell will be further developed in line with any emerging themes/outcomes from the Public Enquiry.</p> | 1                    | 7      | 7           |
| Risk Owner: Head of Paid Service and Corporate Leadership Board (CLB).   | Action Owner: Director of Workforce Change.   | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

Page 227

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |   |  |        |             |   |                      |        |             |
|---|---|---|--|--------|-------------|---|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance   | Current Risk Level                       |        |             | What we are doing   | Tolerance Risk Level |        |             |
|   |   |   | Likelihood                               | Impact | Risk Rating |   | Likelihood           | Impact | Risk Rating |
| <p><b>BCRR7: Information Governance.</b></p> <p><b>General Data Protection Regulation (GDPR) compliance.</b></p> <p>If the Council fails to maintain a defensible and compliant response to the Data Protection Act 2018 and General Data Protection Regulation (GDPR) then it will fail to fully comply with its statutory requirements.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Failure to invest in the required systems, equipment and posts required to implement these regulations.</li> <li>• Failure to adequately train staff in the requirements of the regulations.</li> <li>• Lack of resource (capacity or expertise) to manage Subject Access Requests.</li> </ul> <p>(This risk replaces CRR14 Introduction of the General Data Protection Regulation).</p> <p>Corporate Risk Register Report: Threat Risk CRR21</p> | <p>The GDPR Project was started in November 2017 and has put in place a comprehensive council wide package of changes for the introduction of the new regulation. It included awareness training, data audits, updated contracts, retention policy and privacy notices and improved processes for responding to subject access requests and completing data protection impact assessments. Support has also been provided to elected Members, Schools and the Bristol Companies. The GDPR Project completed its objectives and deliverables and was formally closed July 2018.</p> <p>A newly formed Office of Data Protection has been established, led by a dedicated Statutory Data Protection Officer (SDPO) who was appointed August 2018 to ensure the City Council maintains and further enhances its policies and procedures and to provide ongoing advice, guidance and support to service areas. Additional Data Protection specialists have also been appointed to support the SDPO.</p> <p>A Steering Group and Working Group is in place and regular reports continue to be provided to Executive Directors Meetings (EDM's) to ensure that the high-level of engagement and buy-in across all levels of the organisation is maintained.</p> |  | 3  | 5      | 15          | <p>We have made significant progress on compliance with the General Data Protection Regulation (GDPR).</p> <p>The Office of Data Protection is working on a prioritised programme of work to fully transition from the GDPR Project and embed GDPR compliance into business as usual.</p> <p>We are currently considering the case for forming an Information Governance team, bringing together existing specialists into a central team which will be better positioned to provide advice guidance and support on all related aspects in a more coordinated manner.</p> | 2                    | 3      | 6           |
| <p>Risk Owner: Senior Information Risk Owner (SIRO).</p>  | <p>Action Owner: Senior Information Risk Owner (SIRO) and Statutory Data Protection Officer (SDPO).</p>   | <p>Portfolio Flag: Finance, Governance and Performance.</p>                         | <p>Strategy Theme: Our Organisation.</p> |        |             |   |                      |        |             |

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| Risk title and description   | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing   | Tolerance Risk Level |        |             |
|  |   |  | Likelihood         | Impact | Risk Rating                       |   | Likelihood           | Impact | Risk Rating |
| <p><b>BRR8: Procurement and Contract Management Compliance</b></p> <p>Failure to ensure that BCC achieves value for money when purchasing goods and services; complies with legislation, quality, cost and social value requirements for contract awards to ensure orders for goods / services are efficiently placed and observes agreed terms.</p> <p>BCC do not take into account long term view with regards to TCO (Total Cost of Ownership) &amp; Life Cycle Costs high incidence of non-contracted spends.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Poor/weak pre procurement forward planning and tender specifications.</li> <li>• Over reliance and inappropriate use of waivers.</li> <li>• Skills, knowledge.</li> <li>• Ineffective Supply chain and markets.</li> <li>• Poor / weak contract monitoring.</li> <li>• Supplier failure and missed opportunities of warning signs.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR24)</p> | <p>In 2018/19 BCC has adopted a Category Management approach and revised the structure of the procurement team to reflect the themes and style of working.</p> <p>A PFI contract management specialist has been appointed to support the council and other stakeholders in the management of the contracts, undertake due diligence to ensure maximum value is delivered from the councils PFI contracts. Ongoing.</p> <p>Council procurement rules were revised and agreed by Full Council in May 2018 and included strengthening the Category and Contract Management. Category Plans have been developed with forward plans which align to service and business plans.</p> <p>More in-depth performance Data is being collated to give greater visibility of compliant and non-compliant procurement activity and delivery of objectives e.g. Social Value. (Ongoing).</p> <p>The Commissioning and Procurement Group are ensuring that the Councils procurement rules are adhered to.(Ongoing).</p> <p>Implemented document contract procedures and have created standard ITT templates for BCC.</p> <p>Category plans include pipeline activity for every contract and client engagement plans have been created to ensure early engagement with Procurement and better planning.</p> <p>A pilot tracker system has been developed with Social Care Commissioners within the business to monitor performance to capture early warning signs linked to supplier failure to enable early intervention and business resilience.</p> | New  | 3                  | 5      | 15                                | <p>We are currently aligning category management forward plans with 2019/20 service resource planning across the organisation. January 2019.</p> <p>We are developing an improvement action plan which will include the following:</p> <ul style="list-style-type: none"> <li>• Further development of the contract register.</li> <li>• Training and development plan for the procurement staff and the wider organisation.</li> <li>• Systems and processes to improvement and the monitoring of procurement performance.</li> <li>• Procurement efficiencies are being tracked in delivering agreed savings targets.</li> </ul> <p>Tendering processes are being reviewed to eliminate non value added activity and support the appropriate rout to market.</p> <p>The early warning system pilot will be reviewed with a view to wider rollout. March 2019.</p> <p>This is not an exhaustive list and once the improvement plan has been endorsed it will inform on next steps.</p> | 1                    | 5      | 5           |
| Risk Owner: Section 151 Officer, Executive Director Resources.   | Action Owner: Director Finance (Section 151 Officer).   | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |   |                      |        |             |

Page 29

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.  |  |   |                    |        |  |   |                      |        |             |
|---|--|---|--------------------|--------|--|---|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance   | Current Risk Level |        |  | What we are doing   | Tolerance Risk Level |        |             |
|   |  |   | Likelihood         | Impact | Risk Rating                              |   | Likelihood           | Impact | Risk Rating |
| <p><b>CRR9: Suitability of Line of Business (LOB) systems</b></p> <p>The Councils reliance on legacy systems.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Lack of desire to change; systems.</li> <li>Significant transition activity leads to systems being expensive/complex to change</li> <li>Lack of understanding of consequences of not changing systems on ICT.</li> <li>Lack of adherence to Procurement rules in relation to re-procurements.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR25)</p> | <p>The FSA Programme plans to introduce a number of enhancements in regards to being able to better manage systems in the future. This includes the provision of some core capabilities which may be used to displace legacy systems in the future. As approved by Cabinet June 2018.</p> <p>As a result of FSA Programme activity to date, c40% of redundant servers have been removed from the Corporate IT estate. Q3 2018.</p> <p>The IT CSRM Team have developed a schedule of contract end dates, and are working with service areas to ensure that they have appropriate plans in place to engage the market and start re-procurement Q3 2018.</p> <p>Through the service planning process, service areas have identified their procurement requirements and also their strategic objectives for 2019/20 which has enabled ICT and Change Management to review the options for efficiencies and to ensure resource availability. Q3 2018.</p> <p>Working with Central Procurement colleagues to ensure that we have procurement policies and strategies in place to enable effective procurement activity to take place. Q3 2018.</p> | New   | 3                  | 5      | 15                                       | <p>Ensure that Line of Business (LOB) systems that pose a Cyber Security, Procurement or Resilience/Recovery risk are identified and service areas understand the risks to their services. On-going.</p> <p>Where appropriate ensure that these risks are articulated to Risk, BCP and procurement colleagues, and also to the SIRO, as appropriate. On-going.</p> <p>Delivery of the FSA Programme remains the key ICT activity. This will be delivered in line with the 2-3 year FSA Programme.</p> | 2                    | 5      | 10          |
| <p>Risk Owner: Senior Information Risk Owner (SIRO) for Cyber Security</p> <p>Service Areas for BCP/DR.</p>   | <p>Action Owner: Director, Digital Transformation.</p>   | <p>Portfolio Flag: Finance, Governance and Performance.</p> |                    |        | <p>Strategy Theme: Our Organisation.</p> |   |                      |        |             |

| Corporate Risk Register as at December 2018 - External and Civil Contingency Risks   |  |   |                    |        |  |   |                      |        |             |
|--|--|---|--------------------|--------|--|---|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance   | Current Risk Level |        |  | What we are doing   | Tolerance Risk Level |        |             |
|  |  |   | Likelihood         | Impact | Risk Rating  |   | Likelihood           | Impact | Risk Rating |
| <p><b>BRR10: Flooding.</b></p> <p>There could be a risk of damage to properties and infrastructure as well as risk to public safety from flooding which may be caused by a tidal surge, heavy rainfall and river and groundwater flood events.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Tidal surge, heavy rainfall, river and groundwater flood events.</li> <li>Impact of climate change.</li> <li>Lack of effective flood defences and preparedness for major incidents.</li> </ul> <p>(Corporate Risk Register Report: External Risk BCCC1)</p> | <p>The Avon and Somerset Local Resilience Forum (LRF) is a partnership of all the organisations needed to prepare for an emergency in the LRF area. It includes the emergency services, health services, Maritime and Coastal Agency, Environment Agency, volunteer agencies, utility companies, transport providers and the five councils of Bath and North East Somerset, Bristol, North Somerset, Somerset and South Gloucestershire.</p> <p>Bristol is working with the Avon and Somerset LRF to construct new sea defences around North Somerset, Bristol and South Gloucestershire. Working with emergency services, local authorities and other agencies to develop flood response plans and procedures, investigating instances of flooding, training specialist staff in swift water rescue techniques, communicating with housing and business developers to incorporate flood protection into new developments. It provide guidance to members of the public about flooding, including flood warnings and what people can do to help themselves, regular maintenance and clearing programs of gullies and culverts, especially in the event of storm warnings.</p> <p>Bristol has in place a local Flood Risk Management Strategy approved at Cabinet in December 2017 which comprises of 5 keys areas and 43 separate actions in line with Environment Agency's national strategy.</p> | ↔   | 3                  | 5      | 15   | <p>There is sustained resourcing and delivery of all actions in LFRMS over life of strategy. Strategy includes the following key projects:</p> <ul style="list-style-type: none"> <li>Working in partnership with the Environment Agency to develop a Bristol Tidal Flood Risk Management Strategy to protect the city centre, including climate change.</li> <li>Working in partnership with South Gloucester and the Environment Agency to deliver a flood scheme to help protect Avonmouth Village and the Enterprise Area from tidal flooding, including climate change.</li> </ul> | 3                    | 3      | 9           |
| <p>Risk Owner: Interim Executive Director Growth and Regeneration.</p>   | <p>Action Owner: Director Transport, Flood Risk Engineer, Strategic City Transport.</p>  | <p>Portfolio Flag: Energy, Waste and Regulatory Services.</p> |                    |        | <p>Strategy Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing.</p> |   |                      |        |             |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |                              |                    |        |  |  |                      |        |             |
|--|---|------------------------------|--------------------|--------|--|--|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance                  | Current Risk Level |        |  | What we are doing  | Tolerance Risk Level |        |             |
|  |   |                              | Likelihood         | Impact | Risk Rating                                  |  | Likelihood           | Impact | Risk Rating |
| <p><b>BRR11: Tree Management.</b></p> <p>Risk of trees falling as a result of failure under certain weather conditions and/or due to disease</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Severe weather conditions and/or disease.</li> <li>Lack of maintenance of trees.</li> <li>Lack of tree inspections.</li> <li>Reduction in budgets and fragmentation of management of trees across service areas putting pressure on the ability to adequately manage the council's trees.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR19)</p> | <p>The areas with responsibility for trees include highways, parking, housing, parks, and property.</p> <p>We have been analysing the trees that are potentially at risk and appropriate resources are being assigned to tree management.</p> <p>We have been analysing our tree claims data to identify further strategies to manage the risk.</p> <p>A budget for tree management from parks and highways has been protected for 2018-19 while this is reviewed to deal with highways and parks trees.</p> <p>There is an agreement to consolidate budgets to manage the tree portfolio and to adopt the Quantified Tree Risk Assessment (QTRA) method for the inspection and recoding of data on the Confirm system.</p> | ↔                            | 3                  | 5      | 15   | <p>We are reviewing the tree management plan to assure that all trees are within the inspection regime in readiness for the adoption of the QTRA methodology.</p> <p>Budgets will be consolidated to provide a central tree management programme.</p> <p>Consideration on the current service provision related to tree management will include best value analysis.</p> | 1                    | 5      | 5           |
| Risk Owner: Head of Paid Service.  | Action Owner: Director Place, Resources.  | Portfolio Flag: Communities. |                    |        | Strategy Theme: Our Organisation, Wellbeing. |  |                      |        |             |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |  |                    |        |                                   |   |                      |        |             |
|--|---|--|--------------------|--------|-----------------------------------|---|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing   | Tolerance Risk Level |        |             |
|  |   |  | Likelihood         | Impact | Risk Rating                       |   | Likelihood           | Impact | Risk Rating |
| <p><b>BRR12: Partnerships Governance</b></p> <p>If the council does not maximise (or cannot quantify) the benefits of partnership working and/or experiences negative or counter-productive results may arise from partnership working.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Failure to establish and/or manage contracts, Service Level Agreements and/or Terms of Reference in relation to partnerships.</li> <li>Not maintaining a central register of partnerships, membership, governance arrangements and performance measures.</li> <li>No identified lead officer to progress development of partnership working as in proposals presented to the Audit Committee in April 2016.</li> <li>Outdated partnership policy and toolkit (last iteration 2010).</li> <li>A broad range of partnerships with variable degrees of formality.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR22)</p> | <p>BCC has close involvement of Elected Mayor and Members in key partnerships. Regular review and evaluation of the current position by CLB.</p> <p>Leads have been defined for recommendations to develop partnership working which were received by the Audit Committee in April 2016.</p> <p>BCC has mechanisms in place for regular dialogue including formal partnerships.</p> <p>The role of Director: Policy and Strategy has been expanded to include oversight of partnerships and a permanent appointment to this post has been made.</p> | ↔  | 3                  | 5      | 15                                | <p>We are reviewing and refreshing the Partnership Policy and Toolkit.</p> <p>Creating a central Partnership Register including Service Level Agreements (SLAs), Terms of Reference (Terms of reference) and contracts where appropriate.</p> <p>Creating a template Terms of reference and porting existing Terms of reference to it.</p> <p>We are scoping and reviewing the need for Commercial Training for relevant managers as part of Procurement and Commercial Strategy.</p> | 2                    | 3      | 6           |
| Risk Owner: Head of Paid Service.  | Action Owner: Head of Delivery Support Unit.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |   |                      |        |             |

Page 231

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |   |                    |        |  |  |                      |        |             |
|--|---|---|--------------------|--------|--|--|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance   | Current Risk Level |        |  | What we are doing  | Tolerance Risk Level |        |             |
|  |   |   | Likelihood         | Impact | Risk Rating                              |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR13: Fraud and Corruption.</b></p> <p>Failure to prevent or detect acts of significant fraud or corruption against the council from either internal or external sources.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Failure of management to implement a sound system of internal control and/or to demonstrate commitment to it at all times.</li> <li>• Not keeping up to date with developments, in new areas of fraud.</li> <li>• Insufficient risk assessment of new emerging fraud issues.</li> <li>• Lack of clear management control of responsibility, authorities and / or delegation.</li> <li>• Lack of resources to undertake the depth of work required to minimise the risks of fraud / avoidance.</li> <li>• Under investment in fraud prevention and detection technology and resource.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR6)</p> | <p>We are continually improving the comprehensive system of control which aims to prevent fraud and increase the likelihood of detection. This includes a strong and robust policy on anti-fraud, corruption and bribery.</p> <p>We take a strong stance when fraud is found and seek financial recovery through a strong and effective counter fraud team.</p> <p>The team concentrates on areas of high fraud risk, investigates fraud promptly where suspected and sanctions appropriately. By, investing in specialist fraud prevention and detection software and utilising cross organisation data will minimise the council's exposure to fraud risk and aid early detection / prevention. An accessible route to report suspected fraud is available to both the public and employees via a Whistleblowing Policy Anti-Fraud, Bribery and Corruption Policy and web page. This ensures that the council's financial systems accurately record the financial transactions and robust control processes which are in place to maximise the opportunity to prevent and detect fraud or inaccuracies.</p> <p>Employees are aware of probity standards expected of them via an Employee Code of Conduct, improving awareness of fraud and compliance through a process of reminders about ethics and conduct, fraud awareness training and other publicity, continual maintenance of Counter Fraud information on Web pages and monitoring and review of the effectiveness of the Counter Fraud Arrangements.</p> <p>Key Counter Fraud Objectives were defined for 2018/19.</p> <p>Counter Fraud Performance is monitored by Audit Committee via the Annual Counter Fraud Update, periodic Internal Audit Updates and the Annual review of arrangements against CIPFA Count Fraud Assessment Tool. Improvements are highlighted in an action plan which is monitored by Audit Committee.</p> | ↔   | 3                  | 5      | 15                                       | <p>We are monitoring fraud indicators (warning signs and fraud alerts) to ensure anti-fraud approach is correctly targeted (Ongoing).</p> <p>Capacity and priorities within Internal Audit have been re-considered. The scale of whistleblowing/fraud referrals received is impacting on the team's ability to deliver preventative work and proactive fraud work which returns savings and other benefits to the council. The implementation of the restructure of the Counter fraud service is ongoing and in part dependent upon funding streams being confirmed / clarified. March 2019.</p> <p>Legal and financial support arrangements for Counter Fraud work are to be reviewed to ensure recoveries are maximised (Ongoing).</p> <p>The availability, costs and benefits of fraud prevention technology will be reviewed for potential future investment decision March 2019.</p> <p>Council wide fraud and avoidance initiatives are in development by improved use of data. We should start to see the delivery of the savings March 2019.</p> <p>We will review bribery and corruption fraud controls March 2019.</p> | 2                    | 5      | 10          |
| <p>Risk Owner: Executive Director Resources and Director of Finance (\$151 Officer).</p>   | <p>Action Owner: Director of Finance and Chief Internal Auditor.</p>  | <p>Portfolio Flag: Finance, Governance and Performance.</p> |                    |        | <p>Strategy Theme: Our Organisation.</p> |  |                      |        |             |



| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |  |                    |        |  |   |                      |        |             |
|--|---|--|--------------------|--------|--|---|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance  | Current Risk Level |        |  | What we are doing   | Tolerance Risk Level |        |             |
|  |   |  | Likelihood         | Impact | Risk Rating                                  |   | Likelihood           | Impact | Risk Rating |
| <p><b>BRR14: Business Continuity and Councils Service Resilience.</b></p> <p>If the council has a Business Continuity disruption and is unable to ensure the resilience of key BCC operations and business activities, then the impact of the event maybe increased with a greater impact on people and council Services.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Strikes (People, Fuel).</li> <li>• Loss of key staff (communicable diseases and influenza epidemics).</li> <li>• Loss of suppliers.</li> <li>• Loss of accommodation to deliver key services.</li> <li>• Loss of equipment.</li> <li>• Any event which may cause major disruption.</li> <li>• Unavailability of IT and/or Telecoms.</li> <li>• Loss of staff /staff availability.</li> <li>• Knowledge loss.</li> <li>• Reduced chances of preventing/ responding to incidents due to a lack of forward planning or investment.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR5)</p> | <p>The council has a Corporate Resilience Group (CRG) supported by directorate representatives who meet quarterly to oversee the council’s Business Continuity arrangements and to receive significant risks outside council’s Control which are reflected on the Local Resilience Forum Community Risk Register.</p> <p>A number of Policies and procedures are in place including the Business Continuity Policy (September2016) which was communicated to relevant staff. The Incident Response Plan updated in July 2017.</p> <p>Service Business Continuity Plans were in place for January 2018, the plans are undergoing a refresh in 2018.</p> <p>An Incident Management Team training session is planned for September 2018.</p> <p>A Senior Management on-call rota has been devised agreed and is regularly monitored.</p> <p>A successful annual recovery exercise Day Two was carried out 25th May 2018 and relevant improvements are being built into the wider council arrangements and will be briefed to the CRG.</p> <p>CLB accepted growth bid for extra staff on CPU team.</p> <p>(See CRR24 for Line of Business page 22, CRR25 for IT Resilience page 23 and CRR7 for Cyber-attack page 6.)</p> | ↑  | 3                  | 5      | 15   | <p>The Business Continuity Policy is planned to be reviewed in November 2018.</p> <p>The Corporate Business Continuity Plan will be reviewed in December 2018.</p> <p>A review of Service Level Business Continuity Plans will be carried out by January 2019. We are introducing a quality assurance approach for our business continuity plans to emphasise service accountability.</p> <p>The Businesses Continuity Working Group will be refreshed within the year and we are currently drafting a plan for future exercises to test different elements of BCC Business Continuity arrangements with partners.</p> <p>Business Continuity refresher training is planned for November/December 2018.</p> | 1                    | 3      | 3           |
| Risk Owner: Head of Paid Service and CLB.  | Action Owner: Civil Protection Manager.   | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation, Wellbeing. |   |                      |        |             |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.  |  |                                    |                    |        |  |   |                      |        |             |
|---|--|------------------------------------|--------------------|--------|--|---|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance                        | Current Risk Level |        |  | What we are doing   | Tolerance Risk Level |        |             |
|   |  |                                    | Likelihood         | Impact | Risk Rating  |   | Likelihood           | Impact | Risk Rating |
| <p><b>BRR15: Better Lives Programme.</b></p> <p>Failure to deliver the required outcomes and savings from the Better Lives Programme.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Increased demand and complexity of Service Users' needs.</li> <li>The Provider Market is unable to meet needs in the required way and/or we suffer relationship breakdown.</li> <li>Other Directorates within the organisation are unable to support the Programme in the way required.</li> <li>Statutory requirements of Adult Social Care (ASC) mean resources have to be diverted away from Programme activity.</li> </ul> <p>Changes to the priorities of the wider health system and/or the National context, requires us to divert resources/focus away from the Programme's objectives.</p> <p>There is a lack of sufficient skills and capacity within Adult Social Care (ASC) to deliver the required change at the required pace.</p> <p>(Corporate Risk Register Report: Threat Risk CRR23)</p> | <p>We have a Programme Board in place that meets monthly and has a key governance role for the Programme in terms of managing risk. The Board membership contains the Cabinet Lead for Adult Social Care, The Executive Directors for ACE and Resources, the Director of Adult Social Care and representation from both Bristol Hospital Trusts and the Clinical Commissioning Group (CCG). They are provided with a verbal update and written monthly highlight report that contains key risks and issues. Any actions and decisions arising are minuted with completion tracked through a log.</p> <p>The Programme Senior Responsible Officer (SRO) regularly attends key internal governance meetings e.g. ACE Scrutiny Commission, Delivery Executive.</p> <p>We have delivered and are planning to deliver a number of key interventions to improve the diversity of provision and the Provider Market's ability to respond to changing requirements and needs e.g. Bristol Price introduced for residential and nursing care June 2018; Market Position statement provider event held .We are actively increasing opportunities to work with us in shaping the future market as well as investing in key areas such as Home Care (Cabinet approved rate rise and innovation fund July 2018).</p> <p>We are working closely with other areas of the Council we have a dependency on to help us deliver the programme outcomes e.g. Change Services, Housing, Communities, Information Communication Technology (ICT) and Procurement colleagues.</p> <p>We have a specific area of the Programme dedicated to strengthening partnership working.</p> <p>We have introduced a number of interventions that are impacting new demand e.g. the introduction of the Bristol Price (June 2018); increased capacity and investment in Home Care (July 2018); increased capacity in the Reablement Service; Introduced a new Home First Service (October 2018).</p> | New                                | 2                  | 7      | 14   | <p>We are currently developing a new phase of the Better Lives Programme, focused on delivering the programme vision at pace. This will include activities to deliver further changes which are required around Older People's services and an increased focus on Adults of Working Age and Preparing for Adulthood.</p> <p>Piloting provider reviews to increase capacity in our Reviewing Teams and further develop the Market. (November 18)</p> <p>Developing proposals for a new Assistive Technology offer.</p> <p>Delivering new technology and working practices to our Social Workers.</p> <p>Deliver new technology and ways of working to our Home First and Reablement teams. Continue to increase the capacity of the Reablement service to the required level, Continuing to work closely with CCG colleagues working on the Healthier Together Programme.</p> <p>Implement Phase 2 of the Integrated Care Bureau.</p> <p>Introducing a further rate increase for Home Care. April 2019.</p> <p>Opening two new Extra Care Housing sites in the City each with 60 units with BCC nomination rights (120 units in total). November 2018.</p> | 1                    | 7      | 7           |
| Risk Owner: Executive Director, Adults, Children and Education.   | Action Owner: Interim Director Adult Social Care.  | Portfolio Flag: Adult Social Care. |                    |        | Strategy Theme: Our Organisation, Empowering others and Caring, Fair and Inclusive, Well connected, Wellbeing. |   |                      |        |             |

Page 234

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |   |  |        |             |                      |        |             |
|--|---|---|--|--------|-------------|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance                                       | Current Risk Level   |        |             | Tolerance Risk Level |        |             |
|  |   |   | Likelihood   | Impact | Risk Rating | Likelihood           | Impact | Risk Rating |
| <p><b>BRR16: Safeguarding Vulnerable Children.</b></p> <p>The council fails to ensure that adequate safeguarding measures are in place, resulting in harm or death to a vulnerable child.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Safeguarding arrangements do not meet the requirements of the Children Act and associated legislation, guidance and regulations.</li> <li>Inadequate controls result in harm.</li> <li>Poor Management and operational practices.</li> <li>Demand for services exceeds its capacity and capability.</li> <li>Inability to recruit/retain social care staff in a competitive market.</li> <li>Poor information sharing.</li> <li>Strategic commissioning arrangements do not meet identified need and our ability to commission safe care for children is impaired.</li> <li>Increase in complex safeguarding risks, criminal exploitation, serious youth violence and gang affiliation.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR9)</p> | <p>We provide regular analysis of performance and reports to Cabinet Members and Directors regarding safeguarding performance and progress.</p> <p>The Safeguarding Children’s Board provides independent scrutiny of children’s safeguarding arrangements in the city and holds BCC and partner agencies to account.</p> <p>There has been a review of arrangements to meet the Prevent Duty and the Safer Bristol Board has adopted an Improvement Plan to deliver better outcomes in service provision quality and safety.</p> <p>BCC works with partners to effectively identify victims and perpetrators of CSE and take action to disrupt and protect.</p> <p>Multi Agency Public Protection Arrangements are in place (MAPPA) with BCC contributors at every level to support family safeguarding.</p> <p>The Safeguarding and Quality Assurance Service has been remodelled to secure additional capacity (Independent reviewing officer and Child Protection Chairs) and has the Local Authority Designated Officer for allegations against people who work with children.</p> <p>Comprehensive training and development offer, together with publication of Bristol’s policies and procedures and monthly professional supervision help ensure safe practice and adequate control of risks. This is monitored and tested through a performance and quality assurance framework.</p> <p>September 2018 Ofsted ILACS single inspection identified that, ‘services have improved substantially for care leavers, children in care and children in need of help and protection.’ However, there is more to do to ensure <i>all</i> children and families receive a good service. Based on this and self-evaluation, we are refreshing our transformation and improvement plan to address areas identified for improvement (these incorporate actions in response to learning from other Inspections, Peer Review, Serious Case Review, complaints and other feedback received).</p> <p>Bristol’s Strengthening Families transformation programme is taking a whole system approach to meeting the needs of children and families at the earliest point. In this way we aim to manage demand and maintain capacity within the system. Universal services may be supported by early help and targeted services, including a team around the school offer.</p> <p>Bristol has an active workforce strategy in place to attract, recruit and retain social workers with a particular emphasis on recruiting and retaining excellent, experienced social workers. The Management Team monitors social work vacancies and agrees strategies for urgent situations. Competent agency social workers and managers are used on temporary basis to fill vacancies. A number of further measures are being progressed with the aim of improving the retention of social workers. A robust social worker caseload monitoring framework is in place.</p> <p>Information sharing protocols are in place with services taking action to comply with GDPR where sensitive data is stored/processed.</p> <p>Children’s strategic commissioning team have a work plan in place.</p> <p>BCC commissioners work closely with operational services to identify need and ensure appropriate service commissioning.</p> <p>Due diligence and quality checks of all commissioned services for vulnerable children are in place.</p> | →   | 2  | 7      | 14          | 1                    | 7      | 7           |
| <p>Risk Owner: Executive Director, Adults, Children and Education.</p>   | <p>Action Owner: Director for Children’s and Families Services.</p>   | <p>Portfolio Flag: Children and Young People.</p> | <p>Strategy Theme: Our Organisation, Empowering and Caring, Wellbeing.</p> |        |             |                      |        |             |

Page 236

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |             |                                    |        |             |   |                      |        |             |
|---|---|-------------|------------------------------------|--------|-------------|---|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance | Current Risk Level                 |        |             | What we are doing   | Tolerance Risk Level |        |             |
|   |   |             | Likelihood                         | Impact | Risk Rating |   | Likelihood           | Impact | Risk Rating |
| <p><b>CRR17: Safeguarding Vulnerable Adults.</b></p> <p>The council fails to ensure adequate safeguarding measures are in place, resulting in harm or death to a vulnerable Adult.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Adequacy of its controls.</li> <li>• Management and operational practices.</li> <li>• Demand for its services exceeded its capacity and capability.</li> <li>• Poor information sharing.</li> <li>• Lack of capacity or resources to deliver safe practice.</li> </ul> <p>Failure to commission safe care for vulnerable adults and the elderly.</p> <p>Failure to meet the requirements of the “Prevent Duty” placed on Local Authorities.</p> <p>(Corporate Risk Register Report: Threat Risk CRR10)</p> | <p>The Safeguarding Vulnerable Adults Board is an independent scrutiny board led by BCC working in partnership with key agencies. There has been a multi-agency led review of existing arrangements led by BCC in light of the new Prevent Duty and the Board has adopted an Improvement plan to deliver better outcomes in service provision quality and safety. The Board is now on a statutory footing following implementation of the Care Act 2014. The Multi Agency Public Protection arrangements are in place (MAPP) and BCC and the multi-agency Board work is in conjunction with the Learning Disability and Mental Health services.</p> <p>The Bristol Safeguarding Adults Board Learning and Development Competence Framework has been reviewed and will be reviewed on an annually basis to ensure continued best practice.</p> <p>Safeguarding improvement plans are in place for Older People, Physical Disability and Disabled Children and the Capability framework for safeguarding and the mental capacity act have been introduced. The Adult Change Programme ‘ Better Lives’ - Transforming Care Programme has been established to implement policy objectives of moving people into more suitable care settings.</p> <p>We have an active strategy in place to attract, recruit and retain social workers through a variety of routes with particular emphasis on experienced social workers. The Adult South West Recruitment and Retention Strategy has been drafted, the risks and costs identified. The strategy will be presented through the Decision Pathway. Regular strategies and campaigns support the recruitment and retention of high calibre social workers and managers, with competent agency social workers and managers used on temporary basis to fill vacancies.</p> <p>All key staff working with people directly at risk are trained in the essentials of safeguarding and BCC has an ongoing awareness-raising ‘Prevent’ training programme.</p> <p>Regular reporting on safeguarding is taking place quarterly for Directors and Cabinet Members, with an annual report for elected Members to allow for scrutiny of progress. The quality assurance framework and performance framework is routinely monitored and reported on.</p> <p>The outcome of the recent Kamil Ahmad Safeguarding Adults Review has been considered in detail and all recommended actions noted and acted upon.</p> | ↔           | 2                                  | 7      | 14          | <p>The Adults Major Change programmes (Better Lives) launched in Autumn 2017 and led by Bristol City Council involving all partners with a safeguarding responsibility will be reviewed in November 2018.</p> <p>Through the Better Lives Programme we are reducing caseloads, ensure purposeful practice that supports Adults and elderly people to have safety within their families and provide local authority care for those who need it and ensuring effective management oversight.</p> <p>We are increasing capacity this year in the commissioning team to lead on monitoring quality in the care sector.</p> <p>It is planned to make a one off retention payment to all social workers as part of the council’s retention policy. A wider review of the remuneration package for social workers is planned to improve recruitment and retention.</p> | 1                    | 7      | 7           |
| Risk Owner: Executive Director, Adults, Children and Education.   | Action Owner: Interim Director Adult Social Care.   |             | Portfolio Flag: Adult Social Care. |        |             | Strategy Theme: Our Organisation, Empowering others and Caring, Fair and Inclusive, Well connected, Wellbeing.  |                      |        |             |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.  |  |             |  |        |             |  |                      |        |             |
|---|--|-------------|--|--------|-------------|--|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance | Current Risk Level                                   |        |             | What we are doing  | Tolerance Risk Level |        |             |
|   |  |             | Likelihood   | Impact | Risk Rating |  | Likelihood           | Impact | Risk Rating |
| <p><b>BRR18: Bristol City Council (BCC) Infrastructure Delivery.</b></p> <p>If the council fails to prioritise infrastructure investment and resources, has inconsistent policies and attitudes, and has no bargaining power regionally or with central government; there is a risk that inward investment will be reduced. It makes it difficult for the council to realise its strategic priorities, ensure assets are efficient and fit for purpose in meeting current and future demand and support development of the local area.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>No clear strategic direction and objective set for the Property estate.</li> <li>Services and resources (human and financial) are not fully aligned and/ or controlled to deliver the objectives.</li> <li>Failure to deliver the level of anticipated Capital Receipts.</li> </ul> <p>Leadership capacity, engagement and capability are insufficient to drive change and transformation within the council.</p> <p>Resources are poorly managed, short term approach being adopted or are not contributing fully to council priorities; resulting in agreed outcomes and objectives not being fully achieved.</p> <ul style="list-style-type: none"> <li>Ineffective collection, integrity and use of data and information.</li> <li>Infrastructure Condition and suitability of overall asset base is not being used or managed efficiently or effectively.</li> <li>Lack of joined up planning, decision making and effective project management.</li> <li>Ineffective collection, integrity and use of data and information.</li> <li>Reduced public sector funding impacting on the resources available.</li> <li>Currently a more uncertain future due to Brexit.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR17)</p> | <p>Governance arrangements have been established through the Growth and Regeneration Board (G&amp;RB) and the Strategic Property Group (SPG) both launched in Q4. 2017/18 to enable the integration of thinking about property with financial, regeneration and other considerations and enhance reporting of asset disposal plans and progress.</p> <p>The G&amp;RB have identified a number of areas of growth and regeneration (AGR) across the City during Q4. 2017/18 to enable place shaping including contributing to regeneration activity, affordable housing, community building and the financial sustainability of the council.</p> <p>Prioritisation of AGR is underway by the G&amp;R Board.</p> <p>The Strategic Property Review Group (SPG) was established in January 2018 and meets on a monthly basis. The SPRG identified the need for an Operational Property Group in March 2018.</p> <p>The Operational Property Group (OPG) as a sub-group to the Strategic Property Group (SPG) was launched September 2018 to unlock the value of assets, seek efficiencies through joint arrangements with public sector partners and maximise private sector investment. Actions are now being progressed through the work of the SPG and (from April/May 2018) through OPG which will adopt a Corporate Landlord role to ensure the ownership of an asset and the responsibility for its management; maintenance and funding are transferred to a centralised corporate crosscutting group.</p> <p>Recruitment of Asset Management Plan specialist has commenced.</p> | ↔           | 2  | 7      | 14          | <p>Recruitment of specialist Asset Management Plan specialist resource commenced / on-going.</p> <p>The Develop strategies and Implementation plans that ensure the property portfolio remains a major asset in supporting the achievement of corporate aims and objectives will be complete by end March 2019.</p> <p>Development and implementation of a Property Asset Management Strategy - DWG decision (04/04/2018) to recruit specialist Asset Management Plan (AMP) resource to develop the outline business case by July/August 2018 and to inject pace into the production of the AMP. The current estimated timescale for completion of the AMP by end March 2019.</p> <p>We are proactively supporting the development of a local development strategy to appropriately reflect Bristol's Infrastructure needs by March 2019.</p> <p>Recruitment of sufficient resources, to ensure the capacity and skills required are available to enable the objectives from the estate to be delivered will be ongoing.</p> | 1                    | 5      | 5           |
| Risk Owner: Interim Executive Director Growth and Regeneration.   | Action Owner: Interim Executive Director Growth and Regeneration.  |             | Portfolio Flag: Finance, Governance and Performance. |        |             | Strategy Theme: Our Organisation   |                      |        |             |

Page 237

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |   |   |        |             |                      |        |             |  |
|---|---|---|---|--------|-------------|----------------------|--------|-------------|--|
| Risk title and description  | What we have done   | Performance   | Current Risk Level                                  |        |             | Tolerance Risk Level |        |             |  |
|   |   |   | Likelihood  | Impact | Risk Rating | Likelihood           | Impact | Risk Rating |  |
| <p><b>CRR19: Failure to deliver suitable planning measures, respond to and manage events when they occur.</b></p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Critical services unprepared or have ineffective emergency and business continuity plans and associated activities.</li> <li>• Lack of resilience in the supply chain hampers effective response to incidents.</li> <li>• Lack of trained and available strategic staff.</li> </ul> <p>(Previously Civil Contingencies and Council Resilience).</p> | <p>The Avon and Somerset Local Resilience Forum (LRF) is a legally required multi-agency partnership of all the organisations needed to prepare for an emergency in the LRF area. It includes the emergency services, health services, Maritime and Coastal Agency, Environment Agency, volunteer agencies, utility companies, transport providers and the five councils of Bath and North East Somerset, Bristol, North Somerset, Somerset and South Gloucestershire. The Avon and Somerset LRF to drive work identified by risk and impact based on Avon and Somerset Community Risk Register. Key roles of the group includes: Intelligence gathering and forecasting, regular training exercises and tests, Task and Finish groups addressing key issues, procedure, plan writing and capability building, and a multi-Agency recovery structure is in place.</p> <p>Bristol is working with Avon and Somerset Local Resilience Forum (LRF) together with personnel as an integrated and co-located team to deliver enhanced emergency planning and business continuity along with Avon and Somerset Local Health Resilience Partnership to ensure a coordinated health services and Public Health England and planning, response is in place.</p> <p>A system is in place for ongoing monitoring of severe weather events (SWIMS).</p> <p>Emergency planning training has been rolled and a multi-agency exercise is regularly conducted to test different elements of BCC emergency arrangements with partners. The most recent exercises being Day Two May 2018, Dark Zodiac April 2018 and Saxon Resolve November 2017.</p> <p>A senior management on-call rota has been devised, agreed and is monitored. Emergency Reservists have been recruited to aid emergency responses.</p> <p>External IT security incidents are logged and reviewed from an IT and wider Information Governance perspective.</p> <p>Local procedures have been established and are being continually reviewed and refined for when the national threat level increases to critical. This includes an update of the Corporate Business Continuity Plan.</p> <p>We tested the Bristol Operations Centre capacity to support multi-agency operations in July 2018.</p> <p>BCC took receipt the South West’s share of the National Emergency Mortuary Equipment in July 2018.</p> | <p>↔</p>  | 2   | 7      | 14          | 1                    | 7      | 7           |  |
| <p>(Corporate Risk Register Report: Threat Risk CRR12)</p>  |   |   |   |        |             |                      |        |             |  |
| <p>Risk Owner: Risk Owner: Head of Paid Service and CLB.</p>  | <p>Action Owner: Civil Protection Manager.</p>  | <p>Portfolio Flag: Finance, Governance and Performance.</p> | <p>Strategy Theme: Our Organisation, Wellbeing.</p> |        |             |                      |        |             |  |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |  |  |                    |        |  |   |                      |        |             |
|--|--|--|--------------------|--------|--|---|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance  | Current Risk Level |        |  | What we are doing   | Tolerance Risk Level |        |             |
|  |  |  | Likelihood         | Impact | Risk Rating                                  |   | Likelihood           | Impact | Risk Rating |
| <p><b>CRR20: Service Review.</b></p> <p>The organisation is not able to redesign its leadership team quickly enough, which may result in a reduction in staffing levels. The loss of experienced and skilled staff will have an impact on service delivery, and on remaining staff.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Staff leaving due to service redesign, reduction/ceasing of some service areas, automation of processes, pace of change, efficiency/savings requirements.</li> <li>Poor morale due to the impact of change and the working environment.</li> </ul> <p>Potential increased staff sickness levels.</p> <p>(Corporate Risk Register Report: Threat Risk CRR8)</p> | <p>A senior management restructure is almost complete which will bring permanency and stability for the leadership team.</p> <p>A new Leadership Framework sets out the leadership behaviours and qualities expected of our managers and aspiring managers. Applicants for senior leadership roles are tested against these qualities.</p> <p>An organisation-wide leadership development and engagement programme will support colleagues during the time of transition. The Leadership Framework will be rolled out to provide support to enable our staff to become confident and supportive leaders for our workforce.</p> <p>To promote a positive culture within the organisation, a set of organisation values and behaviours has been created in collaboration with staff focus groups; this will help set the tone of the organisation and assist, in conjunction with the Corporate Strategy priorities, to provide clarity of purpose. It will link directly through to a new performance framework that will provide clarity to staff about the expectations and how their work contributes to the success of the organisation. This will feature in the Workforce Plan which is currently being drafted.</p> <p>Learning and development is available to support staff to meet the expectations of the organisation.</p> <p>The Corporate Strategy and associated Business Plans will provide clarity on priorities and help our workforce focus its attention and resources on the areas that derive greatest results for our communities and residents.</p> <p>The senior leadership restructure is complete and all posts have been filled.</p> <p>The organisation values and behaviours have been adopted as part of Corporate Strategy and are being rolled out to all employees via team workshops.</p> <p>A new Leadership Framework is in place and used as the assessment framework to recruit new senior leaders against.</p> <p>Learning and development support is available to all staff to help them develop their skills and confidence in their roles.</p> | ↑  | 2                  | 5      | 10   | <p>A development programme for the new team is in the planning stages - to help the new team work effectively together.</p> <p>A leadership development programme is underway for team leaders and managers (4/5 tiers), with 148 currently on the programme and further intakes to follow. Leadership development planning is underway for third tier managers.</p> <p>A performance appraisal cycle is underway for 2018/19 with individual objectives set against business plan objectives from the Corporate Strategy. A new approach to performance and talent management is being developed for launch in April 2019.</p> <p>We continue with regular communication briefs with staff and key stakeholders to keep them up to date with organisational priorities and progress on recruitment of the senior leadership team (Ongoing).</p> <p>The developing Organisational Improvement Plan will detail the actions we will take to meet the future needs of the organisation and equip colleagues to contribute to the delivery of the corporate strategy priorities.</p> | 1                    | 5      | 5           |
| Risk Owner: Head of Paid Service.  | Action Owner: Director of Workforce Change.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation, Wellbeing. |   |                      |        |             |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |  |                                   |        |             |                      |        |             |
|---|---|--|-----------------------------------|--------|-------------|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance  | Current Risk Level                |        |             | Tolerance Risk Level |        |             |
|   |   |  | Likelihood                        | Impact | Risk Rating | Likelihood           | Impact | Risk Rating |
| <p><b>BRR21: Financial Framework and MTFP.</b></p> <p>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.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Economic uncertainty impact on locally generated revenues - business rates and housing growth, impacting on council tax, new homes bonus and business rate income.</li> <li>Brexit - the general uncertainty affecting the financial markets, levels of trade &amp; investment.</li> <li>Governments spending review 2019.</li> <li>Inadequate budgeting &amp; budgetary control/Financial Settlements &amp; wider fiscal policy changes:                             <ul style="list-style-type: none"> <li>The potential for new funding formulas such as fair funding, business rates retention to significantly reduce the government funding available to the council alongside possible increase in demand for council services.</li> <li>Embedding of the new national funding formula for schools and High Needs.</li> <li>Political failure to facilitate the setting of a lawful budget.</li> <li>Unable to agree a deliverable programme of propositions that enable the required savings to be achieved.</li> <li>Insufficient reserves to mitigate risks and liabilities and provide resilience.</li> <li>Rising inflation could lead to increased costs.</li> </ul> </li> <li>Judicial review.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR13)</p> | <p>BCC manages its financial risks through a range of controls including budget preparation, budget setting and a Budget Accountability Framework. Roles and responsibilities for managing, monitoring and forecasting income and expenditure against approved budgets have been updated. The council has developed a strong rolling Medium-term financial planning process to enable the strategic objectives and the statutory duties are met. We are working to ensure a rigorous structure exists to oversee the budgetary control process from budget setting through to monitoring, oversight and scrutiny including:</p> <ul style="list-style-type: none"> <li>The maintaining of the evolving financial model that reflects in a timely manner changes in national and local assumptions.</li> <li>The level of reserves and balances are regularly reviewed to ensure that account is taken of any financial /economic risk and the adequacy of general reserves is determined as part of this exercise.</li> <li>Financial Regulations and Financial Scheme of Delegation is in place.</li> <li>Regular in-year monitoring and reporting, review of future financial plans and assessment of financial risks and reserves are undertaken to ensure the financial plans are delivered.</li> <li>2018/19 Budget and Capital Programme agreed by Full Council in February 2018 with agreed savings programme and outline capital programme to 2023.</li> <li>Medium Term Financial Plan agreed by Cabinet / Full Council in December 2018 and will be refreshed annually detailing savings, growth, and risks.</li> <li>The Mid-Year Treasury Report for 2018/19 presented to Audit Committee and Full Council in accordance with the Council's Treasury Management Process.</li> <li>Budget deep dives to confirm delivery of pipeline savings and explore pressures and efficiencies as part of the 2019 -2023 budget process.</li> <li>A review will be ongoing to identify a programme of propositions that exceed the forecasted budget gap to provide members with options and headroom for variations in financial estimates.</li> <li>Changes to savings in year are monitored by delivery executive.</li> </ul> <p>Provisional settlement from Central Government indicating a level of funding for 2019 which is broadly in line with our MTFP.</p> | <p>↔</p>   | 2                                 | 5      | 10          | 1                    | 5      | 5           |
| Risk Owner: S151 Officer and Director of Finance.   | Action Owner: Section 151 Officer, Executive Director Resources and Director of Finance.  | Portfolio Flag: Finance, Governance and Performance. | Strategy Theme: Our Organisation. |        |             |                      |        |             |



| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.  |  |  |                    |        |                                   |                      |        |             |
|---|--|--|--------------------|--------|-----------------------------------|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance  | Current Risk Level |        |                                   | Tolerance Risk Level |        |             |
|   |  |  | Likelihood         | Impact | Risk Rating                       | Likelihood           | Impact | Risk Rating |
| <p><b>BRR22: Leadership.</b></p> <p>If there is a lack of leadership or management skills, then this could impact on performance and the ability to deliver positive change.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Loss of experienced managers.</li> <li>New skills sets required to meet new challenges.</li> <li>Poor communication regarding change and new initiatives.</li> <li>Need to make savings / increase income.</li> </ul> <p>(Corporate Risk Register Report: Threat Risk CRR16)</p> | <p>A senior management restructure is almost complete which will bring permanency and stability for the leadership team.</p> <p>A new Leadership Framework sets out the leadership behaviours and qualities expected of our managers and aspiring managers. Applicants for senior leadership roles are tested against these qualities.</p> <p>An organisation-wide leadership development and engagement programme will support colleagues during the time of transition. The Leadership Framework will be rolled out to provide support to enable our staff to become confident and supportive leaders for our workforce.</p> <p>To promote a positive culture within the organisation, a set of organisation values and behaviours has been created in collaboration with staff focus groups; this will help set the tone of the organisation and assist, in conjunction with the Corporate Strategy priorities to provide clarity of purpose. It will link directly through to a new performance framework that will provide clarity to staff about the expectations and how their work contributes to the success of the organisation. This will feature in the Workforce Plan which is currently being drafted.</p> <p>The Corporate Strategy and associated Business Plans will provide clarity on priorities and help our workforce focus its attention and resources on the areas that derive greatest results for our communities and residents.</p> <p>We have regular communication with staff and key stakeholders to keep them up to date with organisational priorities and progress on recruitment of the senior leadership team. A refreshed internal communication and engagement strategy was received by CLB in August 2018.</p> <p>The senior leadership restructure is complete and all posts have been filled in Quarter 3 2018.</p> | ↔  | 2                  | 5      | 10                                | 1                    | 5      | 5           |
| Risk Owner: Head of Paid Service and CLB.   | Action Owner: Head of Paid Service and CLB.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |                      |        |             |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |                          |                    |        |                                     |  |                      |        |             |
|---|---|--------------------------|--------------------|--------|-------------------------------------|--|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance              | Current Risk Level |        |                                     | What we are doing  | Tolerance Risk Level |        |             |
|   |   |                          | Likelihood         | Impact | Risk Rating                         |  | Likelihood           | Impact | Risk Rating |
| <p><b>BRR23: Failure to deliver 2000 Homes per annum by 2020 of which 800 are affordable.</b></p> <p>The risk of failing to deliver the range of housing to meet Bristol's needs and not realise the ambition to deliver 2000 homes per annum by 2020 of which 800 are affordable.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Inability of the housebuilding industry to deliver at this level.</li> <li>Increased costs and labour associated with Brexit.</li> <li>Local opposition to housebuilding.</li> <li>Lack of capacity within the local market.</li> <li>Lack of resources in key Council services which support Housing Delivery (i.e. Transport, Planning and Legal).</li> <li>Lack of clear data about number of homes started on site and completed.</li> <li>Lack of agility to deliver at pace on Council land due to procurement.</li> </ul> <p>Corporate Risk Register Report: Threat Risk CRR18)</p> | <p>We are progressing the Joint Spatial Plan and the Local Plan Review to identify sufficient housing sites to meet need.</p> <p>Prioritising the processing of residential planning applications.</p> <p>Established a dedicated housing delivery team.</p> <p>Planning to release circa 26 sites for development.</p> <p>Established Housing Company.</p> <p>Committed £50m to Grant Funding programme.</p> <p>Secured circa £20m of external grant funding to accelerate construction.</p> | ↔                        | 2                  | 5      | 10                                  | <p>We are continually addressing all areas of affordable housing provision including: Community Led Housing (CLH), Registered Providers (RPs) and Direct Delivery, (New Council Homes).</p> <p>We are operating a significant land release programme to Registered Providers. (On-going).</p> <p>We are running series of ongoing issue busting exercises across the Housing Delivery Programme by March 2019.</p> <p>We are carrying out a service review of the Housing Delivery Service by March 2019.</p> <p>We are engaging with Homes England on their new strategic partnerships to deliver increased capacity in the sub-region and with their Accelerated Construction and Housing Infrastructure Fund (HIF) programmes to de-risk sites. (On-going).</p> <p>We are looking at how we can deliver additionally on existing sites utilising our grant to increase the number of affordable homes in 2019/20.</p> | 1                    | 5      | 5           |
| Risk Owner: Interim Executive Director Growth and Regeneration.   | Action Owner: Interim Executive Director Growth and Regeneration, Director City Growth, Investment and Infrastructure including Culture.  | Portfolio Flag: Housing. |                    |        | Strategy Theme: Fair and Inclusive. |  |                      |        |             |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |  |                    |        |                                   |  |                      |        |             |
|---|---|--|--------------------|--------|-----------------------------------|--|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|   |   |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>BRR24: Legal disputes &amp; claims, self-insurance and the risk of claims to the council not being covered by the council's insurance policies</b></p> <p>Key potential cause are:</p> <p>Public authorities undertake a number of public and statutory functions which can give rise to public and private liability. Councils are facing an increase in insurance claims and legal disputes as services are redesigned and the number of no win no fee business increase.</p> | <p>We are ensuring sufficient resources are available to secure the appropriate advice / advisor for complex operational issues and to protect / successfully defend the councils position should the need arise.</p> | ↔  | 3                  | 3      | 9                                 | <p>We are carrying out a service review of the Insurance Service by February 2019 which will form the basis of the 2019/20 Service improvement plan.</p> <p>We are Identifying and reporting high risk cases and risks of significant costs in particular cases and identify mitigating actions.</p> <p>Ensure Senior Managers are kept informed of cost implications and risks in relation to their cases.</p> <p>We escalate decisions to pursue litigation in cases where legal advice indicates a significant likelihood of costs against the council.</p> <p>Service offer clear about payment of legal costs where action is taken against legal advice.</p> <p>Legal reserve has been agreed.</p> | 2                    | 3      | 6           |
| Risk Owner: Head of Paid Service.   | Action Owner: Director Finance (Section 151 Officer) and Service Director, Legal and Dem Services   | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

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|---|--|---|--------------------|--------|--|--|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance   | Current Risk Level |        |  | What we are doing  | Tolerance Risk Level |        |             |
|   |  |   | Likelihood         | Impact | Risk Rating                              |  | Likelihood           | Impact | Risk Rating |
| <p><b>BRR25: Bristol City Council Strategy Management.</b></p> <p>The council fails to produce or embed a Corporate Strategy with clear links through to business planning and performance management, resulting in less effective implementation of policy, use of resources and/or partnership working.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Plans, policies, budget and/or resource not aligned to the Corporate Strategy.</li> <li>Significant changes in senior management roles and personnel results in lack of knowledge or a feeling of ownership in relation to the Corporate Strategy.</li> </ul> | <p>Full Council received and approved the Corporate Strategy 2018 - 2023 in February 2018.</p> <p>Cabinet received the BCC Business Plan 2018/19 to note in May 2018. This was based on key elements of Service Plans for every department.</p> <p>We have completed and approved the Performance Framework via Statutory and Policy Board in June 2018. The refreshed Performance Framework follows through the golden thread from Corporate Strategy through to KPIs and management information.</p> <p>The Communication Plan is in place for embedding the Corporate Strategy and Business Plans, including full briefing of all Tier 1 - 3 managers and for inclusion in My Performance reviews for all colleagues.</p> <p>An ongoing review of the Medium-Term Financial Plan (MTFP) and wider policy / strategy framework to check alignment with Corporate Strategy, with revised MTFP to be presented to Cabinet in December 2018.</p> <p>Launched Business and Service Planning process for 2019/20 across the organisation, aligning service planning with annual budget.</p> <p>My Performance reviews undertaken throughout the organisation and management cascade underway to follow-up in any areas of non-compliance.</p> | ↔   | 1                  | 7      | 7  | <p>We are rolling out the BCC Communications Plan throughout 2018/19 using many channels, including face-to-face Management Brief sessions.</p> <p>The BCC policy and strategy framework will be reviewed in priority order with initial data collection complete. The nature of reviewing strategies across the council means it will be an ongoing process.</p> <p>My Performance reviews are being completed across the organisation and managers are briefed to link personal objectives to the outcomes set out in the Corporate Strategy and Business Plan.</p> <p>The Corporate Strategy is being explained to all new colleagues via the corporate induction process.</p> <p>The Statutory and Policy Board will receive quarterly reporting from Q2. 2018/19 on progress against the Performance Framework.</p> <p>A one-off 'good housekeeping' review of corporate partnerships is planned for Q3/4 2018/19, creating a refreshed database and reviewing partnership Terms of Reference and/or Service Level Agreements against the Corporate Strategy and emerging partnership governance model as part of the developing One City Approach.</p> | 1                    | 5      | 5           |
| <p>Corporate Risk Register Report: Threat Risk CRR17)</p> <p>Risk Owner: Head of Paid Service.</p>  | <p>Action Owner: Director: Policy and Strategy.</p>  | <p>Portfolio Flag: Finance, Governance and Performance.</p> |                    |        | <p>Strategy Theme: Our Organisation.</p> |  |                      |        |             |

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|--|--|--|--------------------|--------|-----------------------------------|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance  | Current Risk Level |        |                                   | Tolerance Risk Level |        |             |
|  |  |  | Likelihood         | Impact | Risk Rating                       | Likelihood           | Impact | Risk Rating |
| <p><b>BRR26: Financial Deficit.</b></p> <p>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.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>A failure to appropriately plan and deliver savings unscheduled loss of material income streams.</li> <li>Increase in demography, demand and costs for key council services.</li> <li>The inability to generate the minimum anticipated level of capital receipts.</li> <li>Insufficient reserves to facilitate short term mitigations, risks and liabilities.</li> <li>Interest rate volatility impacting on the council's debt costs.</li> </ul> <p>Impairments in our commercial Investments are realised.</p> <p>(Corporate Risk Register Report: Threat Risk CRR15)</p> | <p>BCC's Financial framework ensures that we have in place sound arrangements for financial planning, management, monitoring and reporting. New spend decisions and borrowing is only supported where the source of revenue resources to meet the costs is clearly identified and availability confirmed by Finance.</p> <p>Corporate Revenue Monitoring Reports with identified risks are reported to Cabinet, overspending departments prepare action plans with responsible Directors identified.</p> <p>The ongoing review and due diligence of all budget savings by Delivery Executive, Corporate Leadership Board and the Executive. The pipeline of propositions to be incorporated into the tracker, due diligence undertaken and subject to DE governance and assurance process.</p> <p>The ongoing regular monitoring reports to Corporate Leadership Team and Cabinet. Setting out progress on delivery of savings and other risks and opportunities in addition to the forecast expenditure.</p> <p>We have continual oversight and ongoing management of the council's financial risks.</p> <p>Internal audit also undertakes a number of reviews of our financial planning and monitoring arrangements.</p> | ↑  | 1                  | 5      | 5                                 | 1                    | 5      | 5           |
| Risk Owner: S151 Officer and Director of Finance.  | Action Owner: Section 151 Officer, Executive Director Resources and Acting Director of Finance.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |                      |        |             |

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|--|--|--|--------------------|--------|-----------------------------------|--|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|  |  |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>BRR27: Corporate Strategy</b></p> <p>The approved Corporate Strategy presents an opportunity to fundamentally refresh and strengthen our business planning, leadership and performance frameworks.</p> <p>Key potential causes:</p> <ul style="list-style-type: none"> <li>Approved Corporate Strategy provides the foundation and direction for the organisation.</li> </ul> <p>(Corporate Risk Register Report: Opportunity Risk OPP2)</p> | <p>We have approved and adopted the Corporate Strategy, Business Plan 18/19 and Performance Framework 18/19 through appropriate Decision Pathways.</p> <p>Re-launched and completed 'My Performance' reviews for all colleagues including annual objective setting linked to the Corporate Strategy and Business Plan 18/19.</p> <p>Designed and launched an integrated business planning approach for 2019/20, linking financial planning, service planning and performance management more closely and from an earlier starting point.</p> <p>The LGA Corporate Peer Challenge completed, providing fresh learning opportunities to improve our approach.</p> <p>Leadership Framework introduced and senior management posts recruited against it.</p> | ↑  | 4                  | 7      | 28                                | <p>We are continuing to scope and procure a replacement for the 'My Performance' system.</p> <p>We are reviewing results of LGA Corporate Peer Challenge and plan how to implement any resulting measures.</p> | 4                    | 7      | 28          |
| Risk Owner: Head of Paid Service.  | Action Owner: Director: Policy, Strategy and Partnerships.   | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

| Budget Risk Register as at January 2019 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |                        |                    |        |                                   |   |                      |        |             |
|--|---|------------------------|--------------------|--------|-----------------------------------|---|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance            | Current Risk Level |        |                                   | What we are doing   | Tolerance Risk Level |        |             |
|  |   |                        | Likelihood         | Impact | Risk Rating                       |   | Likelihood           | Impact | Risk Rating |
| <p><b>BRR28: One City Approach</b></p> <p>The One City Approach will offer a new way to plan strategically with partners as part of a wider city system.</p> <p>Key potential causes:</p> <ul style="list-style-type: none"> <li>Mayoral aspiration and widespread partner sign-up to the principle.</li> <li>Work to date has produced outline plan and engaged partners in the long-term vision and necessary work to complete the plan.</li> </ul> <p>(Corporate Risk Register Report: Opportunity Risk OPP1)</p> | <p>We have scoped and entered 'Phase Three' of development of the One City Approach (OCA), including catalysing One City Plan development by providing core resource from the council's Delivery Support Unit.</p> <p>Worked on draft One City Plan content with partners and internal stakeholders, with a planned launch of the first iteration in January 2019.</p> <p>Aligned internal resourcing for One City Plan development with our review of Partnership Policy (see CRR21) to ensure a joined-up approach.</p> | ↑                      | 4                  | 5      | 20                                | <p>Resource has been identified to help catalyse activity and develop the One City Plan product, with multiple offers of support from city partners. By January 2019 we will have:</p> <ul style="list-style-type: none"> <li>Developed a 'One City Plan' in partnership with a variety of city-wide and regional organisations, including scoping the formal governance of the City Office and One City Approach.</li> <li>Continued existing initiatives to trial and iterate the One City Approach.</li> <li>Instigated or enabled new projects with partners where there is a strategic fit and an opportunity to further develop a working model.</li> </ul> <p>Submitted a bid for council funding to contribute (alongside partners) towards a permanent City Office structure, to be confirmed through the council's annual budget process.</p> | 4                    | 5      | 20          |
| Risk Owner: Head of Paid Service.  | Action Owner: Director: Policy, Strategy and Partnerships   | Portfolio Flag: Mayor. |                    |        | Strategy Theme: Our Organisation. |   |                      |        |             |

Page 245

| Corporate Risk Register as at December 2018 - Opportunity Risks  |   |  |                    |        |                                   |   |                      |        |             |
|--|---|--|--------------------|--------|-----------------------------------|---|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing   | Tolerance Risk Level |        |             |
|  |   |  | Likelihood         | Impact | Risk Rating                       |   | Likelihood           | Impact | Risk Rating |
| <p><b>BRR29: Devolution</b></p> <p>Should the potential arise for opportunities from a region’s evolving, second devolution deal that could lead to an opportunity to align the Council’s corporate priorities and strengthen regional partnership working.</p> <p>Key potential causes:</p> <ul style="list-style-type: none"> <li>• Potential development of second devolution deal.</li> </ul> <p>(Corporate Risk Register Report: Opportunity Risk OPP3)</p> | <p>We have continued engagement with WECA; but with recognition that focus has been placed more on a proposed housing fund.</p> | ↔  | 3                  | 5      | 15                                | <p>We will continue to engage with WECA at strategic level.</p> <p>We will engage with HM Government following suggestion that more devolution opportunities may be available following Brexit.</p> | 3                    | 5      | 15          |
| Risk Owner: Head of Paid Service.  | Action Owner: Head of Policy and Public Affairs.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |   |                      |        |             |

Page 246

| Corporate Risk Register as at December 2018 - Opportunity Risks  |   |  |                    |        |                                   |   |                      |        |             |
|--|---|--|--------------------|--------|-----------------------------------|---|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing   | Tolerance Risk Level |        |             |
|  |   |  | Likelihood         | Impact | Risk Rating                       |   | Likelihood           | Impact | Risk Rating |
| <p><b>BRR30: Brexit.</b></p> <p>If exiting the European Union provides benefits, such as increased domestic concentration of power, this may lead to opportunities for this to be harnessed at a local or regional level.</p> <p>Key potential causes for enhancing and exploiting:</p> <ul style="list-style-type: none"> <li>• Exiting the European Union.</li> </ul> <p>(Corporate Risk Register Report: Opportunity Risk OPP4)</p> | <p>We have:</p> <ul style="list-style-type: none"> <li>• Undertaken a draft internal assessment of threat and opportunities following an externally-provided workshop.</li> <li>• Established a city Brexit Response Group.</li> <li>• Met Michel Barnier in Brussels with the Core Cities.</li> <li>• Been monitoring the environment; including news of threats from large local employers of leaving UK.</li> <li>• Collaborated on draft Inclusive Economic Growth Strategy.</li> <li>• Announced funding of Settlement Visas for EU employees.</li> <li>• Participating in MHCLG events and national working group of local authority representatives.</li> </ul> <p>We continue to work with Core Cities and M8 leaders on concerted joint efforts.</p> | ↔  | 1                  | 5      | 5                                 | <p>We are monitoring the issue on an ongoing basis.</p> <p>We will complete and disseminate BCC threat and opportunity assessment, including links to our Business Plan 2019/20. This will include clear actions to be taken.</p> <p>Have further meetings of Bristol Brexit Response Group.</p> <p>Maintain the continued internal Brexit working group to ensure preparedness.</p> <p>Continued monitoring of external environment and government relations.</p> <p>Attend MHCLG regional preparedness workshop for Chief Officers.</p> | 1                    | 5      | 5           |
| Risk Owner: Head of Paid Service.  | Action Owner: Head of Policy and Public Affairs.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |   |                      |        |             |

Budget Risk Register Report Summary January 2019

| Page  | Budget Risk ID 2019/20  | Corporate Risk Report Risk ID | Risk   | Monetary impact of risk                                | As at Dec 2018 |        | Financials |          |            |      |
|---|---|-------------------------------|--|--|----------------|--------|------------|----------|------------|------|
|   |   |                               |  |  | Rating         | Travel | Y / N      | £m       | Source     |      |
| 1   | BRR1  | BCCC2                         | Brexit   |  | 4x5=20         | ↓      | Y          | 0        | UR         |      |
| 2   | BRR2  | CRR7                          | Cyber- Security(Previously Cyber- Attack)  | High   | 3x7=21         | ↓      | Y          | 0.5      | UR         |      |
| 3   | BRR3  | CRR26                         | ICT Resilience   |  | 3x7=21         | New    | N          |          |            |      |
| 4   | BRR4  | CRR1                          | Long Term Commercial Investments and Major projects Capital Investment   | 50m  | 3x7=21         | ↔      | Y          | 55.6     | AMP/EMR    |      |
| 5   | BRR5  | CRR3                          | Asbestos Management  | Unlimited fines & custodial sentences                  | 3x7=21         |        | Y          | 0        | AMP/EMR    |      |
| 6   | BRR6  | CRR4                          | Corporate Health, Safety and Wellbeing   | Unlimited fines & custodial sentences                  | 3x7=21         | ↔      | Y          | 0.5      | EMR        |      |
| 7   | BRR7  | CRR21                         | Information Governance   | Increased fines  | 3x5=15         | ↓      | Y          | 0.25     | UR         |      |
| 8   | BRR8  | CRR24                         | Procurement and contract management compliance   |  | 3x5=15         | New    | N          | 0        | MA         |      |
| 9   | BRR9  | CRR25                         | ICT Line of Business (LOB)   |  | 3x5=15         | New    | N          | 0        | MA         |      |
| 9   | BRR10   | BCCC1                         | Flooding   |  | 3x5=16         | ↔      | Y          | 1.3      | UR         |      |
| 10  | BRR11   | CRR19                         | Tree Management  |  | 3x5=15         | ↔      | N          | 0        | MA         |      |
| 10  | BRR12   | CRR21                         | Partnerships Governance  | 5m   | 3x5=15         | ↔      | N          | 0        | MA         |      |
| 11  | BRR13   | CRR6                          | Fraud and Corruption   | Up to £1m recoverable overpayments identified annually | 3x5=15         | ↔      | N          | 0        | MA         |      |
| 12  | BRR14   | CRR5                          | Business Continuity and Council Resilience   | <3m  | 3x5=15         | ↑      | Y          | 1.3      | UR         |      |
| 13  | BRR15   | CRR23                         | Better Lives Programme   | >5   | 2x7=14         | New    | N          | 0        | MA         |      |
| 14  | BRR16   | CRR9                          | Safeguarding Vulnerable Children   | Potential claims and litigation                        | 2x7=14         | ↔      | N          | 0        | MA         |      |
| 15  | BRR17   | CRR10                         | Safeguarding Vulnerable Adults   | Potential claims and litigation                        | 2x7=14         | ↔      | N          | 0        | MA         |      |
| 16  | BRR18   | CRR11                         | BCC Infrastructure Delivery  | >5   | 2x7=14         | ↔      | N          | 0        | MA         |      |
| 17  | BRR19   | CRR12                         | Failure to deliver suitable planning measures, respond to and manage events when they occur.   | <3m  | 2x7=14         | ↔      | Y          | 1.3      | UR         |      |
| 18  | BRR20   | CRR8                          | Service Review   | Loss of productivity                                   | 2x5=10         | ↑      | N          | 0        | MA         |      |
| 19  | BRR21   | CRR13                         | Financial Framework and MTFP   | >5M  | 2x5=10         | ↔      | Y          | 0        | UR         |      |
| 20  | BRR22   | CRR16                         | Leadership   | 0  | 2x5=10         | ↔      | N          | 0        | MA         |      |
| 21  | BRR23   | CRR18                         | Failure to deliver 2000 Homes per annum by 2020 of which 800 are affordable  | 0  | 2x5=10         | ↔      | N          | 0        | MA         |      |
| 21  | BRR24   | FIN RR                        | Legal disputes & claims, self- insurance and the risk of claims to the council not being covered by the council's insurance policies | 0.5m - 3m  | 3x3=9          | ↔      | Y          | 0.75     | EMR        |      |
| 22  | BRR25   | CRR17                         | Strategy Management  | >5m (potential)  | 1x7=7          | ↔      | N          | 0        | MA         |      |
| 23  | BRR26   | CRR15                         | Financial Deficit  | >5   | 1x5=5          | ↑      | Y          | 7.5      | CC/UR      |      |
| 24  | BRR27   | OPP2                          | Corporate Strategy   |  | 4x7=28         | ↑      | N          | 0        | MA         |      |
| 24  | BRR28   | OPP1                          | One City   |  | 4x5=20         | ↑      | N          | 0        | MA         |      |
| 25  | BRR29   | OPP3                          | Devolution   | >5m  | 3x5=15         | ↔      | N          | 0        | MA         |      |
| 25  | BRR30   | OPP4                          | Brexit   |  | 1x5=5          | ↔      | N          | 0        | MA         |      |
| Strategies to manage risk   |   |                               |  |  |                |        |            |          |            |      |
| Definitions of the provision identified in the table above table by which risk will be managed  |   |                               |  |  |                |        |            | Total £m | Reserve £m |      |
| MA  | Mitigating Action – Strategic Directors / Directors to identify alternative measures to manage risks / opportunities within available resources |                               |  |  |                |        |            | 0.0      | 0.0        |      |
| CC  | Corporate Contingency - due to its recurrent nature a corporate contingency has been set aside  |                               |  |  |                |        |            | 1.5      | 1.7        |      |
| AMP   | Asset Management Plans – will require to be addressed through asset management plans.   |                               |  |  |                |        |            | 45.6     | 45.6       |      |
| EMR   | Earmarked provision – the Council has set monies aside in an earmarked reserve or other provision to meet the estimated costs.                  |                               |  |  |                |        |            | 11.3     | 4.0        |      |
| UR  | Unallocated Reserve – Council would require drawing funding down from the unallocated General Fund balance to meet costs                        |                               |  |  |                |        |            | 10.7     | 20.0       |      |
| Long- term view - recognising that these will not all happen simultaneously over 1 year but could materialise over the 5 year MTFP period |   |                               |  |  |                |        |            | 97%      | 69.0       | 71.3 |

**Risk Scoring Matrix**

|               |   |   |    |    |    |
|---------------|---|---|----|----|----|
| Likelihood    | 4 | 4 | 12 | 20 | 28 |
|               | 3 | 3 | 9  | 15 | 21 |
|               | 2 | 2 | 6  | 10 | 14 |
|               | 1 | 1 | 3  | 5  | 7  |
|               |   | 1 | 3  | 5  | 7  |
| <b>Impact</b> |   |   |    |    |    |

| Level of risk | Action required by level risk |   |
|---------------|-------------------------------|---|
| 28            | Critical:                     | <b>Action required.</b> Escalate (if a Directorate level risk, escalate to the Corporate Risk Register. Escalate corporate risks to the attention of the Cabinet Lead to confirm action to be taken). |
| 14 - 21       | High:                         | Must be addressed. If Directorate level, consider escalating to the Corporate Risk Register. If a corporate risk, consider escalating to the Cabinet Lead.  |
| 5 - 12        | Medium:                       | Action required, manage and monitor at the Directorate level.   |
| 1 - 4         | Low:                          | May not need any further action / monitor at the service level.   |

**Current and Tolerance risk ratings:** The ‘Current’ risk rating for both threats and opportunities refer to the current level of risk taking into account any strategies to manage risk - management actions, controls and fall back plans already in place. The ‘Tolerance’ rating represents what is deemed to be a realistic level of risk to be achieved once additional actions have been put in place. On some occasions the aim will be to contain the level of the risk at the current level.

**Positive Risks (Opportunities):** Where the risk is an opportunity, a cost benefit analysis is required to determine whether the opportunity is worth pursuing, guided by the score for the matrix, e.g. an opportunity with a score of 28 would be pursued as it would offer considerable benefits for little risk.



**LIKELIHOOD AND IMPACT RISK RATING SCORING****Likelihood Guidance**

| Likelihood                  | Likelihood Ratings 1 to 4       |  |  |  |
|-----------------------------|---------------------------------|--|--|--|
|                             | 1                               | 2  | 3  | 4                                      |
| <b>Description</b>          | Might happen on rare occasions. | Will possibly happen, possibly on several occasions. | Will probably happen, possibly at regular intervals. | Likely to happen, possibly frequently. |
| <b>Numerical Likelihood</b> | Less than 10%                   | Less than 50%  | 50% or more  | 75% or more                            |

**Severity of Impact Guidance (Risk to be assessed against all of the Categories, and the highest score used in the matrix).**

| Impact Category  | Impact Levels 1 to 7  |   |   |  |
|--|---|---|---|--|
|  | 1   | 3   | 5   | 7  |
| Service provision  | Very limited effect (positive or negative) on service provision. Impact can be managed within normal working arrangements.  | Noticeable and significant effect (positive or negative) on service provision. Effect may require some additional resource, but manageable in a reasonable time frame.  | Severe effect on service provision or a Corporate Strategic Plan priority area. Effect may require considerable /additional resource but will not require a major strategy change.  | Extremely severe service disruption. Significant customer opposition. Legal action. Effect could not be managed within a reasonable time frame or by a short-term allocation of resources and may require major strategy changes. The Council risks 'special measures'. Officer / Member forced to resign.                   |
| Communities  | Minimal impact on community.  | Noticeable (positive or negative) impact on the community or a more manageable impact on a smaller number of vulnerable groups / individuals which is not likely to last more than six months.  | A more severe but manageable impact (positive or negative) on a significant number of vulnerable groups / individuals which is not likely to last more than twelve months.  | A lasting and noticeable impact on a significant number of vulnerable groups / individuals.  |
| Environmental  | No effect (positive or negative) on the natural and built environment.  | Short term effect (positive or negative) on the natural and or built environment.   | Serious local discharge of pollutant or source of community annoyance that requires remedial action.  | Lasting effect on the natural and or built environment.  |
| <b>Financial Loss / Gain</b>   | <b>Under £0.5m</b>  | <b>Between £0.5m - £3m</b>  | <b>Between £3m - £5m</b>  | <b>More than £5m</b>   |
| Fraud & Corruption Loss  | Under £50k  | Between £50k - £100k  | Between £100k - £1m   | More than £1m  |
| Legal  | No significant legal implications or action is anticipated.   | Tribunal / BCC legal team involvement required (potential for claim).   | Criminal prosecution anticipated and / or civil litigation.   | Criminal prosecution anticipated and or civil litigation (> 1 person).   |
| Personal Safety  | Minor injury to citizens or colleagues.   | Significant injury or ill health of citizens or colleagues causing short-term disability / absence from work.   | Major injury or ill health of citizens or colleagues may result in. long term disability / absence from work.   | Death of citizen(s) or colleague(s). Significant long-term disability / absence from work.   |
| Programme / Project Management<br><i>(Including developing commercial enterprises)</i> | Minor delays and/or budget overspend but can be brought back on schedule with this project stage. No threat to delivery of the project on time and to budget and no threat to identified benefits / outcomes. | Slippage causes significant delay to delivery of key project milestones, and/or budget overspends. No threat to overall delivery of the project and the identified benefits / outcomes.   | Slippage causes significant delay to delivery of key project milestones; and/or major budget overspends. Major threat to delivery of the project on time and to budget, and achievement of one or more benefits / outcomes.   | Significant issues threaten delivery of the entire project. Could lead to project being cancelled or put on hold.  |
| Reputation   | Minimal and transient loss of public or partner trust. Contained within the individual service.   | Significant public or partner interest although limited potential for enhancement of, or damage to, reputation. Dissatisfaction reported through council complaints procedure but contained within the council. Local MP involvement. Some local media/social media interest. | Serious potential for enhancement of, or damage to, reputation and the willingness of other parties to collaborate or do business with the council. Dissatisfaction regularly reported through council complaints procedure. Higher levels of local or national interest. Higher levels of local media / social media interest. | Highly significant potential for enhancement of, or damage to, reputation and the willingness of other parties to collaborate or do business with the council. Intense local, national and potentially international media attention. Viral social media or online pick-up. Public enquiry or poor external assessor report. |

# APPENDIX 4

## Treasury Management Strategy Statement

### 1 BACKGROUND

- 1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.
- 1.5 The Chartered Institute of Public Finance Accountants (CIPFA) defines treasury management as:  
  
*"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
- 1.6 Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of

a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.

### **Reporting Requirements – Capital Strategy**

1.7 The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. Full Council approved its current Capital Strategy in December 2018.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there will also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

## Reporting Requirements – Treasury Management

- 1.8 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.
- I. **A treasury strategy including Prudential and Treasury indicators** (this report) - The first, and most important report covers:
    - the capital plans (including prudential indicators);
    - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
    - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
    - an investment strategy (the parameters on how investments are to be managed).
  - II. **A Mid-year Treasury Management Report** – this will update the Council with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury activity is meeting the strategy or whether any policies require revision.
  - III. **An Annual Treasury Report** – this provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- 1.9 That the Council nominates one of its committees to keep under review treasury management arrangements and to scrutinise reports before being recommended to the Council. This role is undertaken by both the Audit Committee and Overview and Scrutiny Management Board.

## **2 Treasury Management Strategy for 2019/20**

2.1 The Treasury Management Strategy for 2019/20 covers two main areas:

### Capital Issues

- The capital plans and the prudential indicators;
- The minimum revenue provision (MRP) policy.

### Treasury Management Issues

- current and projected treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on the use of external service providers.

2.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

2.3 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

2.4 The training needs of treasury management officers are periodically reviewed.

2.5 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

2.6 The Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2.7 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties and investment into wholly owned subsidiaries. These commercial type of investments require specialist advice such as from within the Council's experienced property team that may procure further advice as appropriate.

2.8 The West of England Combined Authority (WECA) was established in 2017. The WECA have its own borrowing powers, and as expected transfers of responsibilities have lead to changes in Bristol City Council's cash flows

### 3 THE CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2023/24

3.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

#### Capital expenditure

3.2 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The table also summarises how the capital expenditure plans are being financed. Any shortfall of resources results in a borrowing need. Members are asked to approve the capital expenditure forecasts:

| Capital expenditure £m  | 2017/18 Actual £m | 2018/19 Estimate £m | 2019/20 Estimate £m | 2020/21 Estimate £m | 2021/22 Estimate £m | 2022/23 Estimate £m | 2023/24 Estimate £m |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Non-HRA   | 92                | 121                 | 167                 | 125                 | 57                  | 31                  | 37                  |
| Non – HRA* <sup>1</sup>   | -                 | -                   | 5                   | 12                  | 23                  | 29                  | 25                  |
| HRA   | 32                | 40                  | 52                  | 59                  | 73                  | 53                  | 47                  |
| Commercial Activities / Non-Financial Investments* <sup>2</sup> | 12                | -                   | 12                  | 10                  | 14                  | 10                  | 15                  |
| <b>Total</b>  | <b>136</b>        | <b>161</b>          | <b>236</b>          | <b>206</b>          | <b>167</b>          | <b>123</b>          | <b>124</b>          |
| <b>Financed by:</b>   |                   |                     |                     |                     |                     |                     |                     |
| Capital receipts  | 6                 | 26                  | 43                  | 26                  | 33                  | 24                  | 21                  |
| Capital grants  | 45                | 51                  | 64                  | 63                  | 29                  | 34                  | 27                  |
| HRA Self financing  | 24                | 25                  | 26                  | 26                  | 27                  | 28                  | 29                  |
| Revenue   | 17                | 4                   | 12                  | 10                  | 13                  | 16                  | 15                  |
| <b>Net financing need for year</b>                              | <b>44</b>         | <b>55</b>           | <b>91</b>           | <b>81</b>           | <b>65</b>           | <b>21</b>           | <b>32</b>           |

\*1 Schemes pending subject to business case development

\*2 Commercial activities / non-financial investments relate to areas such as capital expenditure on investments properties, loans to third parties and investment in wholly owned companies etc.

#### The Council's borrowing need (the Capital Financing Requirement)

3.3 The Capital Financing Requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying

borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

3.4 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

3.5 The CFR includes any long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £140m of such schemes within the CFR.

3.6 The Council is asked to approve the CFR projections below:

|   | 2017/18<br>Actual<br>£m | 2018/19<br>Estimate<br>£m | 2019/20<br>Estimate<br>£m | 2020/21<br>Estimate<br>£m | 2021/22<br>Estimate<br>£m | 2022/23<br>Estimate<br>£m | 2023/24<br>Estimate<br>£m |
|---|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| CFR – non housing                                       | 434                     | 486                       | 569                       | 630                       | 666                       | 678                       | 697                       |
| CFR – PFI/Lease schemes                                 | 140                     | 134                       | 128                       | 121                       | 115                       | 108                       | 101                       |
| CFR – housing   | 245                     | 245                       | 249                       | 265                       | 288                       | 288                       | 288                       |
| CFR - Commercial Activities / Non-Financial Investments | 4                       | 4                         | 4                         | 4                         | 4                         | 4                         | 4                         |
| <b>Total CFR</b>  | <b>823</b>              | <b>869</b>                | <b>950</b>                | <b>1020</b>               | <b>1073</b>               | <b>1078</b>               | <b>1090</b>               |
| <b>Movement in CFR</b>                                  | <b>35</b>               | <b>46</b>                 | <b>81</b>                 | <b>70</b>                 | <b>53</b>                 | <b>5</b>                  | <b>12</b>                 |

|                             |           |           |           |           |           |          |           |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|----------|-----------|
| Net financing need for year | 44        | 55        | 91        | 82        | 65        | 21       | 32        |
| Less MRP & other financing  | (9)       | (9)       | (10)      | (12)      | (12)      | (16)     | (20)      |
| <b>Movement in CFR</b>      | <b>35</b> | <b>46</b> | <b>81</b> | <b>70</b> | <b>53</b> | <b>5</b> | <b>12</b> |



- 3.7 A key aspect of the regulatory and professional guidance is that members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in para 3.2 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

**Minimum revenue provision (MRP) policy statement**

- 3.8 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge, the minimum revenue provision (MRP), although it is allowed to undertake additional voluntary provision (VRP).
- 3.9 The Ministry of Housing, Communities and Local Government (MHCLG) have issued Regulations which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

*For capital expenditure incurred before 1 April 2008 and capital expenditure incurred on or after that date which forms part of its Supported Capital Expenditure - The MRP policy will be based on the pre 2007/08 borrowing and post supported borrowing at 2% fixed so that the whole debt is repaid after 50 years.*

*Note a change in policy approved by Full Council on 13th December 2016 amended the rate that is used to calculate MRP from 4% reducing balance to 2% straight line as this is better aligned to the average lives of the authorities assets and results with the debt being fully repaid. This means that the authority has overprovided during the period 1st April 2008 through to 31st March 2016. The Council has reduced it's MRP provision in 2017/18 and 2018/19 and will reduce it's MRP further, over an adequate timeframe (a further 4 years) to recover this overprovision while also ensuring a prudent annual provision is maintained. This additional reduction in MRP will be set aside to reserves to ensure the Council maintains reasonable provision as mitigation for financial risks outlined in the main body of the report. It is estimated that for 2019/20 £6m of this overprovided MRP will be made available to supplement general reserves.*

*From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be the Asset life method – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);*

*Any loan or investment to an organisation defined as capital expenditure will not attract MRP. The original capital expenditure will be met from the capital receipt on the maturity of the loan/investment.*

*Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, as determined by the Chief Finance Officer.*

*These options provide for a reduction in the borrowing need over approximately the asset's life.*

3.10 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation.

3.11 Repayments included in annual PFI or finance leases are applied as MRP.

**Affordability prudential indicator**

3.12 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicator:

3.13 **Ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

|              | 2017/18<br>Actual<br>% | 2018/19<br>Estimate<br>% | 2019/20<br>Estimate<br>% | 2020/21<br>Estimate<br>% | 2021/22<br>Estimate<br>% | 2022/23<br>Estimate<br>% | 2023/24<br>Estimate<br>% |
|--------------|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| General Fund | 6.4                    | 6.1                      | 7.2                      | 8.2                      | 8.6                      | 9.3                      | 10.2                     |
| HRA          | 8.8                    | 8.6                      | 8.2                      | 8.0                      | 8.0                      | 7.9                      | 7.5                      |

The estimates of financing costs include current commitments and the proposals in this budget report.

## 4 BORROWING

4.1 The capital expenditure plans set out in Section 3 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

### Current and projected portfolio position

4.2 The Council's treasury portfolio position at 31 March 2018, with forward projections are summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement), highlighting any over or under borrowing.

|  | 2017/18<br>Actual<br>£m | 2018/19<br>Estimate<br>£m | 2019/20<br>Estimate<br>£m | 2020/21<br>Estimate<br>£m | 2021/22<br>Estimate<br>£m | 2022/23<br>Estimate<br>£m | 2023/24<br>Estimate<br>£m |
|--|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| External Debt 1 April                                  | 434                     | 431                       | 456                       | 526                       | 606                       | 666                       | 681                       |
| Expected change in debt                                | (3)                     | 25                        | 70                        | 80                        | 60                        | 15                        | 20                        |
| Other long-term liabilities                            | 146                     | 140                       | 134                       | 128                       | 121                       | 115                       | 108                       |
| Expected change in other long-term liabilities         | (6)                     | (6)                       | (6)                       | (7)                       | (6)                       | (7)                       | (7)                       |
| Debt Administered on behalf of the Unitary authorities | (44)                    | (42)                      | (40)                      | (39)                      | (37)                      | (36)                      | (34)                      |
| <b>Actual gross debt 31 March</b>                      | <b>527</b>              | <b>548</b>                | <b>614</b>                | <b>688</b>                | <b>744</b>                | <b>753</b>                | <b>768</b>                |
| <b>Capital Financing Requirement</b>                   | <b>823</b>              | <b>869</b>                | <b>950</b>                | <b>1020</b>               | <b>1073</b>               | <b>1078</b>               | <b>1090</b>               |
| <b>Under borrowing</b>                                 | <b>(296)</b>            | <b>(321)</b>              | <b>(336)</b>              | <b>(332)</b>              | <b>(329)</b>              | <b>(325)</b>              | <b>(322)</b>              |

### Gross Debt and the Capital Financing Requirement

4.3 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures

that borrowing is not undertaken for revenue purposes or speculative purposes.

- 4.4 The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### Treasury Indicators: limits to borrowing activity

- 4.5 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and ability to fund under-borrowing by other cash resources.

|                             | 2018/19<br>Estimate<br>£m | 2019/20<br>Estimate<br>£m | 2020/21<br>Estimate<br>£m | 2021/22<br>Estimate<br>£m | 2022/23<br>Estimate<br>£m | 2023/24<br>Estimate<br>£m |
|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Debt                        | 456                       | 526                       | 606                       | 666                       | 681                       | 701                       |
| Other long-term liabilities | 140                       | 134                       | 128                       | 121                       | 115                       | 108                       |
| <b>Total</b>                | <b>596</b>                | <b>660</b>                | <b>734</b>                | <b>787</b>                | <b>796</b>                | <b>809</b>                |

- 4.6 **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- The Council is asked to approve the following authorised limit:

|              | 2018/19<br>Approved<br>£m | 2019/20<br>Estimate<br>£m | 2020/21<br>Estimate<br>£m | 2021/22<br>Estimate<br>£m | 2022/23<br>Estimate<br>£m | 2023/24<br>Estimate<br>£m |
|--------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Total</b> | <b>960</b>                | <b>970</b>                | <b>1,040</b>              | <b>1,090</b>              | <b>1,100</b>              | <b>1,110</b>              |

4.7 **HRA CFR limit.** The Council was also limited to a maximum HRA CFR through the HRA self-financing regime. This limit was £257m but in October 2018, Prime Minister Theresa May announced a policy change to abolish the HRA debt cap. The Chancellor announced in the Budget that the applicable date was 29th of October 2018.

|                     | 2017/18<br>Actual<br>£m | 2018/19<br>Estimate<br>£m | 2019/20<br>Estimate<br>£m | 2020/21<br>Estimate<br>£m | 2021/22<br>Estimate<br>£m | 2022/23<br>Estimate<br>£m | 2023/24<br>Estimate<br>£m |
|---------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| HRA debt cap*       | 257                     |                           |                           |                           |                           |                           |                           |
| HRA CFR             | 245                     | 245                       | 249                       | 265                       | 288                       | 288                       | 288                       |
| <b>HRA Headroom</b> | <b>12</b>               |                           |                           |                           |                           |                           |                           |

\* Abolition of HRA debt cap applicable from 29<sup>th</sup> of October 2018.

### Prospects for interest rates

4.8 The Council has appointed a treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their view.

| Period   | Bank Rate<br>% | PWLB Borrowing Rates %<br>(including certainty rate adjustment) |         |         |         |
|----------|----------------|---|---------|---------|---------|
|          |                | 5 year  | 10 Year | 25 year | 50 year |
| Mar 2019 | 0.75           | 2.10  | 2.50    | 2.90    | 2.70    |
| Mar 2020 | 1.25           | 2.30  | 2.80    | 3.20    | 3.00    |
| Mar 2021 | 1.50           | 2.60  | 3.00    | 3.40    | 3.20    |
| Mar 2022 | 2.00           | 2.80  | 3.20    | 3.60    | 3.40    |

- Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year with further details set out in Annex 2. In summary,
- Counterparty risks appear to have eased but market sentiment remains changing and economic forecasts uncertain.
- Investment returns are likely to remain relatively low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018-19 and have increased modestly since the summer.

- The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.
- The overall longer run trend is for gilt yields and PWLB rates to rise gently.

### **Borrowing Strategy**

- 4.9 Based on current cash flow forecasts, it is estimated that the Council will have a net borrowing requirement of £245m over the MTF5 period. The most significant consideration from a treasury management perspective is the timing and duration of that borrowing. Should the financial environment change and borrowing is deemed advantageous the Council will seek to borrow long-term loans below a target rate of 3.00% and short-term to medium term loans below a target rate of 2.50%.
- 4.10 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is an issue that needs to be considered.
- 4.11 Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- *If it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
  - *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

4.12 Any decisions will be reported to the appropriate decision making body at the next available opportunity.

- Long-term and short term fixed interest rates are expected to rise modestly over the medium term. The Chief Finance Officer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above.
- The option of postponing borrowing and running down investment balances strategy has been applied so far throughout 2018/19. This approach will continue until balances are reduced to adequate liquidity requirements unless it was felt that there was a significant risk of a sharp rise in interest rates.
- The Councils borrowing strategy will give consideration to new borrowing in the following ways:
  - The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking loans at long term rates which will be higher in future years;
  - PWLB loans for up to 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing, which will spread debt maturities away from a concentration in longer dated debt;
  - PWLB loans in excess of 10 years where rates are considered to be low and offer the Council the opportunity to lock into low value long-term finance;
  - Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio;
  - Long term borrowing from the Municipal Bond Agency if available and appropriate and rates are lower than those offered by the Public Works Loan Board (PWLB).

4.13 The authority is planning net borrowing of £245m over the period as set out in table 4.2, to finance the expected Prudential Borrowing requirement of £291m as set out in table 3.2 as set out in the Capital programme. The reduced borrowing of £46m primarily reflects the cash set-aside for the repayment of debt, also known as Minimum Revenue Provision (MRP). The most efficient arrangement is for MRP to be used to reduce the new long term debt expected

to be required. This ensures that MRP is utilised and does not accumulate as cash on the balance sheet, and reduces the expected level of debt. Alternatively MRP could be used to repay existing debt, but this would be at considerable cost in the current interest rate environment.

The level of borrowing will ensure the authority will maintain adequate liquidity levels as set out in the strategy.

- 4.14 The Council will seek to undertake temporary borrowing (less than one year) loans to cover day-to-day cashflow requirements as and when required. Such a decision will be based on the availability of and access to cash in deposit accounts and money market funds to cover the cashflow requirement, whilst also considering the most efficient method for the authority.
- 4.15 Temporary borrowing will also be considered when the draw down deadline for a deposit account for same day transfer has passed, thus resulting in borrowing cash from the money markets.
- 4.16 The Chief Finance Officer will be kept informed of the temporary loans outstanding on a monthly basis and reviewed at the regular Treasury Management Group meeting.

#### **Policy on borrowing in advance of need**

- 4.17 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 4.18 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

#### **Debt rescheduling**

- 4.19 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
- 4.20 The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
  - helping to fulfil the treasury strategy;
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).



4.21 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

4.22 All rescheduling will be reported to the Council at the earliest meeting following its action.

### **Municipal Bond Agency**

4.23 It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority may make use of this new source of borrowing as and when appropriate.

## **5 ANNUAL INVESTMENT STRATEGY**

### **Investment policy**

- 5.1 The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).
- 5.2 The Council’s investment policy has regard to the following: -
- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
  - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
  - CIPFA Treasury Management Guidance Notes 2018
- The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).
- 5.3 In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 5.4 Ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such a ‘credit default swaps’ and overlay that information on top of the credit ratings.
- 5.5 Other information sources including the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 5.6 Investment instruments identified for use in the financial year are listed in Annex 3 under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Council’s treasury management practices – schedules.

### **Creditworthiness policy**

- 5.7 The primary principle governing the Council’s investment criteria is the security of its investments, whilst liquidity and the yield on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

5.8 The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

5.9 The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are considered before making investment decisions.

5.10 The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- **Banks 1** - good credit quality – the Council will only use banks which:
  - i. are UK banks; and/or
  - ii. are non-UK and domiciled in a country which has a minimum sovereign long term rating of AA-

and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

- i. Short term – F1 (or equivalent)
- ii. Long term – A- (or equivalent)

- **Banks 2** – Part nationalised UK banks – Royal Bank of Scotland ring-fenced operations. This bank can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- **Banks 3** – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.

- **Bank subsidiary and treasury operation** - the Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- **Building societies** - the Council will use all societies which meet the ratings for banks outlined above.
- **Money market funds (CNAV <sup>Constant Net Asset Value</sup>)** – AAA rated (sterling)
- **Money Market Funds (LVAV <sup>Low Volatility Asset Value</sup>)** – AAA rated (sterling)
- **Money Market Funds (VNAV <sup>Variable Net Asset Value</sup>)** – AAA rated (sterling)
- **Ultra-Short dated Bond Funds with a volatility rating of S1+**
- **UK Government** (including gilts and the DMADF)
- **Local authorities, parish councils etc**
- **Supranational institutions**
- **Council owned subsidiaries.** The Council invests in wholly owned Council subsidiaries. Depending on the nature of the investment this will either be classified as a Service investment or a Treasury investment. Service investments fall outside the scope of the specified/ non specified categories and currently investments of this type are classified as service investments.

A limit of £100m will be applied to the use of non-specified investments

### **Country and sector considerations**

5.11 Due care will be taken to consider the country, group and sector exposure of the Council's investments. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). In addition:

- no more than 25% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

5.12 **Use of additional information other than credit ratings.** Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision. This additional market information (for example Credit Default Swaps (CDS), negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

**Time and monetary limits applying to investments.**

5.13 Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council’s counterparty list are as follows (these will cover both specified and non-specified investments):

|   | <b>Fitch Long term Rating (or equivalent)</b> | <b>Money Limit</b> | <b>Time Limit</b> |
|---|---|--------------------|-------------------|
| Banks 1 - higher quality                                    | AAA   | £50m               | 5 Years           |
| Banks 1 - medium quality                                    | AA-   | £20m               | 3 Years           |
| Banks 1 - lower quality                                     | A-  | £10m               | 1 Year            |
| Banks 2 – part-nationalised                                 | N/A   | £10m               | 1 Year            |
| Limit 3 category – Council’s banker (not meeting Banks 1/2) | -   | £100k              | Liquid            |
| Other institutions limit*                                   | -   | £50m               | 1 Year            |
| DMADF   | UK Sovereign rating                           | unlimited          | 1 Year            |
| Local authorities   | -   | £40m               | 5years            |
| Money market funds (MMF) (Including CNAV, LVNAV & VNAV)     | AAA   | £40m               | liquid            |

*\*The Other Institution Limit will be for Gilt and Supranational investments*

The proposed criteria for specified and non-specified investments are shown in Annex 3 for approval.

**UK banks – ring fencing**

5.14 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

5.15 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the fluctuations of the cash flows, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

5.16 **Investment return expectations.** On the assumption that the UK and EU agree a Brexit deal in spring 2019, then Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

Budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next three years are as follows:

- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.50%

- 2021/22 1.75%
- 2022/23 1.75%
- 2023/24 2.00%
- Later years 2.50%

The overall balance of risks to economic growth in the UK is probably neutral.

The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also neutral and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

### Treasury management limits on activity

5.17 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

|  | 2019/20      | 2020/21      | 2020/21 & Beyond |
|--|--------------|--------------|------------------|
|  | <b>Upper</b> | <b>Upper</b> | <b>Upper</b>     |
| Limits on fixed interest rates based on net debt                   | 100%         | 100%         | 100%             |
| Limits on variable interest rates based on net debt                | 40%          | 40%          | 40%              |
| <b>Maturity structure of fixed interest rate borrowing 2018/19</b> |              |              |                  |
|  | <b>Lower</b> | <b>Upper</b> |                  |
| Under 12 months  | 0%           | 30%          |                  |
| 12 months to 2 years   | 0%           | 40%          |                  |
| 2 years to 5 years   | 0%           | 40%          |                  |
| 5 years to 10 years  | 0%           | 50%          |                  |
| 10 years and above   | 25%          | 100%         |                  |

### Investment treasury indicator and limit

5.18 Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment,

| <b>Maximum principal sums invested &gt; 365 days</b> |                |                |                             |
|--|----------------|----------------|-----------------------------|
| <b>£m</b>  | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22 &amp; Beyond</b> |
| Principal sums invested > 364 days                   | £100m          | £100m          | £100m                       |

5.19 For its cash flow generated balances, the Council will seek to utilize its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

### **Ethical Investment Policy**

5.20 The Ethical Investment Policy was approved by Cabinet on the 15<sup>th</sup> December 2011 (updated 2015). The City Council will not knowingly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the City Council.

### **Investment Risk Benchmarking**

5.21 These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

5.22 Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.00% (AAA rated) to 0.05% (A rated) historic risk of default when compared to the whole portfolio.

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £500k.
- Liquid short term deposits of at least £40m available within a rolling three month period.
- Weighted average life benchmark is expected to be a minimum of a day with a maximum of 1 year.



Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate.

And in addition that the security benchmark for each individual year is:

|                | <b>1 year</b> | <b>2 years</b> | <b>3 years</b> | <b>4 years</b> | <b>5 years</b> |
|----------------|---------------|----------------|----------------|----------------|----------------|
| <b>Maximum</b> | <b>0.05%</b>  | <b>0.15%</b>   | <b>0.28%</b>   | <b>0.42%</b>   | <b>0.59%</b>   |

This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

## **Annexes**

Annex 1 - Treasury Management Policy Statement

Annex 2 – Economic Background

Annex 3 – TMP1 Credit and Counterparty risk management

### Treasury Management Policy Statement

1. The Council defines its treasury management activities as follows:

*The management of the Council's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*

2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
4. The Council's high level policies for borrowing and investments are:
  - The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt
  - The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important but are secondary considerations.

## Economic Background / Interest Rate forecast

| Link Asset Services Interest Rate View |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | Dec-18 | Mar-19 | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 |
| Bank Rate View                         | 0.75%  | 0.75%  | 1.00%  | 1.00%  | 1.00%  | 1.25%  | 1.25%  | 1.25%  | 1.50%  | 1.50%  | 1.75%  | 1.75%  | 1.75%  | 2.00%  |
| 3 Month LIBID                          | 0.80%  | 0.90%  | 1.00%  | 1.10%  | 1.20%  | 1.30%  | 1.40%  | 1.50%  | 1.50%  | 1.60%  | 1.70%  | 1.80%  | 1.90%  | 2.00%  |
| 6 Month LIBID                          | 0.90%  | 1.00%  | 1.20%  | 1.30%  | 1.40%  | 1.50%  | 1.60%  | 1.70%  | 1.70%  | 1.80%  | 1.90%  | 2.00%  | 2.10%  | 2.20%  |
| 12 Month LIBID                         | 1.10%  | 1.20%  | 1.30%  | 1.40%  | 1.50%  | 1.60%  | 1.70%  | 1.80%  | 1.90%  | 2.00%  | 2.10%  | 2.20%  | 2.30%  | 2.40%  |
| 5yr PWLB Rate                          | 2.00%  | 2.10%  | 2.20%  | 2.20%  | 2.30%  | 2.30%  | 2.40%  | 2.50%  | 2.50%  | 2.60%  | 2.60%  | 2.70%  | 2.80%  | 2.80%  |
| 10yr PWLB Rate                         | 2.50%  | 2.50%  | 2.60%  | 2.60%  | 2.70%  | 2.80%  | 2.90%  | 2.90%  | 3.00%  | 3.00%  | 3.10%  | 3.10%  | 3.20%  | 3.20%  |
| 25yr PWLB Rate                         | 2.90%  | 2.90%  | 3.00%  | 3.10%  | 3.10%  | 3.20%  | 3.30%  | 3.30%  | 3.40%  | 3.40%  | 3.50%  | 3.50%  | 3.60%  | 3.60%  |
| 50yr PWLB Rate                         | 2.70%  | 2.70%  | 2.80%  | 2.90%  | 2.90%  | 3.00%  | 3.10%  | 3.10%  | 3.20%  | 3.20%  | 3.30%  | 3.30%  | 3.40%  | 3.40%  |

The flow of generally positive economic statistics after the quarter ended 30 June 2018 meant that it came as no shock that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%.

Growth became increasingly strong during 2018 until slowing significantly during the last quarter of 2018. At their November meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On the assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008.

Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big

increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Federal Reserve has continued on its series of responses to combat rising inflationary pressures by increasing the Federal Reserve rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We have, therefore, seen US 10 year bond Treasury yields rise above 3.2% during October 2018 and also seen investors causing a sharp fall in equity prices as they sold out of holding riskier assets.

However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Federal Reserve was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact.

The interest rate forecasts are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU. In the event of an orderly non-agreement exit, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall. If there was a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Brexit – if it were to cause significant economic disruption and a major downturn in the rate of growth.

- Bank of England monetary policy takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis, possibly in Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. The rating agencies have started on downgrading Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold it. Unsurprisingly, investors are becoming increasingly concerned by the actions of the Italian government and consequently, Italian bond yields have risen at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak capitalisation of some European banks. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital.
- Minority eurozone governments. Germany, Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. Sweden is also struggling to form a government due to the anti-immigration party holding the balance of power, and which no other party is willing to form a coalition with.
- Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU while Italy, this year, has also elected a strongly anti-immigration government. Elections to the EU parliament are due in May/June 2019.
- Further increases in interest rates in the US could spark a sudden flight of investment funds from more risky assets e.g. shares, into bonds yielding a much improved yield. Throughout the last quarter of 2018, we saw a sharp fall in equity markets. Emerging countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to this risk of an investor flight to safe havens e.g. UK gilts.
- There are concerns around the level of US corporate debt which has increased significantly during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

#### Upside risks to current forecasts for UK gilt yields and PWLB rates

- Brexit – if both sides were to agree a compromise that removed all threats of economic and political disruption.
- The Federal Reserve causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Federal Reserve Rate

and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then impact on bond yields around the world.

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

The current Brexit timetable and process is set out below and the outcome of these referred above.

- March 2017: UK government notified the European Council of its intention to leave under the Treaty on European Union Article 50 on 29 March 2019.
- March 2019: if an agreement is reached with the EU on the terms of Brexit, then this will be followed by a proposed transitional period ending around December 2020.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy may leave the single market and tariff free trade at different times during the transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bilateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.

### **Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management**

The CLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

**Annual investment strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.

3. A local authority, housing association, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society). For this category this covers bodies with a minimum short term rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is set out below:-

|  | Fitch Long term Rating<br>(or equivalent) | Money Limit | Time Limit |
|--|---|-------------|------------|
| Banks 1 higher quality   | AAA                                       | £50m        | 5 Years    |
| Banks 1 medium quality   | AA-                                       | £20m        | 3 Years    |
| Banks 1 lower quality  | A-  | £10m        | 1 Year     |
| Banks 2 – part nationalised                                    | N/A                                       | £10m        | 1 Year     |
| Limit 3 category – Council's banker<br>(not meeting Banks 1/2) | -   | £100k       | Liquid     |
| Other institutions limit*                                      | -   | £50m        | 1 Year     |
| DMADF  | AAA                                       | unlimited   | 5 Years    |
| Local authorities  | -   | £40m        | 5 Years    |
| Money market funds<br>(Including CNAV, LVNAV & VNAV)           | AAA                                       | £40m        | Liquid     |

\*The Other Institution Limit will be for Gilt and Supranational investments

**Non-specified investments** –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments is limited to an overall exposure of £100m and would include any sterling investments with:

|    | Non Specified Investment Category  | Limit (£ or %)                |
|----|--|-------------------------------|
| a. | <b>Supranational bonds greater than 1 year to maturity</b><br><b>(a) Multilateral development bank bonds</b> - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and | AAA long term ratings<br>£50m |



|    |   |         |
|----|---|---------|
|    | <p>Development Bank etc.).</p> <p><b>(b) A financial institution that is guaranteed by the United Kingdom Government</b> (e.g. The Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p> |         |
| b. | <p><b>Gilt edged securities</b> with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>   | £50m    |
| c. | <p><b>The Council's own banker</b> if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>  | Minimal |
| d. | <p>Any <b>bank or building society</b> that has a minimum long term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>   | £40m    |
| e. | <p>Any <b>non rated subsidiary</b> of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to:</p> <ul style="list-style-type: none"> <li>• Parent company guarantee</li> <li>• Parent company to be a UK institution.</li> </ul>  | £10m    |
| f. | <p><b>Share capital or Loan Capital</b> in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. There is a higher risk of loss with these types of instruments.</p>  | £10m    |
| g. | <p><b>Share capital or Loan Capital to Council owned companies</b> – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources.</p>   | £50m    |
| h. | <p><b>Bond funds</b> – There is a high risk of loss with this type of instrument.</p>   | £10m    |
| i. | <p><b>Pooled property funds</b> – The use of these instruments will normally be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. The key exception to this is an investment in the CCLA Local Authorities Property Fund. This Authority will seek guidance</p>   | £50m    |

|    |  |      |
|----|--|------|
|    | on the status of any fund it may consider using  |      |
|    | The authority has invested £10m in a Property Fund (Cabinet 03/11/15 & 19/09/17) to support Homelessness in Bristol.   |      |
| j. | <b>Property funds managed by a wholly owned Council subsidiary</b> – The use of these instruments will normally be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. | £50m |

In respect of category f, g and h, these will only be considered after obtaining external advice and subsequent member approval.

### **Council owned companies**

The Council has purchased share capital / provided loans to wholly owned Council subsidiaries amounting £26.9m at the turn of the calendar year.

These are classified as service investment's, rather than treasury management investment's, and are therefore outside the specified / non specified categories.

**The monitoring of investment counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer, and if required new counterparties which meet the criteria will be added to the list.

## Purpose

1. This report provides background information with regards the statutory guidance on the flexible use of Capital Receipts and its application within this authority. As part of the finance settlement for 2016/17 the government announced new flexibilities allowing local authorities to use capital receipts received in 2016/17, 2017/18 and 2018/19 to be used to fund transformational expenditure, which can include redundancy costs. This was extended in the 2018/19 as part of the Local Government Finance Settlement for a further three years until 2021/22.
2. The Council, as part of the medium term financial plan assumed a level of £6.3m of capital receipts to be available to support transformational schemes in 2018/19, however the amount required has been revised to £2.14m. It is estimated that receipts generated will meet this target.
3. The use of capital receipts to fund restructuring costs (up to the value of those capital receipts), rather than applying revenue resources / reserves that would have been previously necessary, allow for these revenue resources to be directed to service areas to facilitate further service re-development and also mitigate the financial pressures of the Authority for the current and ensuing year.

## Background

4. Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure, and the use of capital receipts to support revenue expenditure is not permitted by the regulations.
5. The Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.
6. The Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts could be utilised. This Direction allows for the following expenditure to be treated as capital;
 

*“expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”*
7. In order to take advantage of this freedom, the Council must act in accordance with the Statutory Guidance issued by the Secretary of State. This Guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy, with the initial strategy being effective from 1st April 2016 with future Strategies included within future Annual Budget documents and reported as appropriate.
8. There is no prescribed format for the Strategy, but the underlying principle is to support the delivery of more efficient and sustainable services by extending the use of capital receipts to finance costs of efficiency initiatives that deliver significant savings. A list of each project should be incorporated in the strategy along with the expected savings each project is expected to

realise.

### Flexible Use of Capital Receipts Strategy

9. Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

*“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”*

10. The Council intends to use the following use of capital receipts to fund the following transformation project:

| Project Description   | Actual<br>2016/17-<br>2017/18<br>£m | Estimate<br>2018/19<br>£m | Estimate<br>2019/20<br>£m | Estimate<br>2020/21<br>£m | Estimate<br>2021/22<br>£m |
|---|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Costs to support -<br>Organisational Business Change<br>Programmes / Business efficiency<br>programmes.           | 5.30                                | 2.14                      |                           |                           |                           |
| Resources earmarked for future Business<br>Change / efficiency programmes with<br>future savings to be identified |                                     | -                         | 3.64                      | 1.52                      | 0.35                      |
| <b>Total</b>  | <b>5.30</b>                         | <b>2.14</b>               | <b>3.64</b>               | <b>1.52</b>               | <b>0.35</b>               |

11. The contribution these Capital Receipts to support funding of these projects has, or plans to generate the following savings as set out in the table below and within **appendix X** of the budget report.

| Project Description                   | 2018/19<br>£m | 2019/20<br>£m | 2020/21<br>£m | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Organisation restructures             | 9.200         | 9.200         | 9.200         | 9.200         | 9.200         | 9.200         |
| Business Efficiencies                 | 24.179        | 24.772        | 25.522        | 25.792        | 25.962        | 25.962        |
| How Services are funded<br>/ provided | 24.461        | 35.063        | 41.521        | 46.631        | 44.084        | 44.084        |
| Income generation                     | 6.450         | 8.109         | 9.543         | 10.003        | 10.074        | 10.074        |
| Reshaping Services                    | 9.216         | 9.836         | 9.846         | 10.106        | 10.136        | 10.136        |
| <b>Total Savings</b>                  | <b>73.506</b> | <b>86.980</b> | <b>95.632</b> | <b>98.732</b> | <b>99.456</b> | <b>99.456</b> |

**Impact on Prudential Indicators**

12. The indicators that will be impacted by this strategy is set out below;
  - Capital Financing Requirement increased by £5.3m (2016/17) as these capital receipts were intended to support schemes within the existing programme that are now budgeted to be financed by prudential borrowing. The 2017/18 Capital Programme and beyond made no general provision for schemes to be funded by Capital Receipts. Schemes financed by prudential borrowing are reflected within the prudential indicators as set out within the Treasury Management Strategy and included as part of the budget.
  - Financing costs as a percentage of net revenue stream (%), noting that the savings generated from these projects will meet the debt financing costs arising from the additional borrowing. The indicative cost of borrowing £5.3m is £200k pa.
13. The Prudential Indicators show that this Strategy is affordable and will not impact on the Council's operational and authorised borrowing limits.

# Decision Pathway – Report

---

**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|  |  |  |  |
|--|--|--|--|
| <b>TITLE</b>   | <b>Somewhere Safe to Stay award – early adopter</b>        |  |  |
| <b>Ward(s)</b>   | <b>Citywide</b>  |  |  |
| <b>Author:</b> Hywel Caddy   | <b>Job title:</b> Senior Contracts & Commissioning Officer |  |  |
| <b>Cabinet lead:</b> Councillor Paul Smith   | <b>Executive Director lead:</b> Colin Molton               |  |  |
| <b>Proposal origin:</b> <i>Other</i>   |  |  |  |
| <b>Decision maker:</b> Mayor   |  |  |  |
| <b>Decision forum:</b> <i>Cabinet</i>  |  |  |  |
| <b>Purpose of Report:</b>  |  |  |  |
| <p>To gain approval from Cabinet to enhance the Rough Sleeper Service by extending the current contract for the service for a further 6 months in order to incorporate funding from the Ministry for Housing, Communities and Local Government (MHCLG) for the Somewhere Safe to Stay service (SStS). Combining the two services will enable a fully integrated and efficient approach to work with people sleeping rough in the city with different needs during 2019/20. Bristol will be one of the eleven ‘early adopters’ to provide this Somewhere Safe to Stay service. A bid was submitted on 7th November 2018 for a total of £648,539 to develop a SStS service in Bristol as part of a Rapid Rehousing Pathway (a structured pathway into settled accommodation for people sleeping rough). MHCLG confirmed the full award of £648,539 on 14th December 2018. It is anticipated that this integrated approach of the Rough Sleeper Service and the SStS will significantly reduce rough sleeping levels in Bristol during 2019-20, recommended in MHCLG’s Rough Sleeping Strategy Action plan and emulating services developed in London.</p>  |  |  |  |
| <b>Evidence Base:</b>  |  |  |  |
| <p>Bristol has seen a massive increase in homelessness and rough sleeping since 2012 as a result of housing supply issues and rents outstripping wages and benefits. Due to the high levels of rough sleeping in Bristol, Bristol City Council has already been successful in bidding for £1.1 million of funding to reduce rough sleeping in the city for 2018-20. In November 2018 the annual rough sleeping count (on a given night) returned to the Ministry for Housing, Communities and Local Government (MHCLG) was 82, this is 4 lower than last year but remains high.</p> <p>On the 13<sup>th</sup> August 2018 the government published their Rough Sleeping Strategy setting out the government’s vision for halving rough sleeping by 2022 and ending it by 2027. Alongside the strategy were additional funding sources to reduce rough sleeping. One of the key funding streams towards reducing rough sleeping was for up to 15 local authorities to be ‘early adopters’ to provide a Somewhere Safe to Stay (SStS) service. This is part of a Rapid Rehousing Pathway for people at risk of rough sleeping and will build on the No Second Night Out model in London, rapidly assessing the needs of people who are sleeping rough or those who are at risk of sleeping rough and supporting them to get the right help.</p> <p>The SStS will also work alongside separate funding streams to source private sector accommodation, provide floating support for those people and to provide additional support to people who have slept rough with more complex needs to maintain supported accommodation. The funding available from the MHCLG for the SStS service will be £648,539 and MHCLG require that the service be operational by mid-March 2019. In order to be effective the SStS service needs to be fully integrated with the Rough Sleeper Service contract provided by St Mungo’s utilising the same staffing, facilities and database that would be very problematic and prohibitive within the timescales if delivered separately. This will go to the Commissioning and Procurement Group for approval before this Cabinet. The core service of the SStS hub (in addition to the existing rough sleeper service provision) will be provided by St</p> |  |  |  |

Mungo's but some SStS elements will be provided by Shelter Programme partners. The finer details are still being finalised, at this stage we anticipate that the value of the core SStS elements run by St Mungo's will be in the region of £600K.

The current Rough Sleeper Service contract (including an approved extension of two years from the original tender process) expires at the end of September 2019 (with no approval in place to further extend the contract) – half way through the SStS funded project. To implement the SStS enhancement, and enable its uninterrupted delivery through 2019/20, the underlying RSS contract needs to align with that timescale. The cost of extending this service until 31st March 2020 is £261K.

A competitive tendering process taking place during the first six months of 2019-20 would significantly impact on the SStS service, with the need to resource engagement and consultation events, TUPE concerns amongst staff and provider resources diverted to developing bid submissions and inevitable reduction in partnership working during in the immediate lead up to bidding.

There is also additional urgency due to the MHCLG requirement to have the SStS hub up and running in March this year. This would be unachievable if the service needed to be delivered from an alternative venue (due to both building alterations required and the higher staffing costs if it is not co-located with the Rough Sleeper Service).

**Cabinet Member / Officer Recommendations:**

That Cabinet approves:

- I. A six month extension to the Rough Sleeper Service Contract (from October 2019 – 31<sup>st</sup> March 2020).
- II. The use of £648,539 provided by MHCLG to implement a Somewhere Safe to Stay pilot in the city which is integrated with the Rough Sleeper Service delivered by St Mungo's.
- III. That Cabinet notes that most of the funding will be integrated with the Rough sleeper contract but that some funding will be applied to elements to be delivered by other providers and that appropriate processes will be followed to procure this.

**Corporate Strategy alignment:** Key commitment to reduce the overall level of homelessness and rough sleeping, with no-one needing to spend a 'second night out'.

**City Benefits:** The EQIA for the Housing Strategy and the Preventing Homelessness Strategy provides a useful overview. In brief the proposal will assist many rough sleepers to access accommodation and support improving their health and reducing the physical and mental health impact of living on the streets.

**Consultation Details:** Provider consultation, member consultation, and consultation with the Rough Sleeping Partnership.

|   |  |  |       |
|---|--|--|-------|
| <b>Revenue Cost</b>                                     | <b>£260,777 (cost of contract extension)</b> | <b>Source of Revenue Funding</b>                           | 10504 |
| <b>Capital Cost</b>                                     | £-   | <b>Source of Capital Funding</b>                           | -     |
| <b>One off cost</b> <input checked="" type="checkbox"/> |  | <b>Ongoing cost</b> <input type="checkbox"/>               |       |
|   |  | <b>Saving Proposal</b> <input type="checkbox"/>            |       |
|   |  | <b>Income generation proposal</b> <input type="checkbox"/> |       |

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The extension of the existing contract for 6 months will ensure use of the additional MHCLG grant is maximised. There is no additional revenue cost by extending the existing contract and delaying its recommissioning.

**Finance Business Partner:** Paul Cook 3 January 2019

**2. Legal Advice:** The current rough sleepers services (RSS) contract with St Mungo's has provision for extensions, but these have already been exhausted, and the contract is due to expire in September 2019. The contract (originally circa £2.7m) was let following a compliant procurement exercise. The Council have very recently secured extra funding (£648k) for 2019/20 (commencing March 2019) for the national "Somewhere Safe to Stay" programme (SStS) and the delivery of this service has a natural fit with the current RSS contact. Whilst it might be technically possible to

either tender for a new contract for the whole of 2019/20 or use the existing contract whilst it subsists, and tender for a new contract for the period Sept 2019 to March 2020, the preferred solution is to enhance/extend the current RSS contract for the reasons set out in the report (i.e. for very real operational, service and timetabling issues). The anticipated value of the extension is £261k i.e. approx. 10% of the original contract value.

The services fall within Schedule 3 of the Public Contracts Regulations 2015, and are therefore subject to the “light touch” regime, which affords the Council significant freedom over the procurement approach. In addition the value of the extension is well below the 50% threshold set out in Regulation 72(1)(b), pursuant to which contracts can be modified without the need for a new procurement provided certain conditions are met, including where additional services not included in the initial procurement have become necessary and where a change of Contractor either cannot be made for economic or technical reasons (such as requirements of interoperability with existing services) or would cause significant inconvenience for the contracting authority. These circumstances appear to operate in the current situation.

**Legal Team Leader:** Eric Andrews, Team Leader, Legal Services 3.1.19

**3. Implications on IT:** “The full IT implications in this initiative are uncertain at this stage, with references to personnel and accommodation suggesting that there may be IT provision requirements. These can and should be considered further once detailed implementation of a successful bid commences.”

**IT Team Leader:** Ian Gale 21/12/18

**4. HR Advice:** ‘No anticipated HR implications’

**HR Partner:** Celia Williams 31/12/2018

|  |                |                 |
|--|----------------|-----------------|
| <b>EDM Sign-off</b>                                | Julian Higson  | <b>18-12-18</b> |
| <b>Cabinet Member sign-off</b>                     | Paul Smith     | 21-12-18        |
| <b>CLB Sign-off</b>                                | Colin Molton   | 21-12-18        |
| <b>For Key Decisions - Mayor’s Office sign-off</b> | Mayor’s Office | 21-12-18        |

|   |                                |
|---|--------------------------------|
| <b>Appendix A – Further essential background / detail on the bid</b>  | <b>YES</b>                     |
| <b>Appendix B – Details of consultation carried out - internal and external</b>   | <b>NO</b>                      |
| <b>Appendix C – Summary of any engagement with scrutiny</b>   | <b>NO</b>                      |
| <b>Appendix D – Risk assessment</b>   | <b>YES</b>                     |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>  | <b>YES</b>                     |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>   | <b>NO</b>                      |
| <b>Appendix G – Financial Advice</b>  | <b>NO</b>                      |
| <b>Appendix H – Legal Advice</b>  | <b>NO</b>                      |
| <b>Appendix I – Combined Background papers</b><br><a href="https://www.gov.uk/government/publications/the-rough-sleeping-strategy">https://www.gov.uk/government/publications/the-rough-sleeping-strategy</a> | <b>Rough Sleeping Strategy</b> |
| <b>Appendix J – Exempt Information</b>  | <b>NO</b>                      |
| <b>Appendix K – HR advice</b>   | <b>NO</b>                      |
| <b>Appendix L – ICT</b>   | <b>NO</b>                      |



| Question  | Answer  |
|---|---|
| <p>How and why do you think a local assessment hub will have a positive impact on rough sleeping numbers?</p> | <p>The gap as we see it is a more comprehensive assessment centre in Bristol. We have created extra capacity in the Shelter provision including a 24 hour shelter in St Anne's. This though is capacity principally around current rough sleepers prior to the supported housing pathway. We are keen that a comprehensive assessment hub focused on NFNO/NSNO clients could have real impact. It would allow rapid assessment - that the current structure doesn't always allow for, facilitating reconnections and tenancy rescue. St Mungo's experience of running the West London Rough Sleeping prevention service (an NFNO pilot) was that very few clients entered the supported housing pathways. The NFNO work in Bristol has shown a level of need for a service that moves upstream and addresses prevention issues more thoroughly. A more accessible Hub would also allow us to provide day programmes that engage clients in activities away from the streets. Clients new to the streets or involved in the street population are struggling to get away from street activity during the day (an increase in this activity as well as rough sleeping in the city).</p> <p>The hub would also have access to timely specialist welfare advice to help with tenancy rescue, debt and other benefit issues that could help avoid homelessness crisis.</p> |

|   |   |
|---|---|
| <p>Do you have a building available to become an assessment hub (please give details of layout, location and size)?</p> | <p>Yes the Compass centre.</p> <ul style="list-style-type: none"> <li>• We believe we can operate a sit up Hub in the main building that complements a shelter that already operates in the large training room.</li> <li>• Our focus would be on NSNO, NFNO provision.</li> <li>• We would also repurpose some of the office space to create smaller rooms to accommodate different cohorts, female clients, more vulnerable clients.</li> <li>• We would turn the Compass centre into an assessment hub and operate day provision, we would link in effectively with Homeless Health.</li> </ul> <p>The Hub would then facilitate</p> <ul style="list-style-type: none"> <li>- Reconnections</li> <li>- Tenancy Rescue</li> <li>- Link into the wider Shelter provision if appropriate.</li> <li>- Link into guardianship properties and private rented sector</li> </ul> <p>Create separate entrances for the Homeless Health Service and assessment hub, using the King Square alleyway, health service entrance via Riverside stairwell, assessment hub through SIB office as waiting room space with reception based in current managers office using existing window as counter.</p> |
| <p>Does the building have appropriate planning in place (please specify what planning the building has in place)?</p>   | <p>Yes.</p>   |

|  |   |
|--|---|
| <p>When could the hub be operational? i.e. staffed and taking referrals.</p>   | <p>We believe this would be ready February to March</p>   |
| <p>Do you have a local partner who can provide trained staff to deliver rapid assessment and referrals (please name the partner/partners)?</p>               | <p>St Mungo's are part of the Bristol Shelter Programme that includes Crisis Centre Ministries, Julian Trust, Caring in Bristol and the Local Authority. St Mungo's has undergone a successful wider recruitment for St Anne's Shelter, we have an increasing locum bank and we have good agency relationships in the city. The recruitment operation for St Anne's showed us there is a significant pool of talent with transferable skills.</p> |
| <p>Are there viable options for move on locally (please list the move on options including figures)?</p>   | <p>Wider shelter provision (107 , link with guardianship ( additional 29 places, average length of stay – 9 months), access to our temporary pathways accommodation (approximately 240 vacancies last quarter) including 42 high support beds for rough sleepers. Development of increased PRS options.</p>   |
| <p>Do you have local relationships which allow referrals from more than one area or outreach team or housing options (please specify the relationships)?</p> | <p>We believe Bristol has a significant issue and able to fill this provision. Bristol is the city in the South West which has significant migration in from other local areas - so is in fact taking in referrals from North Somerset, South Gloucestershire and wider areas. St Mungo's have been talking to North Somerset re their own RRP.</p>   |

|  |  |
|--|--|
| <p>What do you expect the use and throughput of the hub to be?</p> | <p>The Hub will have capacity for 20-30 with 7 day turnaround – so overall capacity for 1040 people p.a. We would anticipate being able to assess and help significant numbers towards rapid solutions rather than rough sleeping or entering the homeless pathways accommodation. The issue will be the move through. There needs to be a greater emphasis on options away from the Pathway. We would look at a capacity of 20-30 with a 7 day turn around. We don't think 72 hours will necessarily work for Bristol but we do want to make it rapid as we don't want NFNO/ NSNO in this environment for any length of time.</p> |
| <p>How much funding are you requesting in total?</p>               | <p>St Mungo's currently funds the night provision. This needs an extra post funded to support the running of this element of the Hub. To achieve a comprehensive 24 hour hub (and flexibility to engage at key upstream locations – eg customer service points, night shelter queues) has been costed at <b>annual cost of £648K</b>. See appendix 2 for draft staffing structure.</p>   |

# SStS Risk Register

## Negative Risks that offer a threat to SStS interventions and outcomes (Aim - Reduce Level of Risk)

| Ref | Risk Description                               | Key Causes  | Key Consequence                                      | Status<br>Open / Closed | Strategic Theme     | Risk Category  | Risk Owner | Key Mitigations   | Direction of travel | Current Risk Level |        |             | Monetary Impact of Risk<br>£k | Risk Tolerance |        |             |        |
|-----|--|---|--|-------------------------|---------------------|--|------------|---|---------------------|--------------------|--------|-------------|-------------------------------|----------------|--------|-------------|--------|
|     |  |   |  |                         |                     |  |            |   |                     | Likelihood         | Impact | Risk Rating |                               | Likelihood     | Impact | Risk Rating | Date   |
| 1   | Delay in service starting                      | Delay in getting staff in place, delay in securing CPG approval for funding/purchasing mechanisms | Risk not meeting targets and outcomes set out in bid | Open                    | Empowering & Caring | Reputational loss with MHCLG which could affect further funding opportunities.                     | C Brogan   | Vary existing contracts and hold early discussions with Procurement around the Winter shelter. Organisations and BCC primed and putting in place implementation plans for recruitment. Announcement 11th June earlier than original expectation of 30th June. | New                 | 2                  | 4      | 8           | Unknown                       | 1              | 4      | 4           | Dec-18 |
| 2   | Delay in opening of Somewhere Safe to Stay Hub | Delays in recruitment   | Risk service not opening in time                     | Open                    | Empowering & Caring | Service Provision & Reputational loss with MHCLG which could affect further funding opportunities. | C Brogan   | St Mungo's have begun recruitment early.  | New                 | 3                  | 4      | 12          | Unknown                       | 1              | 4      | 4           | Jun-18 |
| 3   | Rise in rough sleeping                         | Other factors increase rough sleeping figures despite SStS.                                       | Rise in or no noticeable reduction in rough sleeping | Open                    | Empowering & Caring | Reputational loss with MHCLG which could affect further funding opportunities.                     | C Brogan   | Track all outputs and outcomes of monitored services (through MHCLG funded post) to clearly demonstrate impact of funding. Continue to monitor overall levels of rough sleepers in the city (annual level rather than nightly snapshot).                      | New                 | 3                  | 4      | 12          | Unknown                       | 2              | 4      | 8           | Jun-18 |

|   |   |  |                             |      |                     |                    |          |   |     |   |   |   |         |   |   |   |        |
|---|---|--|-----------------------------|------|---------------------|--------------------|----------|---|-----|---|---|---|---------|---|---|---|--------|
| 4 | Expectation that services should continue at end of funding period. | Services successful and seen as essential. | Increase in rough sleeping. | Open | Empowering & Caring | Service provision. | C Brogan | Consider exit strategies as part of implementation and consideration of absorbing function into mainstream services if particularly effective. Indications are that govt will roll this type of service out nationally if successful. | New | 2 | 3 | 6 | Unknown | 1 | 3 | 3 | Jun-18 |
|---|---|--|-----------------------------|------|---------------------|--------------------|----------|---|-----|---|---|---|---------|---|---|---|--------|

## Bristol City Council Equality Impact Relevance Check

This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required. Please read the guidance prior to completing this relevance check.



| What is the proposal?                    |  |
|--|--|
| Name of proposal                         | SStS early adopter   |
| Please outline the proposal.             | To gain approval from Cabinet to enhance the Rough Sleeper Service by incorporating funding from the Ministry for Housing, Communities and Local Government (MHCLG) for a Somewhere Safe to Stay (SStS) service into the Rough Sleeper Service Contract. |
| What savings will this proposal achieve? | The total grant funding is £648,539 with no savings planned.   |
| Name of Lead Officer                     | Carmel Brogan  |

| Could your proposal impact citizens with protected characteristics?<br>(This includes service users and the wider community)  |
|---|
| Please outline where there may be significant opportunities or positive impacts, and for whom.  |
| <p>This grant funding will benefit rough sleepers in Bristol. During the period from 1st Jan 2017 – 31st Dec 2017, there were 773 people who were rough sleeping in the city who were worked with by the Rough Sleeper Service. Of these 78% had UK nationality and 22% had non-UK nationality either from EEA countries or the rest of the world.</p> <p><u>Disability:</u> Disabled people including those with learning difficulties and disabilities, and mental health problems are over-represented in rough sleepers. Although not a protected characteristic many rough sleepers have substance misuse problems and may have undiagnosed psychosis face other physical and psychological barriers to accessing support services.</p> <p><u>Race and nationality:</u> We know that BME people are over-represented in homelessness prevention services but do not have accurate details of BME representation amongst rough sleepers in Bristol. There has been an increase in migrant rough sleeping and 32% of Bristol rough sleepers have a nationality other than UK with over 40 nationalities represented (2017)</p> <p><u>Sex:</u> Males are over-represented in rough sleeping and in homelessness prevention services</p> |
| Please outline where there may be significant negative impacts, and for whom.   |
| There are no identified negative impacts for people with protected characteristics from this proposal.  |

**Could your proposal impact staff with protected characteristics?**

(i.e. reduction in posts, changes to working hours or locations, changes in pay)

Please outline where there may be significant opportunities or positive impacts, and for whom.

None identified – additional resources may require additional internal or external recruitment.

Please outline where there may be negative impacts, and for whom.

None identified

**Is a full Equality Impact Assessment required?**

Does the proposal have the potential to impact on people with protected characteristics in the following ways:

- access to or participation in a service,
- levels of representation in our workforce, or
- reducing quality of life (i.e. health, education, standard of living) ?

Please indicate yes or no. If the answer is yes then a full impact assessment must be carried out. If the answer is no, please provide a justification.

No. At this stage the proposal is to gain additional resources to reduce rough sleeping by extending our current approaches. We have existing EqlAs for the Housing Strategy and the Preventing Homelessness Strategy

Service Director sign-off and date:



Julian Higson  
Director, Homes & Landlord Services  
04 /01 /2019

Equalities Officer sign-off and date:



Duncan Fleming 20/12/2018



# Decision Pathway – Report

**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|   |  |  |  |
|---|--|--|--|
| <b>TITLE</b>  | <b>Re-procurement of mobile phone contract</b> |  |  |
| <b>Ward(s)</b>  | Not Applicable                                 |  |  |
| <b>Author:</b> Ian Gale   | <b>Job title:</b> Acting Head of IT            |  |  |
| <b>Cabinet lead:</b> Cllr Craig Cheney  | <b>Executive Director lead:</b> Mike Jackson   |  |  |
| <b>Proposal origin:</b> <i>BCC Staff</i>  |  |  |  |
| <b>Decision maker:</b> Cabinet Member<br><b>Decision forum:</b> <i>Cabinet</i>  |  |  |  |
| <p><b>Purpose of Report:</b> This report requests approval to procure a contract for the supply of mobile devices and associated airtime used across BCC through the direct award of up to a 2 year contract, through the Crown Commercial Services Framework: RM1045 Network Services, Lot 6 for the supply of mobile devices and associated airtime and that authority to award the contract is delegated to Director of Digital Transformation.</p>  |  |  |  |
| <p><b>Evidence Base:</b> Mobile devices, such as mobile phone, tablets and specialist devices are used extensively across the BCC employee base; they are also used in remotely managed equipment such as parking controllers. Employees use mobile devices to support remote and agile working as well as providing emergency contact to colleagues, partner organisations and citizens. The growing use of Smartphone and tablet technology allows for access to email, calendars and line of business applications enabling increased productivity and improved service responses. Essentially, these products now underpin the fundamental day-to-day operation of the organisation.</p> <p>Our current contract expires end January 2019. We need to have a contract in place that will allow us to continue to use these devices. The strategic intent is to bundle all data and telecoms services into a single composite contract when the key contract dates fall due, so the intention of this framework award is to co-terminate as far as possible, all our telecoms and data contracts in order to minimise service disruption. Additionally, we expect the use of Bring Your Own Device (BYOD) to develop, affecting the strategy for mobile phone provision over the medium term. The use of frameworks provides a compliant route to market, will deliver reduced like-for-like costs and will eliminate the need for a costly and disruptive migration programme between airtime suppliers. The cost of transition can be expensive given the number and location of devices e.g. sims in traffic lights, and whilst open competition may deliver preferential tariffs, the cost of transition is likely to offset this. Therefore to transition prior to a strategic review is undertaken and the subsequent impact on the requirement, it would not be in the commercial interests to undertake an open competition at the end of the current contract. We will also use the opportunity within the framework to optimise connection types and tariffs to ensure best value.</p> <p>The recommendation is that we ensure continued use of mobile devices on the Council estate through a framework award (Crown Commercial Services Framework RM1045 Network Services - Lot 6 mobile voice and data services) to secure a 2 year contract for the supply of mobile devices and airtime, to allow delivery of the strategic intention to consolidate all telecoms and data contracts.</p> |  |  |  |
| <b>Cabinet Member / Officer Recommendations:</b>  |  |  |  |
| <b>That Cabinet</b>   |  |  |  |
| <ol style="list-style-type: none"> <li>1. Authorise the procurement of a contract for the supply of mobile devices and associated airtime for up to 2 years, through the Crown Commercial Services Framework.</li> <li>2. Delegate authority to award the contract to Director of Digital Transformation in Consultation with the Deputy Mayor for Finance, Governance and Performance.</li> </ol>  |  |  |  |

**Corporate Strategy alignment:** Without the use of these products, the ability to deliver most elements of the Corporate Strategy would be severely compromised.

**City Benefits:** There are no specific or direct benefits to the city; there are no identified equalities impacts. However, without the use of mobile devices, the Council would be unable to deliver most services in an effective way.

**Consultation Details:** No consultation is considered necessary.

|                                       |  |  |       |
|---------------------------------------|--|--|-------|
| <b>Revenue Cost</b>                   | <b>£ Estimated at £800k over contract life (is subject to usage and volumes)</b> | <b>Source of Revenue Funding</b>   | 15131 |
| <b>Capital Cost</b>                   | <b>£</b>   | <b>Source of Capital Funding</b>   |       |
| One off cost <input type="checkbox"/> |  | Ongoing cost <input checked="" type="checkbox"/>   |       |
|                                       |  | Saving Proposal <input type="checkbox"/> Income generation proposal <input type="checkbox"/> |       |

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** *The contract is due to be awarded against an improved framework which allows more opportunities to create efficiencies in the longer term. The revenue budget is currently set at £600k.*

**Finance Business Partner:** *Kevin Lock, 20/11/18*

**2. Legal Advice:** *The proposal involves a direct award for a year contract not exceeding 2m years under the OGC Framework Agreement. On the basis the Council's Procurement Rules in relation to the use of an external framework have been complied with and the Framework agreement has been procured lawfully and demonstrates value for money there are no legal issues arising from the recommendation contained in the report.*

**Legal Team Leader:** *Husinara Jones, Team Leader/Solicitor, 29/11/2018*

**3. Implications on IT:** *The award of this contract is essential to maintaining mobile phone and device services across BCC.*

**IT Team Leader:** *Ian Gale, Acting Head of IT, 29/11/18*

**4. HR Advice:** *No HR implications anticipated if service continues uninterrupted.*

**HR Partner:** *James Brereton (People & Culture Manager), 19th November 2018*

|  |                   |          |
|--|-------------------|----------|
| <b>EDM Sign-off</b>                                | Mike Jackson      | 05/12/18 |
| <b>Cabinet Member sign-off</b>                     | Cllr Craig Cheney | 12/11/18 |
| <b>CLB Sign-off</b>                                | Mike Jackson      | 11/12/18 |
| <b>For Key Decisions - Mayor's Office sign-off</b> | Simon Cowley      | 11/01/19 |

|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b>       | <b>NO</b>  |
| <b>Appendix B – Details of consultation carried out - internal and external</b> | <b>NO</b>  |
| <b>Appendix C – Summary of any engagement with scrutiny</b>                     | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>   | <b>NO</b>  |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>        | <b>YES</b> |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>         | <b>NO</b>  |
| <b>Appendix G – Financial Advice</b>  | <b>NO</b>  |
| <b>Appendix H – Legal Advice</b>  | <b>NO</b>  |
| <b>Appendix I – Combined Background papers</b>                                  | <b>NO</b>  |
| <b>Appendix J – Exempt Information</b>  | <b>NO</b>  |

|                               |           |
|-------------------------------|-----------|
| <b>Appendix K – HR advice</b> | <b>NO</b> |
| <b>Appendix L – ICT</b>       | <b>NO</b> |

### **Current Volumes**

A major rationalisation activity has reduced the number of mobile SIMs from over 7000 (7070) in Jan 2018, to under 5000 (4892) in Oct 2018.

This reduction has been achieved as a result of a number of actions:

- Centralisation of budget from Finance into IT Services
- General and targeted communications to identify users
- Bulk suspensions of zero use phones – many believed to be kept unused in cupboards

Current volumes by device type show approx. 2000 voice only SIMs, 2500 smartphones and 500 data only SIMs. However, these volumes will grow again with a number of initiatives deploying significant numbers of mobile devices (e.g. Social Care, Housing, Councillors)

### **Changing trends**

There has, and continues to be, a significant shift towards the use of smartphones rather than basic voice-only devices. While call and SMS messaging volumes remain largely static over the period, the use of smartphones is driving increases in data usage, from under 400Gb per month in Jan 2018, to nearly 700Gb in Oct 2018. This will be driven further by the current volumes of provision to social workers and housing teams.

Our current tariff has usage limits and SIMs will incur (high) additional costs when they exceed the in-tariff limits on data and calls.

### **Proposed contract**

The proposal to direct award to Vodafone provides the opportunity to:

- Reduce like-for-like costs for mobile airtime. Figures being developed, but 10% reduction on airtime alone is likely (Note that this is like for like – increased volume of deployed devices will increase overall costs, as it would regardless of supplier).
- Recognise the growth in data usage, and extend the in-tariff bundle, so avoiding punitive out-of-bundle data charges and improving predictability of cost.
- Cap individual device usage, to avoid rogue usage and/or uncontrolled costs.
- Pool usage across the estate, providing greater flexibility of use.
- Improved control of roaming (international) charges.

Direct award will also remove the requirement to undertake a migration activity to a new supplier. Although this activity has been improved, as consumers can change services through use of PAC codes, this remains a significant activity to change 5000 SIMs (many of which will be embedded in on-street and other fixed devices).

Best value will be demonstrated through use of a Crown Commercial Services framework; this will provide better pricing than any individual entity could attain.

## Bristol City Council Equality Impact Relevance Check



This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required. Please read the guidance prior to completing this relevance check.

| <b>What is the proposal?</b>             |   |
|--|---|
| Name of proposal                         | <i>Re-procurement of mobile phone contract</i>                                  |
| Please outline the proposal.             | <i>To re-procure a contract for mobile phone air-time and supply of devices</i> |
| What savings will this proposal achieve? | <i>Expected reduction in airtime tariff over like-for-like usage.</i>           |
| Name of Lead Officer                     | <i>Ian Gale</i>   |

| <b>Could your proposal impact citizens with protected characteristics?</b><br>(This includes service users and the wider community) |
|---|
| Please outline where there may be significant opportunities or positive impacts, and for whom.                                      |
| <i>No impact expected. This is for provision of a BCC internal service.</i>   |
| Please outline where there may be significant negative impacts, and for whom.   |
| <i>No impact expected. This is for provision of a BCC internal service.</i>   |

| <b>Could your proposal impact staff with protected characteristics?</b><br>(i.e. reduction in posts, changes to working hours or locations, changes in pay)                                  |
|--|
| Please outline where there may be significant opportunities or positive impacts, and for whom.   |
| <i>No impact expected. This is a largely like-for-like service offering and staff will still have a range of devices available to meet their needs including accessibility requirements.</i> |
| Please outline where there may be negative impacts, and for whom.  |
| <i>No impact expected. This is a largely like-for-like service offering and staff will still have a range of devices available to meet their needs including accessibility requirements.</i> |

| <b>Is a full Equality Impact Assessment required?</b>  |  |
|--|--|
| Does the proposal have the potential to impact on people with protected characteristics in the following ways:   |  |
| <ul style="list-style-type: none"> <li>• access to or participation in a service,</li> <li>• levels of representation in our workforce, or</li> <li>• reducing quality of life (i.e. health, education, standard of living) ?</li> </ul> |  |
| No   | <i>No. This is a largely like-for-like service offering and will provide an industry standard service offer.</i> |

Service Director sign-off and date:

Simon Oliver  
14/01/2019

Equalities Officer sign-off and date:



Duncan Fleming 8/1/2019

## Decision Pathway

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**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|   |   |  |  |
|---|---|--|--|
| <b>TITLE</b>  | Re-profiling Children’s Homes                 |  |  |
| <b>Ward(s)</b>  | Eastville                                     |  |  |
| <b>Author:</b> Samantha Flowers   | <b>Job title:</b> Programme Manager           |  |  |
| <b>Cabinet lead:</b> Cllr Helen Godwin  | <b>Executive Director lead:</b> Jacqui Jensen |  |  |
| <b>Proposal origin:</b> <i>BCC Staff</i>  |   |  |  |
| <b>Decision maker:</b> Cabinet Member   |   |  |  |
| <b>Decision forum:</b> <i>Cabinet</i>   |   |  |  |
| <b>Purpose of Report:</b>   |   |  |  |
| The purpose of the report is to seek approval as to the suitability of a property which has been identified as being appropriate to accommodate looked after children with complex needs and seeks Cabinet approval to proceed with the purchase.   |   |  |  |
| <b>Evidence Base:</b>   |   |  |  |
| Re-profiling of Children’s Homes is a project within the Strengthening Families Programme (delivering transformational change across children’s social care). The project intends to enable the council to meet the needs of our looked after children whose complex needs and presentation mean that a more intensive package of care is required and where a foster family is not a viable option. The proposal to remodel our existing provision (comprising large and institutional homes) towards a higher number of smaller homes that more closely replicate an ordinary family home will enable us to care for these children’s needs (in some cases bringing children back to Bristol from other authorities).   |   |  |  |
| The case for having a remodelled estate of smaller children’s homes and caring for Bristol’s children in Bristol has already been made within the Strengthening Families Programme; and in the subsequent Outline and Full Business Cases drafted specifically for this purpose (see Appendix A2). £800k in capital funding was allocated to start this process pending the formation of a more detailed costed proposal for delivering all the new homes required. We are able now to recommend, with a good level of confidence in the costs, the purchasing of a single property upon which we can begin the process. The specific address and marketing details of the identified property have not been included in this report for reasons of child safeguarding and confidentiality. |   |  |  |
| In terms of evidence and providing members with confidence to approve the purchase, documents have been prepared by the appropriately qualified professionals and are appended to this report.  |   |  |  |
| <b>Cabinet Member / Officer Recommendations:</b>  |   |  |  |
| <b>That Cabinet</b>   |   |  |  |
| 1. Authorise the purchase of the property detailed in Appendix A1 of the report for the purpose of providing an additional children’s home in Bristol.  |   |  |  |
| <b>Corporate Strategy alignment:</b>  |   |  |  |
| The strategic intent and approach embodied within the Strengthening Families Programme, of which the Re-profiling of Children’s Homes is a project, is contained within and referred to in Theme 1: Empowering and Caring in the Bristol City Council Corporate Strategy 2018–2023 (specifically under point No. 3. Provide ‘help to help yourself’ and ‘help when you need it’ through a sustainable, safe and diverse system of social care and safeguarding provision, with a focus on early help and intervention).   |   |  |  |
| <b>City Benefits:</b> The premise of the project is to deliver efficiencies through improving outcomes for children, young people and families. The benefit is a model of children’s social care delivery which is sustainable for the future.  |   |  |  |

**Consultation Details:** The consultation log at Appendix B captures our engagement to date with officers, children's homes staff and councillors primarily to scope out our requirements in delivering a new model of children's homes for the city. Since identifying a potential property, we have been able to meet with one of the ward councillors who advised that the proposed property is situated in an ideal location for this type of use; somewhere that benefits from "fantastic community spirit". The project is being provided with contact details for key community representatives (if they consent to details being shared) and will follow up directly with those who will be living close to our children so that a dialogue can get underway prior to a child being placed. The current guidance from Ofsted for children's homes that closely replicate 'a normal family dwelling' means that there should be minimal aesthetic impact of this proposal.

|   |   |   |   |
|---|---|---|---|
| <b>Revenue Cost</b>                                     | £0.440m   |   | Current budgets for existing in-house Children's Homes and/or placement budget for out-of-authority places. |
| <b>Capital Cost</b>                                     | £0.545m   | <b>Source of Capital Funding</b>                | £0.8m in current capital programme  |
| <b>One off cost</b> <input checked="" type="checkbox"/> | <b>Ongoing cost</b> <input checked="" type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input type="checkbox"/>  |

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:**

The purchase of this property is part of a strategy for moving away from larger 4 and 5-bed children's homes to more, smaller 2 and 3-bed homes. Funding of £0.8m was earmarked in the capital programme in February 2018 for the purpose of buying two homes. The more detailed work to develop the full business case has identified that an average cost of £0.400m per home is too low, when account is taken of the market prices of properties in Bristol, the associated legal fees, taxes, refurbishment works and project support. A detailed assessment of the costs for bringing this property into use as a children's home is assessed as £0.545m which is within the capital funding available. Any further purchases would need to identify further resources, beyond the balance in the originally agreed £0.8m (i.e. if £0.545m is committed, this leaves £0.255m).

The revenue costs associated with operating a 2-bed children's home (£0.440m) would be transferred either from the budget of any children's home that closes, as a consequence of this one opening, or from the out of authority placement budget which would otherwise be needed if this new provision was not available. The final business case for the wider strategy is in development.

**Finance Business Partner:** David Tully, Interim Finance Business Partner, ACE (12<sup>th</sup> December 2018)

**2. Legal Advice:** The recommendation is lawful. The Council's power to acquire property by agreement and at market value falls within the Local Government Act 1972 for the purpose of any of its functions or for the benefit, improvement or development of the area.

**Legal Team Leader:** Andrew Jones - Team Leader (Property, Planning and Transport)

**3. Implications on IT:** As a purchase only proposal, there are no direct IT implications in this initiative. However, there will need to be due consideration of IT services to be provided when the site is fitted out as a children's home and these will need to be addressed at the appropriate time in the overall project.

**IT Team Leader:** Ian Gale, Head of IT

**4. HR Advice:** As the proposal is currently only in relation to the purchase of a house to turn into a residential home for Children, there are no imminent HR implications. However, we will need to consider appropriate staffing for the new home, along with appropriate training and in consultation with the current staff group and their representatives.

**HR Partner:** Lorna Laing, 13 December 2018

|  |   |                  |
|--|---|------------------|
| <b>EDM Sign-off</b>                                | Jacqui Jensen, Executive Director – ACE |                  |
| <b>Cabinet Member sign-off</b>                     | Councillor Helen Godwin                 | 17 December 2018 |
| <b>CLB Sign-off</b>                                | Mike Jackson                            | 18 December 2018 |
| <b>For Key Decisions - Mayor's Office sign-off</b> | Mayor's Office                          | 24 December 2018 |



|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b><br>Appendix A1 - property valuation and negotiation<br>Appendix A2 - summary of known costs<br>Appendix A3 - excerpt from the business case<br>Appendix A4 - decision pathway to date | <b>YES</b> |
| <b>Appendix B – Details of consultation carried out - internal and external</b><br>Consultation Log and statement for future consultation   | <b>YES</b> |
| <b>Appendix C – Summary of any engagement with scrutiny</b>   | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b><br>A full RAID log is available and maintained as part of the overarching project   | <b>NO</b>  |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b><br>EqIA has been taken from the Full Business Case document  | <b>YES</b> |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b><br>ECO IA has been taken from the Full Business Case document   | <b>YES</b> |
| <b>Appendix G – Financial Advice</b>  | <b>NO</b>  |
| <b>Appendix H – Legal Advice</b>  | <b>NO</b>  |
| <b>Appendix I – Combined Background papers</b>  |            |
| <b>Appendix J – Exempt Information</b>  | <b>NO</b>  |
| <b>Appendix K – HR advice</b>   | <b>NO</b>  |
| <b>Appendix L – ICT</b>   | <b>NO</b>  |

### Re-profiling Childrens Homes

#### The Property:

- A 4-bedroom house located in east Bristol with accommodation over 3 floors.
- The property has 4 Bedrooms, Lounge, second Reception Room/Dining Room, Kitchen/Breakfast Room, Bathroom and second Bathroom/Shower room.
- To the front of the property is a garden with driveway leading to a detached garage. To the rear is a patio and lawned area.

#### Current situation:

- Children's Services (CS) had asked for a search to commence for 4+bedroom residential properties currently on the market in Bristol, particularly looking at east Bristol where there was limited existing children's home provision.
- Property Services registered with an online property marketing website to be informed of all existing 4+ bedroom properties on the market and those that were just coming to the market.
- A suitable property was identified and passed to CS to identify if the property met with their criteria.
- The property is being marketed through estate agents.
- A viewing was arranged through the estate agents for 13/11/18 with members of CS. They identified that the property was in a suitable location and met their criteria.
- A second viewing was arranged for 29/11/18 to look at the costs required to adapt the property for the proposed use.
- Following internal discussions within CS it was agreed that an offer would be submitted on the property.
- A valuation of the property was undertaken based on the recent sales of similar properties in the area. An offer was submitted to the estate agents of £390,000 on 29/11/18. This offer was rejected on the basis that they had already received a number of offers at £395,000.
- The offer was increased to £400,000 on 30/11/18. This offer was accepted by the estate agents on 03/12/18 and the property was subsequently removed from the market.
- The figure of £400,000 is considered to be market value.

Chris Woods

Property

Economy of Place

Growth & Regeneration

10/12/2018

**Summary of cost relating to purchase of a single property (from acquisition to opening):**

| <b>Description</b>  | <b>Cost</b>         |
|---|---------------------|
| <b>Cost of identified property</b>  | <b>£ 400,000.00</b> |
| <b>Costs relating to the purchase of the property (legal fees, land searches, stamp duty)</b> | <b>£ 23,927.64</b>  |
| <b>Costs relating to inspections and certificates</b>   | <b>£ 1,800.00</b>   |
| <b>Costs relating to upgrading the property to modern standards</b>                           | <b>£ 57,200.00</b>  |
| <b>Costs relating to adaptations specific to use as a local authority children's home</b>     | <b>£ 26,348.28</b>  |
| <b>Project Management and other resources</b>   | <b>£ 34,493.15</b>  |
| <b>Total</b>  | <b>543,769.07</b>   |

## Excerpt from the Outline Business Case detailing the reasons for remodelling our children's home provision:

Bristol City Council ('BCC') has a statutory duty under s22 of The Children Act 1989 to take steps to ensure, as far as practicable, that we can provide looked after children with locally based placements that can meet their needs ('the sufficiency duty').<sup>1</sup>

We want children and young people wherever possible to live in a family setting and we only place in a children's home or residential special school when this is the best option to meet their needs.

For those children and young people who do require local authority care, a stable, well-matched placement where they can live until prepared and ready to leave, is the single most influential factor in improving children's outcomes and creating the conditions from which they can go on to live successful adult lives.<sup>2 3</sup> When we look to make a placement match we are required to carry out an impact assessment which looks at whether the needs of the young person are compatible with the needs of the other young people in the setting and also the skills of the staff group, other considerations such as community and location are also taken into account.

### Current provision

#### BCC Children's Homes

We currently have 4 x 5-bed homes and 1 4-bed home. However, 1 5-bed is currently closed reducing the number of available beds for children and young people to 19. The site was handed over to Housing Delivery for demolition to provide access to an HRA development site.

The homes provide short and long term care for children aged 12-17. The current provision is geographically imbalanced with 3 of the 5 homes in the south of the city. The homes were built around 1950, they are institutional looking, some have structural issues and maintenance costs are rising.

We have 58 independent children's homes on the sub-regional framework and we currently have 36 placements with 19 providers.<sup>4</sup>

#### Residential schools

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<sup>1</sup> Statutory guidance on securing sufficient accommodation and access to services for looked-after children published 30<sup>th</sup> March 2010

<sup>2</sup> Bristol City Council Sufficiency Plan Placements for children in care and homes for care leavers 2016-2019

<sup>3</sup> Residential Care in England Report of Sir Martin Narey's independent review of children's residential care

July 2016

<sup>4</sup> data correct as at 28/3/18

Children in care with special educational needs and disability (SEND) may be placed in residential special schools when a Bristol maintained special school cannot meet their needs. Independent residential schools provide integrated social care, education and therapeutic placements which may be tripartite funded by social care, education and health. BCC currently has one maintained residential school, Notton House SEMH School in Wiltshire where 8 children are placed.

In addition there are 44 independent residential schools nationwide 7 of which are in the southwest region and we have 12 looked after children placed in 4 schools. All places are jointly funded by SEND and social care with some placements also receiving a funding contribution from health.<sup>5</sup>

We currently invest £5.8m a year commissioning external residential placements for children in care including independent residential schools.

### **Issues with the current provision**

Up until 3 years ago we had a very stable group of young people placed in our in-house children's homes who were either unable to remain with their families for varying reasons or were unaccompanied asylum seeker children (UASC) and in either case did not have particularly complex needs. The majority of these young people were of a similar age and consequently moved on from full time residential care at a similar time creating capacity to place a whole new cohort of children in our children's homes. At the same time the decision was taken to commission alternative placements for UASC children and not place them in our children's homes as their needs could be best met in a foster care placement.

It became apparent that the new cohort of children and young people we were seeking to place had a greater range of complex needs and different backgrounds to those placed previously. Increasingly placements are required for children and young people whose primary presenting need is SEMH (Social Emotional or Mental Health), gang involvement, child sexual exploitation, sexually harmful behaviour or learning disabilities, or a combination of these.

In addition, we were seeking to match a mix of children and young people who were new into care, escalated from foster care or who we wanted to bring back from an out of authority placement. The primary reason for placing in an out of authority placement has been an inability to match children requiring a local authority residential placement in our children's homes. In the period April 2015 to March 2018, 27 children had a care plan to place them in an out of authority placement due to their presenting need and/or the risks associated with a local placement, whilst 46 children had a plan to place locally. Of those 46 children; 18 were placed in out of authority placements in Bristol or in a neighbouring local authority, the majority of which were specialist placements for disabled children. The remaining 28 children were placed out of authority and some distance away because a Bristol children's home placement was not available.

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<sup>5</sup> There is another project within the Strengthening Families programme looking at increasing the contribution from health. This is a joint-piece of work with North Somerset and South Gloucestershire local authorities.

This is a demand led service where we need to be able to react to and cater for emerging requirements. For children with complex social, emotional or mental health needs it is apparent that our existing children's homes are too large, the staffing ratio too low and they are not sufficiently specialised. Consequently, we have had to place children out of the city in the private sector as far away as Cambridge and even Glasgow, even though their social workers have wanted them to remain in Bristol. This costs more, as well as making it more difficult for Bristol social workers to support those children and supervise their care.

An alternative to this has been to run one of our own homes mainly empty, which impacts on occupancy rates and on costs and is looked upon negatively by Ofsted.

There is therefore a case to move to a new model comprising a larger number of smaller homes to better meet the more complex needs of the children and young people we are seeking to place. This will create more flexibility, maximising placement and matching opportunities and improve occupancy rates. Given the starting point for this project, that BCC already has five children's homes with a current budget of £3,002,530 per annum, it must be recognised that any savings from this proposal will not be significant compared to a starting position of having no in-house provision because we are remodelling an existing service with a large annual budget. In addition, the running costs of children's homes do not reduce proportionally based on the number of placement beds available, particularly as experience suggests the current staffing levels in our existing homes are not sufficient to manage the complex needs of the children we are seeking to place. However, the proposals should yield some savings through a reduction in expensive out of authority placement costs and the costs associated with supporting a young person in an out of authority placement such as increased social work time and Independent Reviewing Officers as well as creating a better value for money through increased levels of occupancy.

Further benefits include better placement stability and a significantly enhanced residential experience for the children and young people we place by keeping them nearer their family home and friends and not disrupting their education. By managing their needs within smaller homes that are more like ordinary houses and fit for purpose we will be able to achieve the assessed outcomes set for them.

### **Future model of delivery**

Our aspiration is to have an in-house residential provision which more closely replicates family life and meets the placement requirements of children and young people with complex needs which cannot be met through foster care or other family placements. We will do this by redesigning our children's homes and having a larger number of smaller homes, some with a specific focus on a particular primary presenting need, so that there is wider range of matching and placement options available. This model will not only support high cost out of authority placements to come back into Bristol, where previously accommodation of these children and young people with very complex needs was difficult in the larger bed homes, but also create better stability of placements and enable us to deliver 'wrap around' services, such as specialist health, mental health or education services or mentoring, in a better way.

There is good evidence to suggest that stability maybe a factor in achieving good outcomes for children in care<sup>6</sup>

As part of the development of this outline business case we undertook a good practice visit to Nottingham City Council and met with the Service Manager for Residential and Targeted Support about how they successfully moved from a model of larger to smaller homes, the challenges they faced and the lessons learnt and we were told:

- They have a spread of homes across the city and select homes in the nicer areas. Some properties the council own and some are rented from a social housing provider who they have developed a good relationship with.
- The provision comprises a short breaks unit, a 4 bed home for complex disability and one emergency short term home with the remaining provision comprises long term children's homes with a minimum of 2 beds. A further two bed home is due to open shortly, which will be the last with any future homes having a minimum of 3 beds due to financial pressures.
- The children's homes are nearly always at full occupancy, spend on out of authority placements has reduced due to an ability to place some very complex damaged children and outcomes for young people who have been placed in the homes have improved.
- They have high levels of staff retention which they believe is because the children's homes are stable and supportive places to work, although they struggle with recruitment.
- Currently all their homes the last Ofsted financial year have been judged 'Good' or 'Outstanding'. Key Ofsted messages are around excellent planning, very good joint working and stable care.
- They work closely with the local CAMHS team around the young people's behaviour and causes. CAMHS visit the homes 6 weekly either working directly with the young people or with the residential staff. They also have regular contact with their virtual head and service when required.

### **Implementation approach**

The intention is to implement the new model via a phased delivery approach, the reasons for this are:

- 1) We need to test the new model in terms of ability to match and place children to improve occupancy rates;
- 2) We need to transition in a staged and proportionate way due to the dependencies with other workstreams in the programme which are designed to impact on demand; and
- 3) In order to provide the best support to children and young people currently in residential care, both in our homes and in out of authority placements, we would not

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<sup>6</sup> Paras 4&5 Page 10 Residential Care in England Report of Sir Martin Narey's independent review of children's residential care

plan to move them unless there is reason such as placement breakdown or a transitional point has been reached.

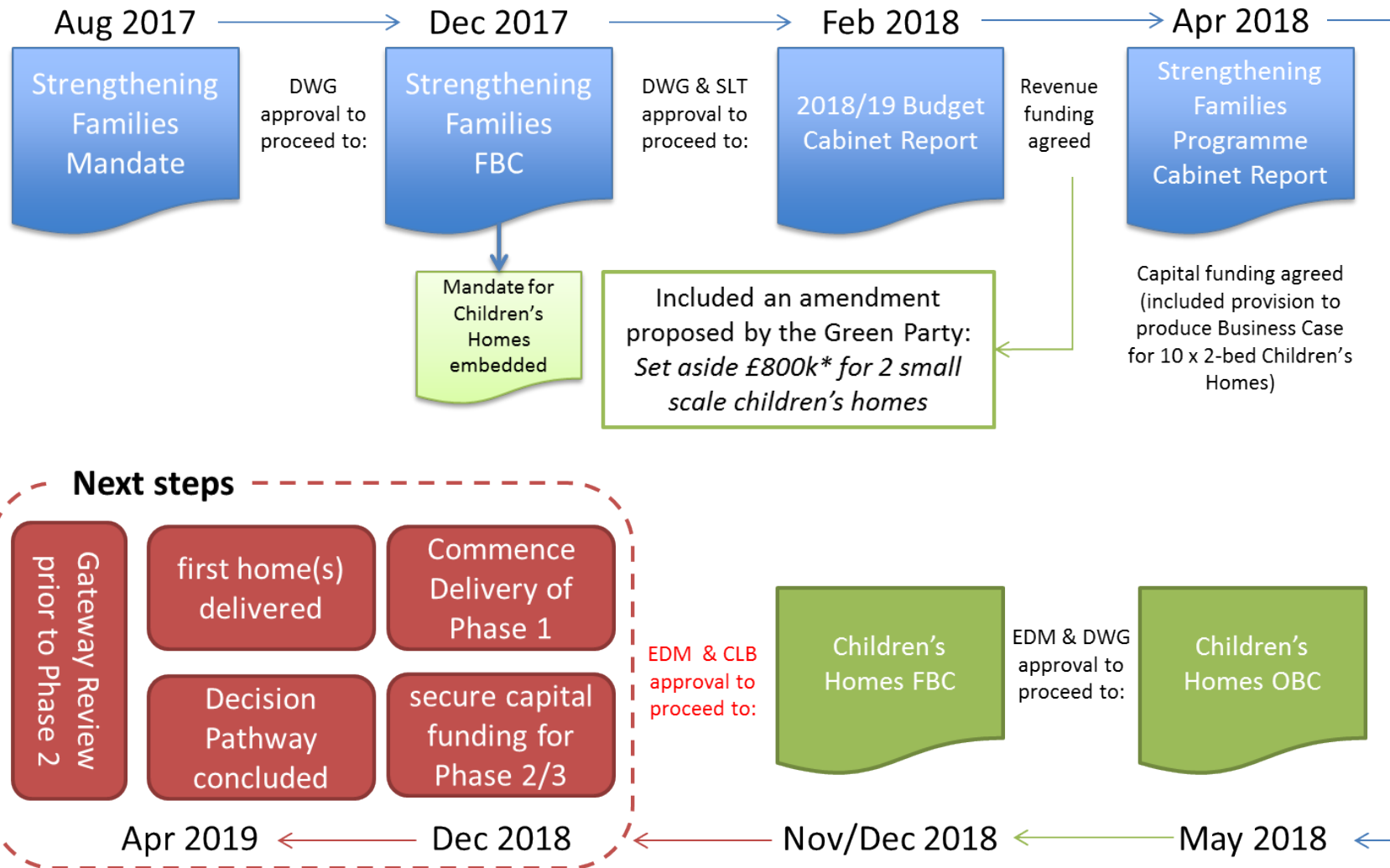
The proposal is to open one 2 bed home in the 18/19 financial year, followed by a further two 2 bed homes in the following financial year 19/20. **It should be noted that when referring to the number of beds throughout this business case this is for the residential placement of a child or young person and an additional 2 bedrooms are required in each property for live in residential staff.** During the same time period we would begin closing our existing homes, the first of which would be in summer 2018, with a further home to be closed in the financial year 19/20 and subsequent financial years until the new model is fully established. Based on the current ages of the young people placed in our homes we believe this is a realistic timeframe as they would be reaching a transition into independence. As the new model becomes established we anticipate seeing a reduction in the number of out of authority placements and consequently a reduction in the overall cost.

**We will know we have succeeded when...**

- Fewer children and young people in care are placed in out of authority residential settings and are instead placed in the new model of local small children's homes providing accommodation for two children or young people, equating to a 10% reduction on spend on out of authority placements over 5 years
- The occupancy rates of BCC children's homes increases to 85%
- The overall cost of providing residential care for children and young people has reduced.
- The majority of our children in care who require residential care live in small homes in Bristol rated 'outstanding' by Ofsted
- We are able to offer a wider placement choice and therefore are better able to match resident young people and meet their emotional wellbeing needs.
- Our children's homes are better geographically balanced throughout the city.



# The journey so far:



\* Funding source: Use part of the capital contingency / Minimum Revenue Provision (MRP) drawdown, instead of putting it all into reserves – subject to the approval of a business case.

| Work Theme (click on drop down menu) | Business Lead  | Project Lead | Author/Presenter/Facilitator                 | When       | WHO you are engaging/consulting (be specific)  | WHAT you are engaging/consulting on  |
|--------------------------------------|----------------|--------------|--|------------|--|--|
| Re-profiling Children's Homes        | James Beardall | Jo Duncan    | Jo Duncan/<br>Samantha Flowers               | 10/12/2018 | Councillor Mhairi Threlfall and Councillor Helen Godwin  | Briefing the councillor about potential children's residential home being bought in constituency area. Getting advice on consultation prior to submitting paper on decision pathway.   |
| Re-profiling Children's Homes        | James Beardall | Jo Duncan    | Ann James/<br>Samantha Flowers               | 19/11/2018 | Joint Cabinet Member briefing  | Presenting Full Business Case for Reprofileing Children's Homes for endorsement  |
| Re-profiling Children's Homes        | James Beardall | Jo Duncan    | Jo Duncan                                    | 09/10/2018 | Placements Service Managers  | Requirements mapping for Children's Homes FBC  |
| Re-profiling Children's Homes        | James Beardall | Jo Duncan    | Jo Duncan                                    | 03/09/2018 | Placements Service Managers  | Requirements mapping for Children's Homes FBC  |
| Re-profiling Children's Homes        | James Beardall | Jo Duncan    | Jo Duncan                                    | 14/08/2018 | Chris Woods, Martyn Pursey (Property); Bridget Atkins (Commissioning); Katja Allsop, Jo Mills, Hester Schofield (Children's Placement Services); Mary Taylor, Louise Arbery (SEN Inclusion); David Tully (Finance) | Workshop to map the following items :<br><ul style="list-style-type: none"> <li>• Critical requirements/specification – allowing property to ascertain the size, geographical location</li> <li>• SEN – how we will work with young people in the homes with the view towards educational needs etc</li> <li>• Timescales for the 2 x homes</li> </ul> |
| Re-profiling Children's Homes        | James Beardall | Rachel Abba  | Rachel Abba/<br>Ann James/<br>James Beardall | 02/05/2018 | DWG  | Consideration of OBC for Children's Homes  |
| Re-profiling Children's Homes        | James Beardall | Rachel Abba  | Rachel Abba/<br>Ann James/<br>James Beardall | 30/04/2018 | Councillor Helen Godwin  | Briefing Councillor Helen Godwin following endorsement of OBC at ACE EDM prior to DWG corporate approval.  |
| Re-profiling Children's Homes        | James Beardall | Rachel Abba  | James Beardall/<br>Rachel Abba               | 30/04/18   | Councillor Helen Godwin  | The Outline Business Case and proposals to close our existing 4/5 bed children's homes and open a larger number of smaller 2/3 bed homes   |
| Re-profiling Children's Homes        | James Beardall | Rachel Abba  | James Beardall/<br>Rachel Abba               | 25/04/18   | ACE EDM  | The Outline Business Case and proposals to close our existing 4/5 bed children's homes and open a larger number of smaller 2/3 bed homes   |
| Re-profiling Children's Homes        | James Beardall | Rachel Abba  | James Beardall/Rachel Abba                   | 19/04/18   | Children's Management Team   | The Outline Business Case and proposals to close our existing 4/5 bed children's homes and open a larger number of smaller 2/3 bed homes   |
| Re-profiling Children's Homes        | James Beardall | Rachel Abba  | James Beardall                               | 07/02/18   | Local OFSTED Inspector   | Follow up call to 30/1/18 meeting ref plans for our children's homes   |
| Re-profiling Children's Homes        | James Beardall | Rachel Abba  | Jacqui Jensen/<br>Ann James                  | 30/01/18   | Shirley Bailey - Senior HMI OFSTED   | Outlining plans for our LA children's homes  |

## Bristol City Council Equality Impact Assessment Form

(Please refer to the Equality Impact Assessment guidance when completing this form)



|                              |   |
|------------------------------|---|
| Name of proposal             | Reprofiling our children's homes                      |
| Directorate and Service Area | Care & Safeguarding Children in Care and Care Leavers |
| Name of Lead Officer         | James Beardall  |

### Step 1: What is the proposal?

Please explain your proposal in Plain English, avoiding acronyms and jargon. This section should explain how the proposal will impact service users, staff and/or the wider community.

#### 1.1 What is the proposal?

To pilot the new model of Children's homes as per the preferred Option laid out in the Full Business Case - to buy a 4 bedroom property from the open market this financial year for £800,000. During the next financial year we will look to buy a new build from one of our Housing Development schemes. This would be off plan and all adaptations would be part of the planning design phase.

### Step 2: What information do we have?

Decisions must be evidence-based, and involve people with protected characteristics that could be affected. Please use this section to demonstrate understanding of who could be affected by the proposal.

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

Bristol City Council currently has four children's homes providing 24 beds for children in 4 and 5 bed homes. Our homes provide short and long term care to children aged 12-17 and are spread throughout the city.

**Disability:** 63% of children recently accommodated in our in-house children's homes have had involvement with CAMHS, 71% have SEMH (Social Emotional and Mental Health difficulties), 51% have an EHCP Plan or Statement of special educational needs, and 9% have a learning disability.

**Sex:** The ratio of placements is 54% male and 46% female in Bristol City Council children's homes, which is similar to national averages.

**Race:<sup>1</sup>**

White British 67%

White Other 7%

Mixed / multiple ethnic groups 7%

Asian / Asian British 0%

Black / African / Caribbean / Black British 13%

Other Ethnic Group 7%

White British and Dual Heritage children are over-represented among Bristol children in care. There are small but increasing numbers of Muslim children in care in Bristol as well as children with Eastern European and Somali heritage. However there are currently no Asian/Asian British children in children's homes.

**2.2 Who is missing? Are there any gaps in the data?**

We do not have accurate information about religion/belief or sexual orientation for this cohort of looked after children.

**2.3 How have we involved, or will we involve, communities and groups that could be affected?**

For purchasing an initial pilot residential property we will engage with affected looked after children, with staff, and with local residents to ensure we are meeting the needs of all stakeholders.

For future acquisitions we will undertake a comprehensive needs analysis which will lead to specific proposals. We will consult on these proposals with looked after children and other key stakeholders to learn more about the potential impacts for protected groups and maximise positive outcomes.

**Step 3: Who might the proposal impact?**

Analysis of impacts on people with protected characteristics must be rigorous. Please demonstrate your analysis of any impacts in this section, referring to all of the equalities groups as defined in the Equality Act 2010.

**3.1 Does the proposal have any potentially adverse impacts on people with protected characteristics?**

<sup>1</sup> ONS Categories – Source – Liquid Logic Oct 2017 Bristol City Council Children's Homes

To meet the immediate needs of looked after children we plan to purchase a residential property which will be adapted rather than a new build, which would take longer to acquire due to phased housing development sites coming on plan for sale in 2020 in the first instance. There is a risk that this property may not fully meet the needs of disabled children, however we will make reasonable adjustments based on individual health plans, as far as is possible and in line with access standards.

For the initial pilot property and future housing developments, we have not identified any specific potentially adverse impacts on people with protected characteristics - however we know a high number of children and young people impacted have a disability, so there may be risk of indirect discrimination if the re-profiling of our children's homes does not take full account of their needs.

Although decisions about future individual placements are outside the scope of this project we will need give due regard to the diversity of looked after children (i.e. their age, sex, sexual orientation, gender reassignment, race, religion or belief), when taking decisions regarding the location and specifications for future developments sites.

3.2 Can these impacts be mitigated or justified? If so, how?

We will consider the additional needs and protected characteristics in detail when undertaking the first phase of purchasing a pilot property, and further analysis and consultation to implement the project at subsequent stages.

3.3 Does the proposal create any benefits for people with protected characteristics?

Yes – there is the opportunity to improve outcomes for looked after children with protected characteristics by tailoring the proposals to their needs.

3.4 Can they be maximised? If so, how?

We will consider options for specialist homes as part of the proposals.

#### **Step 4: So what?**

The Equality Impact Assessment must be able to influence the proposal and decision. This section asks how your understanding of impacts on people with protected characteristics has influenced your proposal, and how the findings of your Equality Impact Assessment can be measured going forward.

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


This EqIA has identified an over-representation of disability in particular in the cohort of looked after children in BCC children's homes

4.2 What actions have been identified going forward?

- This EqIA will be updated throughout the life of the implementation project.
- We will undertake a full consultation on any new build proposals.
- As part of the needs analysis for subsequent phases of this project we will seek to fill gaps in diversity monitoring for children and young people affected by the proposal.

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

- Increased occupancy for looked after children in BCC children's homes
- Individual CYP outcomes will be monitored for each looked after child
- Feedback from looked after children, staff and other stakeholders

|                    |  |
|--------------------|--|
| Director Sign-Off: | Equalities Officer Sign Off:   |
| Date:              | <br>Duncan Fleming 20/11/2018 |

## Eco Impact Checklist

| <b>Title of report:</b> Outline Business Case for Reprofiling of Children's Homes Project  |            |                    |  |   |
|--|------------|--------------------|--|---|
| <b>Report author:</b> James Beardall / Rachel Abba   |            |                    |  |   |
| <b>Anticipated date of key decision:</b> 18 <sup>th</sup> April 2018 (OBC being presented to DWG)  |            |                    |  |   |
| <b>Summary of proposals:</b> To close the 5 existing BCC run children's homes and open a larger number of smaller 2/3 bedded homes to create greater flexibility and placement matching opportunities and better value for money from our homes. |            |                    |  |   |
| Will the proposal impact on...   | Yes/<br>No | +ive<br>or<br>-ive | If Yes...  |   |
|  |            |                    | Briefly describe impact  | Briefly describe Mitigation measures  |
| Emission of Climate Changing Gases?  | Yes        | -ive               | The fact that we are intending to have a higher number of children's homes in our estate will result in an increase in consumption of electricity and gas. | Where existing buildings are acquired for use as a children's home in the new model the scope for mitigation will be limited. However, there are potential opportunities being explored to acquire new homes being built on council land for the purpose, and where this is the case there will be increased scope to influence the use of efficient buildings and renewable energy. The new homes will become integrated into the council's Environmental Management System, environmental impacts can be managed through this via audits, site visits and training, |
|  |            | +ive               | The children's homes that are currently open are not filled to full capacity so some energy is wasted heating empty rooms                                  | New children's homes will be operated to full capacity so there will be no energy wasted heating empty rooms.   |
| Bristol's resilience to the effects of climate change?   | No         |                    |  |   |

|  |     |      |   |  |
|--|-----|------|---|--|
| Consumption of non-renewable resources?  | Yes | -ive | The fact that we are intending to have a higher number of children's homes in our estate will result in an increase in consumption of electricity and gas   | See mitigation measures as mentioned above.  |
| Production, recycling or disposal of waste   | Yes | -ive | <p>The fact that we are intending to have a higher number of children's homes, means there is potential for more recyclable waste to be produced.</p> <p>Waste will be produced from closing existing children's homes.</p> | <p>These will be residential properties and all waste will be disposed of/recycled in the usual way for household waste. Ensure that recycling is encouraged in homes and that staff are aware of what can be recycled. Provide training if possible. Ensure bins are clearly signed to make it clear where waste should be going.</p> <p>Apply the waste hierarchy to any items, ensuring to re-use where possible. Where waste needs to be disposed of ensure legally compliant contractors are used (Bristol Waste are the Bristol City Council contractor) and that waste paperwork is obtained.</p> |
| The appearance of the city?  | No  |      |   |  |
| Pollution to land, water, or air?  | No  |      |   |  |
| Wildlife and habitats?   | No  |      |   |  |
| <b>Consulted with:</b>   |     |      |   |  |
| <b>Summary of impacts and Mitigation - <u>to go into the main Cabinet/ Council Report</u></b>  |     |      |   |  |
| <p>There are significant impacts of this proposal arising from the intention to have a higher number of children's homes within Bristol City Council's estate and the consequential potential for an increased consumption of electricity and gas and creation of additional waste, there will also be waste created from the closure of existing children's homes. The new homes will be normal residential 4/5 bedroom homes acquired from either existing</p> |     |      |   |  |



council stock, purchased on the open market or as part of an arrangement with a developer. The construction of the buildings is not within the remit of the project. The new homes will become integrated into the councils Environmental Management System and environmental impacts will be managed through this.

**Checklist completed by:**

|   |                 |
|---|-----------------|
| Name:   | Rachel Abba     |
| Dept.:  | Change Services |
| Extension:                                    | 74393           |
| Date:   | 28/3/18         |
| Verified by<br>Environmental Performance Team | Nicola Hares    |

# Decision Pathway – Report Template

---

**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2018

|   |   |  |  |
|---|---|--|--|
| <b>TITLE</b>  | Department for Transport Road Maintenance Grant     |  |  |
| <b>Ward(s)</b>  | City Wide   |  |  |
| <b>Author:</b> Shaun Taylor   | <b>Job title:</b> Highway Maintenance Group Manager |  |  |
| <b>Cabinet lead:</b> Mayor  | <b>Executive Director lead:</b> Colin Molton        |  |  |
| <b>Proposal origin:</b> BCC Staff   |   |  |  |
| <b>Decision maker:</b> Mayor<br><b>Decision forum:</b> Cabinet  |   |  |  |
| <b>Purpose of Report:</b><br>To seek approval to spend the Bristol allocation of £1.725m additional funding from government for local highway maintenance by March 2019.  |   |  |  |
| <b>Evidence Base:</b><br>The additional funding needs to be spent by March 2019, will assist in tackling the depreciation of the asset and assist in addressing some of the areas identified through data collection, and prioritise those assets which are in need of repair in the next 12 months. The specific projects for approval can be found in Appendix A.   |   |  |  |
| <b>Cabinet Member / Officer Recommendations:</b><br>That Cabinet approve spend of the additional funding allocation for Local Highways Maintenance as set out in Appendix A to this report..  |   |  |  |
| <b>Corporate Strategy alignment:</b> <ol style="list-style-type: none"> <li>1. Assists with the statutory obligation under section 41 of the Highways Act 1980 to maintain the highway.</li> <li>2. Well Connected. The funding will target key areas to deliver surfacing and repairs on the highest network priorities.</li> <li>3. Well Connected. Tackling congestion by repairing defects and thus minimising interventions in the highway which can cause congestion.</li> <li>4. Well Connected. Tackling congestion by ensuring that assets, particularly structures on the key route network are fit for purpose.</li> <li>5. Environment. The funding will specifically aid with identification of potential flooding and aid the delivery of a highway flood prevention scheme on the Portway.</li> </ol>  |   |  |  |
| <b>City Benefits:</b><br>The highway network is the largest and most visible publicly owned asset. It is used daily by the majority of the travelling public for commuting, business, social and leisure activities. It is fundamental to the economic, social and environmental wellbeing of local communities and to the prosperity of the city.<br><br>At a city region level our economic prosperity relies on reliable movement of goods and people around the highway network. At a local level the highway network helps to shape the character and quality of the local areas and makes an important contribution to wider local authority priorities, including regeneration, social inclusion, community safety, education and health.<br><br>Like any physical asset, the highway network requires maintenance to counter deterioration. Poor quality roads can create congestion through road works and delays, which cost businesses and individuals through reduced |   |  |  |

productivity, increased fuel consumption, delayed deliveries and damage to vehicles.

This funding will assist in the ongoing maintenance of these assets.

**Consultation Details:**

Directly affected frontages will be notified in advance of any projects

|   |  |   |  |
|---|--|---|--|
| <b>Revenue Cost</b>                                     | £0   | <b>Source of Revenue Funding</b>                | n/a  |
| <b>Capital Cost</b>                                     | £1.725m                                      | <b>Source of Capital Funding</b>                | Grant  |
| <b>One off cost</b> <input checked="" type="checkbox"/> | <b>Ongoing cost</b> <input type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input type="checkbox"/> |

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The DfT have provided £1.725m capital expenditure funding for BCC to address Pothole, local bridges and structures and minor highway works within the current financial year. This work needs to be prioritised to ensure the funding is not lost, and more importantly, that the Residents and Businesses and visitors to Bristol see a marked improvement in the areas we choose to invest this funds in. We will need to distinguish this spend from our regular activities, thus Finance will setup unique cost centres to capture the spend as part of the DfT’s requirement to evidence the spend.

**Finance Business Partner:** Kayode Olagundoye, 04/01/19.

**2. Legal Advice:** The additional funding is subject to terms and conditions which must be complied with (or risk repayment etc.), including ensuring its use for the approved purposes and publicising how it has been spent. The projects set out in Appendix A must meet these conditions. Procurement of works and services to deliver these projects will need to comply with the relevant Procurement Regulations (so far as necessary) and the Councils own procurement rules.

**Legal Team Leader:** Eric Andrews, Team Leader, Legal Services 3/2/19

**3. Implications on IT:** Given that this funding is targeted directly at highways maintenance, there are no IT implications arising from this paper

**IT Team Leader:** Ian Gale, Head of IT, 3/2/19

**4. HR Advice:** Requirement for additional project management capacity to be resourced through short-term internal development opportunities and/or agency (Guidant) support

**HR Partner:** James Brereton, HR Advisor, 3/2/19

|  |               |        |
|--|---------------|--------|
| <b>EDM Sign-off</b>                                | Colin Molton  | 4/1/19 |
| <b>Cabinet Member sign-off</b>                     | Mayor         | 4/1/19 |
| <b>CLB Sign-off</b>                                | Mike Jackson  | 8/1/19 |
| <b>For Key Decisions - Mayor’s Office sign-off</b> | Simon Crowley | 4/1/19 |

|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b>       | <b>YES</b> |
| <b>Appendix B – Details of consultation carried out - internal and external</b> | <b>NO</b>  |
| <b>Appendix C – Summary of any engagement with scrutiny</b>                     | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>   | <b>YES</b> |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>        | <b>YES</b> |

|  |                        |
|--|------------------------|
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>                                  | <b>YES</b>             |
| <b>Appendix G – Financial Advice</b>   | <b>NO</b>              |
| <b>Appendix H – Legal Advice</b>   | <b>NO</b>              |
| <b>Appendix I – Combined Background papers</b><br>Bristol award letter<br>Roads Funding Information Pack | Please list each paper |
| <b>Appendix J – Exempt Information</b>   | <b>NO</b>              |
| <b>Appendix K – HR advice</b>  | <b>NO</b>              |
| <b>Appendix L – ICT</b>  | <b>NO</b>              |

Appendix A - Further detail

The Highway Maintenance team have considered the funding and how this can be best delivered to meet the aims and goals of the funding. The additional funding will assist in tackling the depreciation of the asset and assist in addressing some of the areas identified through data collection, and prioritise those assets which are in need of repair in the next 12 months. Part of this consideration has been to plan internal resource, deliverability, design and third party contractor resource.

| Proposal   | Additional detail  |
|--|--|
| £250k to cover pressures already in pre patching for 2019/20 preventative maintenance programmes | The work is essential preparation ahead of next year's carriageway preventative maintenance Programme. They are priority sites selected from the Highways Carriageway Rolling Programme.   |
| £121k Scotland Lane  | Additional works required to deliver the Scotland lane highway flooding prevention project.  |
| £340K carriageway patching and structural repairs to network.                                    | Following a full survey of the network using high definition photography we can identify structurally defective carriageway and potholes on the entire network. We can prioritise this data and use it to repair structural defects on the network which improve ride quality for all road users and reduce future revenue impacts whilst improving red indicators; a key aim of the funding.  |
| £275k Bath Bridges.  | <p>Structures team are checking the last detailed inspections to target the most needed areas but we are aware that structural beams supporting the carriageway need refurbishment and painting to maintain structural integrity. This work is scalable and will enable full asset condition to be considered.</p> <p>Stakeholder engagement already starting at risk to ensure that all statutory consents are in place to meet tight programme. It may be necessary to grit blast painting work from bridges which will require an encapsulated unslung scaffolding enclosure. Early engagement with Temporary works designer will be imperative. We are currently reviewing all recent inspections to get an idea of the extent and Scope of works required, but a large contingency (40%) will be necessary once we have full access to the structures. Works required will be steel repairs, concrete and masonry repairs, drainage repairs and full paint protection system.</p> |
| £460K carriageway surfacing  | Delivering top classified network priorities, working with Traffic on possible sites. These are priority sites   |

|  |  |
|--|--|
|  | from the Highways Carriageway Rolling Programme, all of which are suffering from both surface and foundation failure.  |
| £25k Portway highway flood prevention            | Scheme at the Portway junction with Sylvan way. High priority as we have had traffic accidents at the location due to the water on the network. The work will prepare the project and by removing vegetation in the winter enabling the scheme to be delivered in the New Year.                          |
| £30k footway reconstruction                      | Project in Clifton Park. This is the highest points rated project following engineering assessment of the footway rolling programme.   |
| £52K to support the harbour condition assessment | Support the harbour condition assessment and undertake the assessment work to the Feeder walls and Junction Lock swing bridge.   |
| £30k to repair Stockwood precinct retaining wall | Stockwood precinct retaining wall is an ongoing safety issue currently fenced off, preventing the public from using the space.   |
| £75k Cumberland Road carriageway retaining wall. | The wall adjacent to Cumberland Road Railway Bridge has been affected by vegetation and is in urgent need of repair and repointing.  |
| £67k Smart City Gully Sensors                    | Smart City highway objective to install gully sensors as required across the network to improve our gully cleansing inspection data and further develop the smart water project in the city. Better identification and reaction to potential flooding will reduce the amount of potholes on the network. |

The proposed works can all be delivered through the Highway Maintenance Framework and a number of the projects are scalable to absorb pressures and/or will lead to gaining continuous funding new financial year from the Capital maintenance block annual fund

# XXXXXXX Risk Register

## Negative Risks that offer a threat to XXXXX and its Aims (Aim - Reduce Level of Risk)

| Ref | Risk Description  | Key Causes   | Key Consequence   | Status<br>Open /<br>Closed | Strategic<br>Theme | Risk Category | Risk Owner   | Key Mitigations   | Direction of<br>travel | Current Risk Level |        |                | Monetary<br>Impact of<br>Risk<br>£k | Risk Tolerance |        |                |            |
|-----|---|--|---|----------------------------|--------------------|---------------|--------------|---|------------------------|--------------------|--------|----------------|-------------------------------------|----------------|--------|----------------|------------|
|     |   |  |   |                            |                    |               |              |   |                        | Likelihood         | Impact | Risk<br>Rating |                                     | Likelihood     | Impact | Risk<br>Rating | Date       |
| 1   | Network Management  | Temporary traffic management causing congestion  | Traffic congestion and public transport delays                                  | Open                       |                    |               | Shaun Taylor | Early engagement with Network management.   | down                   | 3                  | 2      | 6              | 0                                   | 3              | 2      | 6              | 02.01.2019 |
| 2   | Statutory Stakeholder Consents, e.g. Environment Agency, requiring approval prior to project commencement | Due to programme timescales early engagement is limited.   | Scheme delays and/or cost increases   | Open                       |                    |               | Shaun Taylor | Early engagement with stakeholders  | down                   | 3                  | 3      | 6              | Unknown                             | 2              | 3      | 6              | 02.01.2020 |
| 3   | Supply chain resources  | Current BCC transport schemes and the supply chain engaging with other authorities who also have to spend their additional funding.  | Engage other contractors. Could incur additional costs and/or delays to schemes | Open                       |                    |               | Shaun Taylor | Early engagement with suppliers   | down                   | 3                  | 3      | 9              | Unknown                             | 3              | 3      | 9              | 02.01.20   |
| 4   | Possible Statutory Risk with regard to Utility plant condition or protection measures                     | Poor condition of utility resulting in having to engage providers to undertake statutory repairs or  | Project delays  | Open                       |                    |               | Shaun Taylor | Engage with utility companies as soon as issues become apparent.  | down                   | 2                  | 2      | 4              | Unknown                             | 2              | 2      | 4              | 02.01.2    |
| 5   | Delays in decision making   | Tight programme timescales being met whilst fulfilling internal decision making process and approvals.   | Delays to completion which could affect next years work programme               | Open                       |                    |               | Shaun Taylor | Start decision making process asap. Undertake some schemes at risk. Delegate decision making to project board/team.   | down                   | 3                  | 4      | 12             | Unknown                             | 3              | 4      | 12             | 02.01.2    |
| 6   | Programme delays  | delays could be due to unforeseen asset condition, inclement weather, unknown unforeseen factors or additional third party statutory requirements                                | Delays to schemes   | Open                       |                    |               | Shaun Taylor | Project will be managed using the transport programme management procedure which will mitigate and provide early warnings to deal with any unknowns. Projects will be specifically managed by a dedicated Project Manager, to ensure efficiency and good decision making. | up                     | 3                  | 3      | 9              | Unknown                             | 3              | 3      | 9              | 02.01.2024 |
| 7   | Project costs may increase  | Costs could be incurred due to unforeseen asset condition, inclement weather, unknown unforeseen factors or additional third party statutory requirements                        | Scheme costs could increase   | Open                       |                    |               | Shaun Taylor | 40% Contingency have been included within works estimate. Many schemes are scalable   | down                   | 3                  | 3      | 9              | 0                                   | 3              | 3      | 9              | 02.01.2025 |
| 8   | Staff resources   | Transport staff are currently fully committed on existing projects and schemes. The additional work load could add stress and/or affect the delivery of other projects/workload. | Staff stress, delays to delivery, delays to other transport schemes.            | Open                       |                    |               | Shaun Taylor | Workloads have been considered and changed as appropriate to release key staff to deliver project. Two agency staff will be used to support site works. Utilise junior staff to assist more senior officers.  | down                   | 4                  | 3      | 12             | 0                                   | 4              | 3      | 12             | 02.01.2025 |

## Bristol City Council Equality Impact Relevance Check

This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required. Please read the guidance prior to completing this relevance check.




| <b>What is the proposal?</b>             |   |
|--|---|
| Name of proposal                         | Additional Government funding for highway maintenance   |
| Please outline the proposal.             | Spend additional funding of £1.725m to assist in tackling the depreciation of the highway asset which includes roads, footways, bridges and flood prevention. |
| What savings will this proposal achieve? | Capital investment in the highway asset will reduce the burden reactive safety repairs have on the revenue budget.  |
| Name of Lead Officer                     | Shaun Taylor  |

| <b>Could your proposal impact citizens with protected characteristics?</b><br>(This includes service users and the wider community)  |
|--|
| Please outline where there may be significant opportunities or positive impacts, and for whom.   |
| Footway improvements and repairing defects in the highway will benefit all citizens including those with limited mobility.   |
| Please outline where there may be significant negative impacts, and for whom.  |
| There is no identified negative impact from this proposal for additional government funding for highway maintenance. However individual maintenance projects may cause some disruption through temporary traffic management, which will be considered on a case by case basis. |

| <b>Could your proposal impact staff with protected characteristics?</b><br>(i.e. reduction in posts, changes to working hours or locations, changes in pay) |
|---|
| Please outline where there may be significant opportunities or positive impacts, and for whom.  |
| None identified   |
| Please outline where there may be negative impacts, and for whom.   |
| None identified   |

| <b>Is a full Equality Impact Assessment required?</b>   |
|---|
| Does the proposal have the potential to impact on people with protected characteristics in the following ways: <ul style="list-style-type: none"> <li>access to or participation in a service,</li> </ul> |



|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• levels of representation in our workforce, or</li> <li>• reducing quality of life (i.e. health, education, standard of living) ?</li> </ul> |  |
| <p>No.</p>   | <p>No. This proposal is a high level overview to approve additional funding for highway maintenance only. Individual maintenance projects will be considered with separate equality relevance checks / equality impact assessments on a case by case basis.</p> <p>We will ensure that all works, including traffic management adhere to legislation and relevant codes of practice that take into account those with protected characteristics, this includes, but not limited to:</p> <ul style="list-style-type: none"> <li>• Advanced notification of works – particularly relevant to places of worship etc. that may need to make alternative arrangements.</li> <li>• Provision of temporary footpaths, crossings and traffic signals.</li> <li>• Tapping rails on temporary traffic management.</li> <li>• Local access on some road closures depending on requirement (e.g. emergency services to a nursing home).</li> </ul> |
| <p>Service Director sign-off and date:</p> <p>Patsy Mellor 4/1/2019</p>  | <p>Equalities Officer sign-off and date:</p>  <p>Duncan Fleming 3/1/2019</p>  |

## Bristol City Council Equality Impact Assessment Form

(Please refer to the Equality Impact Assessment guidance when completing this form)



|                              |   |
|------------------------------|---|
| Name of proposal             | Additional Government funding for highway maintenance |
| Directorate and Service Area | Growth and Regeneration, Highway Maintenance          |
| Name of Lead Officer         | Shaun Taylor  |

### Step 1: What is the proposal?

Please explain your proposal in Plain English, avoiding acronyms and jargon. This section should explain how the proposal will impact service users, staff and/or the wider community.

#### 1.1 What is the proposal?

Spend additional funding of £1,725m, to assist in tackling the depreciation of the highway asset which includes roads, footways, bridges and flood prevention.

### Step 2: What information do we have?

Decisions must be evidence-based, and involve people with protected characteristics that could be affected. Please use this section to demonstrate understanding of who could be affected by the proposal.

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

All highway users may be affected on the routes where we are intervening.

#### 2.2 Who is missing? Are there any gaps in the data?

No

#### 2.3 How have we involved, or will we involve, communities and groups that could be affected?

All directly affected parties will be given advanced notification of the works.

### Step 3: Who might the proposal impact?

Analysis of impacts on people with protected characteristics must be rigorous. Please demonstrate your analysis of any impacts in this section, referring to all of the equalities groups as defined in the Equality Act 2010.


|   |
|---|
| 3.1 Does the proposal have any potentially adverse impacts on people with protected characteristics?  |
| Traffic Management, including road closures can have adverse effects, particularly on those with limited mobility.  |
| 3.2 Can these impacts be mitigated or justified? If so, how?  |
| <p>We ensure that all works, including traffic management adhere to legislation and relevant codes of practice that take into account those with protected characteristics, this includes, but not limited to.</p> <ul style="list-style-type: none"> <li>• Advanced notification of works – particularly relevant to places of worship etc. that may need to make alternative arrangements.</li> <li>• Provision of temporary footpaths, crossings and traffic signals.</li> <li>• Tapping rails on temporary traffic management.</li> <li>• Local access on some road closures depending on requirement (eg emergency services to a nursing home).</li> </ul> |
| 3.3 Does the proposal create any benefits for people with protected characteristics?  |
| Improved footpaths can aid those with impaired mobility   |
| 3.4 Can they be maximised? If so, how?  |
| We have a balanced programme of works that aims to maximise the life of the targeted highways asset. Therefore the number of footway schemes is limited. The authority will continue to ensure all safety issues are addressed as per legislation and code of practice.   |

#### **Step 4: So what?**

The Equality Impact Assessment must be able to influence the proposal and decision. This section asks how your understanding of impacts on people with protected characteristics has influenced your proposal, and how the findings of your Equality Impact Assessment can be measured going forward.

|  |
|--|
| 4.1 How has the equality impact assessment informed or changed the proposal?   |
| The equality impact assessment reinforces the requirement to ensure that all works are carried out in line with national legislation and codes of practices. |

|  |
|--|
| 4.2 What actions have been identified going forward?   |
| Ensure that there is adequate supervision of contractors and compliance with Construction Design Management (CDM), Safety at Roadworks and Street works, a code of practice (red book) and other appropriate legislation |
| 4.3 How will the impact of your proposal and actions be measured moving forward?   |
| The above are monitored as prt of contractors Key Performance Indicators.  |

|  |   |
|--|---|
| Service Director Sign-Off:<br><br>Patsy Mellor | Equalities Officer Sign Off:<br> |
| Date: 4/1/19                                   | Date: 3/1/19  |

## Eco Impact Checklist

| <b>Title of report:</b> Additional Government funding for highway maintenance  |        |              |   |   |
|--|--------|--------------|---|---|
| <b>Report author:</b> Shaun Taylor   |        |              |   |   |
| <b>Anticipated date of key decision:</b> 22 <sup>nd</sup> January  |        |              |   |   |
| <b>Summary of proposals:</b> To seek approval to spend the Bristol allocation of £1,725m additional funding from government for local highway maintenance by March 2019. |        |              |   |   |
| Will the proposal impact on...   | Yes/No | +ive or -ive | If Yes...   |   |
|  |        |              | Briefly describe impact   | Briefly describe Mitigation measures  |
| Emission of Climate Changing Gases?  | Yes    | -ive         | There will be emissions of climate changing gases during construction works through works themselves and associated traffic congestion from the works | Aim to use local suppliers and contractors where possible to reduce travel distance.<br><br>Traffic management can reduce congestion issues during works.   |
| Bristol's resilience to the effects of climate change?   | Yes    | +ive         | Flood prevention measures on Portway. Utilise technology to monitor gully thus developing the Smart Water initiative                                  |   |
| Consumption of non-renewable resources?  | yes    | -ive         | Road construction requires the use of newly quarried stone and associated tarmacadam products   | Utilise the industries advancements in technology to minimise the volume of non-renewable resources,<br><br>Currently some recycled materials are used for road surfacing, research is being undertaken to use innovative technologies such as plastic roads for future works but this will not be available for this project.<br><br>Use sustainable procurement to procure materials. |
| Production, recycling or   | Yes    | -ive         | Road planning will  | Recycle as much of the  |

|                                   |     |      |  |  |
|-----------------------------------|-----|------|--|--|
| disposal of waste                 |     |      | require that some material is taken to landfill  | material as possible and follow national legislation for any contaminated material, contractors may need to provide a waste management plan. Ensure waste hierarchy (Reduce, reuse, recycle etc) is followed and all waste is disposed of in a legal manner. |
| The appearance of the city?       | Yes | +ive | Improve the condition of the highway asset   |  |
| Pollution to land, water, or air? | Yes | -ive | Congestion during works could negatively impact air quality in the City.   | Traffic management can reduce congestion issues during works.  |
|                                   |     | +ive | Risk of pollution from spills of oils/chemicals/building materials, especially if working near waterways<br><br>Repairs on the roads reduce the likelihood of vehicle incidents reducing the likelihood of fuel spillage as a result of this | Ensure contactors have a spill procedure in place and are able to adequately deal with any spills and store chemicals and waste securely to avoid pollution incidents.   |
| Wildlife and habitats?            | Yes | -ive | Clearance of land adjacent to the Portway to undertake investigations for the flood prevention scheme  | Clear ground outside of bird nesting and growing season where possible. Minimise area of clearance. Check if the land is protected in any way (For example an SSSI). Speak with BCC ecology officer for further advice.                                      |

**Consulted with:**

**Summary of impacts and Mitigation - to go into the main Cabinet/ Council Report**

The significant impacts of this proposal are... Construction works, the use of materials and disposal of waste will have an environmental impact. Flood defence works will improve climate resilience.

The proposals include the following measures to mitigate the impacts...Impacts can be reduced by effective traffic management, using local suppliers/ contractors, sustainably procuring materials and waste management.

The net effects of the proposals are negative, however good management of contractors and efficient procurement of materials can reduce the overall impact of the works. Planned flood defence works on the Portway will have a positive impact to climate resilience.

**Checklist completed by:**

|   |   |
|---|---|
| Name:   | Nick Pates                                      |
| Dept.:  | Highway Maintenance                             |
| Extension:                                    |   |
| Date:   | 03/01/2019                                      |
| Verified by<br>Environmental Performance Team | Nicola Hares – Environmental Project<br>Manager |



Department  
for Transport

Anthony Boucher  
Local Infrastructure Division  
Department for Transport  
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13 November 2018

Dear Bristol City Council

### **LOCAL TRANSPORT CAPITAL FUNDING 2018/19 FINANCIAL YEAR**

The Chancellor of the Exchequer announced in the Budget 2018, the Government is allocating £420 million in the 2018/19 financial year for local highways maintenance, including the repair of potholes, to keep local bridges and structures open and safe, as well as to help aid other minor highway works that may be needed.

This new capital funding represents a significant extra investment in road maintenance and is on top of the funding we have allocated to highway authorities this financial year for local highways maintenance purposes.

In order to minimise administrative burdens for all concerned and to be fair and proportionate, we will be distributing the funding formulaically, based on the Department's existing local highways maintenance capital funding needs element formula, which takes into account highway assets for which each authority is responsible. We will make the payment for your share of the funding on 13 November.

We expect your authority to use this funding for its intended purpose. We would also expect your authority to publish a brief note on its website by end of March 2019, copied to the Department for Transport, setting out how the funding we allocated to authorities earlier this financial year and this new extra funding has been utilised. It would be helpful also if you could ensure, where feasible, that your authority publishes pictorial evidence on your website which shows the 'before' and 'after' of each repair undertaken.

The Grant Determination for the fund your authority is receiving is attached, as is a declaration at Annex A that you and your Authority's Chief Internal Auditor are required to sign and to return to the Department for Transport by 30 September 2019.



The table below shows your allocation from the Fund.

| <b>Grant Stream</b>                              | <b>2018/19<br/>Allocation</b> |
|--|-------------------------------|
| Budget 2018<br>Additional Highway<br>Maintenance | £1,725,000                    |

Please contact us at [LT.PLANS@DFT.GSI.GOV.UK](mailto:LT.PLANS@DFT.GSI.GOV.UK) or telephone Gordon Rolfe on 0207 944 2249 for queries relating to the capital block funding allocations outlined in this letter.

Yours sincerely,



Anthony Boucher  
Deputy Director: Local Infrastructure

## **LOCAL TRANSPORT CAPITAL BLOCK FUNDING (INTEGRATED TRANSPORT AND HIGHWAY MAINTENANCE) SPECIFIC GRANT DETERMINATION (2018/19): No 31/3224.**

The Minister for Local Transport (“the Minister”), in exercise of the powers conferred by section 31 of the Local Government Act 2003, makes the following determination:

### **Citation**

1) This determination may be cited as the Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant Determination (2018/19) No.31/3224.

### **Purpose of the grant**

2) The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them.

### **Determination**

3) The Minister determines that the maximum additional amount of grant payable to Bristol City Council shall be £1,725,000.

### **Grant conditions**

4) Pursuant to section 31(3) and 31(4) of the Local Government Act 2003, the Minister determines that the grant will be paid subject to the conditions in Annex B.

### **Treasury consent**

5) Before making this determination in relation to local authorities in England, the Minister obtained the consent of the Treasury.

Signed by authority of the Minister for Local Transport



Anthony Boucher

A senior civil servant within the Department for Transport

November 2018

## **ANNEX A - GRANT CONDITIONS**

1. Grant paid to a local authority under these determination may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under section 11 of the Local Government Act 2003.

2. The Chief Executive and Chief Internal Auditor of each of the recipient authorities are required to sign and return to the team leader of the Local Infrastructure team<sup>3</sup> in the Department for Transport a declaration, to be received no later than 30 September 2018, in the following terms:

“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Local Transport Capital Block Funding (Pothole Action Fund) Specific Grant Determination (2018/19) No.31/3221 have been complied with”.

3. If an authority fails to comply with any of the conditions and requirements of paragraphs 1 and 2, the Minister may-

- a) reduce, suspend or withhold grant; or
- b) by notification in writing to the authority, require the repayment of the whole or any part of the grant.

4. Any sum notified by the Minister under paragraph 3(b) shall immediately become repayable to the Minister.



Department  
for Transport

# *Roads Funding: Information Pack*

*Moving Britain Ahead*

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# Contents

|  |       |
|--|-------|
| <i>Roads Funding: Information Pack</i> | 1     |
| Introduction                           | 4     |
| Existing Funding                       | 4-5   |
| New Funding                            | 5-6   |
| South East                             | 8-9   |
| East Midlands                          | 10    |
| West Midlands                          | 11-12 |
| North West                             | 13-14 |
| North East                             | 15-16 |
| Yorkshire & Humber                     | 17-18 |
| East of England                        | 19-20 |
| South West                             | 21-22 |
| London                                 | 23    |

## Introduction

The repair of potholes and stopping them forming is one element to improve the condition for all road users. Well maintained highways not only improves local productivity but also the environment (by reducing delays) and also makes cycling, horse riding and walking more attractive. The Government is providing guidance and funding to highway authorities to ensure that our local roads and other highway assets are fit for the future.

## Existing Funding

### **Local Highways Maintenance Funding – Needs Element – £ 725 million in 2018/19**

This existing Needs Based Formula totals £4.7 billion over the 6 year funding period to the end of this Parliament. The funding allocated to each local highway authority in England (£725 million in total outside London) in 2018/19 is based on a formula using data provided by each authority regarding the assets for which they are responsible.

### **Local Highways Maintenance Incentive/Efficiency Element Funding - £ 150 million Funding 2018/19**

The Incentive element funding totals £578 million between 2016/18 and 2020/21. This funding is for local authorities to ensure they are following an asset management approach and adopting efficiency and best practice principles for local highway maintenance. The funding is a mechanism for authorities to receive additional funding over and above the Needs Based Formula.

### **Pothole Action Fund - £50 million Fund in 2018/19**

The Pothole Action Fund was announced in the Budget 2015 and totals £296 million, enough to repair on average over 5 million potholes or to stop them forming in the first place. This funding is allocated by formula shared by local highway authorities in England, outside London, between 2016/17 and 2021.

### **Local Highways Maintenance Challenge Fund - £200 million over Financial Years 2019/20 & 2020/21**

This Fund is to enable local highway authorities in England to bid for major maintenance projects that are otherwise difficult to fund through the normal Needs Based Formula funding they receive. Further details will be announced shortly.

## New Funding

### Local Highways Maintenance Funding – Budget 2018 - £420 million in 2018/19

In October 2018, the Chancellor announced in the Budget the Government was allocating a further £420 million of new money for local highways maintenance. This additional resource is being allocated using the highways maintenance funding formula and is for the repair of roads (including potholes), bridges and local highways infrastructure generally.

### National Roads Fund

The £28.8 billion National Roads Fund (NRF) for 2020-2025 was announced in the Budget 2018 which delivers on the Government's commitment to hypothecate English Vehicle Excise Duty (VED) to roads spending. Within the NRF, the draft Roads Investment Strategy 2 (RIS2) will receive funding of £25.3bn. The remaining £3.5bn will be available for the Major Road Network and Large Local Major schemes. The split of funding between these two areas and its annual profiling will be determined in due course.

### National Productivity Investment Fund (NPIF) – £150 million – over 2020/21 and 2021/22

The government will also make £150 million of NPIF funding available to local authorities which aims to support projects across England that ease congestion on local routes and for small improvement projects such as for minor junction and road layout improvements. Further details will be announced in due course.

### Major Road Network

The MRN will see new investment in road enhancement schemes on the most important local authority roads. It will support economic growth, open up land for new housing, and focus on schemes that will reduce congestion and improve journey times for motorists, cyclists, pedestrians and freight.

Sub-national Transport Bodies (STBs) will play a key role in working with their partners and constituent members to prioritise MRN schemes according to the most pressing regional needs. The first MRN schemes will be delivered in 2020/21 when the National Roads Fund becomes available.

### Local Growth Fund

The majority of local transport improvement schemes are funded through the £12 billion Local Growth Fund. The Department for Transport is providing £6.7 billion to the Local Growth Fund over the six years from 2015/16 to 2020/21. Funding is awarded to Local Enterprise Partnerships (LEPs) to invest in infrastructure to promote local growth.

Over 600 transport schemes are being funded, including roads, tram extensions, bus priority, and improvements for cyclists and pedestrians. Examples of the larger transport schemes that have or are being built with this funding include the Transport



Hub in Lincoln, Ely Southern Bypass, Congleton Link Road in Cheshire and the A13 Widening in Thurrock.

Funding allocations to LEPs have been already been made for the duration of the current period to 2020/21. Future funding arrangements for transport schemes of this kind will be determined as part of the 2019 Spending Review.

### **Transforming Cities**

Transforming Cities is a £2.5 billion transport fund to support connectivity in some of England's largest cities, launched at the Autumn Budget 2017 and expanded in the 2018 Budget with funding running from 2018-19 to 2022-23.

Around half has been allocated to Metro Mayoral Combined Authorities on a devolved basis with the remaining amount to be allocated across 12 cities.

## South East

### Local Highways Maintenance

The allocations we are providing in financial year 2018/19 to local highway authorities in the South East for repairing the local road network are listed below.

We also allocated over £8 million for the Pothole Action Fund (PAF) in the South East, enough to fix around 167,000 potholes in 2018/19, or stop them forming in the first place. This funding is in addition to the just under £120 million we committed in 2018/19 to help repair our local highways.

A breakdown is as follows:

| £k                     | Highway Maintenance Block needs element | £420 million (Budget 2018) | Highway Maintenance Block incentive element | Pothole Action Fund | Integrated Transport Block | Total          |
|------------------------|---|----------------------------|---|---------------------|----------------------------|----------------|
| <b>South East</b>      | <b>119,905</b>                          | <b>66,055</b>              | <b>24,617</b>                               | <b>8,349</b>        | <b>47,251</b>              | <b>266,177</b> |
| Medway                 | 2,048                                   | 1,128                      | 430   | 144                 | 1,589                      | 5,339          |
| Bracknell Forest       | 1,369                                   | 754                        | 202   | 89                  | 720                        | 3,134          |
| West Berkshire         | 3,472                                   | 1,913                      | 512   | 240                 | 910                        | 7,047          |
| Reading                | 1,185                                   | 653                        | 175   | 69                  | 1,580                      | 3,662          |
| Slough                 | 727                                     | 401                        | 107   | 47                  | 1,349                      | 2,631          |
| Windsor and Maidenhead | 1,752                                   | 965                        | 368   | 124                 | 851                        | 4,060          |
| Wokingham              | 2,136                                   | 1,177                      | 448   | 145                 | 734                        | 4,640          |
| Milton Keynes          | 4,122                                   | 2,271                      | 865   | 200                 | 1,527                      | 8,985          |
| Brighton and Hove      | 2,110                                   | 1,163                      | 311   | 97                  | 3,059                      | 6,740          |
| Portsmouth             | 1,151                                   | 634                        | 242   | 79                  | 1,851                      | 3,957          |
| Southampton            | 1,371                                   | 755                        | 288   | 98                  | 2,124                      | 4,636          |
| Isle of Wight          | -                                       | -                          | -   | -                   | 1,418                      | 1,418          |
| Buckinghamshire        | 8,449                                   | 4,654                      | 1,774                                       | 609                 | 2,257                      | 17,743         |
| East Sussex            | 8,554                                   | 4,713                      | 1,796                                       | 604                 | 2,919                      | 18,586         |
| Hampshire              | 21,584                                  | 11,891                     | 4,531                                       | 1,516               | 5,296                      | 44,818         |
| Kent                   | 21,949                                  | 12,091                     | 4,607                                       | 1,568               | 6,861                      | 47,076         |
| Oxfordshire            | 13,434                                  | 7,401                      | 2,820                                       | 939                 | 3,688                      | 28,282         |
| Surrey                 | 13,449                                  | 7,409                      | 2,823                                       | 963                 | 4,784                      | 29,428         |
| West Sussex            | 11,043                                  | 6,083                      | 2,318                                       | 818                 | 3,734                      | 23,996         |

We are also confirming funding allocations for the financial year 19/20 to local highways authorities in the South East.

The breakdown is as follows:

|                        | <b>Highways Maintenance needs formula allocation (£k)</b>                              | <b>Integrated Transport Block (£k)</b> |
|------------------------|--|--|
| <b>South East</b>      | <b>119,905</b>   | <b>47,251</b>                          |
| Medway                 | 2,048  | 1,589                                  |
| Bracknell Forest       | 1,369  | 720                                    |
| West Berkshire         | 3,472  | 910                                    |
| Reading                | 1,185  | 1,580                                  |
| Slough                 | 727  | 1,349                                  |
| Windsor and Maidenhead | 1,752  | 851                                    |
| Wokingham              | 2,136  | 734                                    |
| Milton Keynes          | 4,122  | 1,527                                  |
| Brighton and Hove      | 2,110  | 3,059                                  |
| Portsmouth             | 1,151  | 1,851                                  |
| Southampton            | 1,371  | 2,124                                  |
| Isle of Wight          | Highways maintenance for this authority is provided through a Highways Maintenance PFI | 1,418                                  |
| Buckinghamshire        | 8,449  | 2,257                                  |
| East Sussex            | 8,554  | 2,919                                  |
| Hampshire              | 21,584   | 5,296                                  |
| Kent                   | 21,949   | 6,861                                  |
| Oxfordshire            | 13,434   | 3,688                                  |
| Surrey                 | 13,449   | 4,784                                  |
| West Sussex            | 11,043   | 3,734                                  |

The Isle of Wight does not receive highways maintenance block funding or Pothole Action Fund monies as it has a highways maintenance Private Finance Initiative (PFI) project.

## East Midlands

### Local Highways Maintenance

The allocations we are providing in financial year 2018/19 to local highway authorities in the East Midlands for repairing the local road network are listed below.

We also allocated over £5 million to the Pothole Action Fund (PAF) for the East Midlands, enough to fix around 115,000 potholes in 2018/19, or stop them forming in the first place. This funding is in addition to the £83 million we committed in 2018/19 to help repair our local highways.

A breakdown is as follows:

| £k                   | Highway Maintenance Block needs element | £420 million (Budget 2018) | Highway Maintenance Block incentive element | Pothole Action Fund | Integrated Transport Block | Total          |
|----------------------|---|----------------------------|---|---------------------|----------------------------|----------------|
| <b>East Midlands</b> | <b>83,170</b>                           | <b>45,818</b>              | <b>17,119</b>                               | <b>5,777</b>        | <b>24,893</b>              | <b>176,777</b> |
| Derby                | 1,782                                   | 982                        | 374   | 118                 | 1,811                      | 5,067          |
| Leicester            | 2,102                                   | 1,158                      | 310   | 133                 | 2,556                      | 6,259          |
| Rutland              | 1,535                                   | 845                        | 226   | 110                 | 458                        | 3,174          |
| Nottingham           | 1,782                                   | 982                        | 263   | 124                 | 3,390                      | 6,541          |
| Derbyshire           | 15,273                                  | 8,414                      | 3,206                                       | 1,044               | 3,644                      | 31,581         |
| Leicestershire       | 11,442                                  | 6,303                      | 2,402                                       | 800                 | 2,728                      | 23,675         |
| Lincolnshire         | 24,955                                  | 13,747                     | 5,238                                       | 1,773               | 3,312                      | 49,025         |
| Northamptonshire     | 12,292                                  | 6,772                      | 2,580                                       | 836                 | 3,078                      | 25,558         |
| Nottinghamshire      | 12,006                                  | 6,614                      | 2,520                                       | 839                 | 3,916                      | 25,895         |

We are also confirming funding allocations for the financial year 19/20 to local highways authorities in the East Midlands.

The breakdown is as follows:

|                      | Highways Maintenance needs formula allocation (£k) | Integrated Transport Block (£k) |
|----------------------|--|---------------------------------|
| <b>East Midlands</b> | <b>83,170</b>                                      | <b>24,893</b>                   |
| Derby                | 1,782  | 1,811                           |
| Leicester            | 2,102  | 2,556                           |
| Rutland              | 1,535  | 458                             |
| Nottingham           | 1,782  | 3,390                           |
| Derbyshire           | 15,273   | 3,644                           |
| Leicestershire       | 11,442   | 2,728                           |
| Lincolnshire         | 24,955   | 3,312                           |
| Northamptonshire     | 12,292   | 3,078                           |
| Nottinghamshire      | 12,006   | 3,916                           |

## West Midlands

### Local Highways Maintenance

The allocations we are providing in financial year 2018/19 to local highway authorities in the West Midlands for repairing the local road network are listed below.

We also allocated over £5.4 million to the Pothole Action Fund (PAF) for the West Midlands, enough to fix around 109,000 potholes in 2018/19, or stop them forming in the first place. This funding is in addition to the £79 million we committed in 2018/19 to help repair our local highways.

A breakdown is as follows:

| £k                       | Highway Maintenance Block needs element | £420 million (Budget 2018) | Highway Maintenance Block incentive element | Pothole Action Fund | Integrated Transport Block | Total          |
|--------------------------|---|----------------------------|---|---------------------|----------------------------|----------------|
| <b>West Midlands</b>     | <b>79,004</b>                           | <b>43,523</b>              | <b>16,465</b>                               | <b>5,476</b>        | <b>31,383</b>              | <b>175,851</b> |
| Herefordshire, County of | 9,272                                   | 5,108                      | 1,946                                       | 642                 | 1,069                      | 18,037         |
| Telford and Wrekin       | 2,778                                   | 1,530                      | 583   | 178                 | 939                        | 6,008          |
| Stoke-on-Trent           | 1,915                                   | 1,055                      | 282   | 139                 | 1,666                      | 5,057          |
| Shropshire               | 13,275                                  | 7,313                      | 2,787                                       | 953                 | 1,626                      | 25,954         |
| Staffordshire            | 16,154                                  | 8,899                      | 3,391                                       | 1,130               | 3,423                      | 32,997         |
| Warwickshire             | 10,421                                  | 5,741                      | 2,188                                       | 726                 | 2,637                      | 21,713         |
| Worcestershire           | 12,076                                  | 6,652                      | 2,536                                       | 835                 | 2,405                      | 24,504         |
| West Midlands CA         | 13,112                                  |                            | 2,752                                       | 873                 | 17,618                     | 41,578         |
| Birmingham               | -                                       | -                          | -   | -                   | -                          | -              |
| Coventry                 | 2,225                                   | 1,226                      | 467   | 142                 | -                          | 4,060          |
| Dudley                   | 2,443                                   | 1,346                      | 513   | 170                 | -                          | 4,472          |
| Sandwell                 | 2,582                                   | 1,422                      | 542   | 161                 | -                          | 4,707          |
| Solihull                 | 2,108                                   | 1,161                      | 443   | 143                 | -                          | 3,855          |
| Walsall                  | 1,943                                   | 1,071                      | 408   | 134                 | -                          | 3,556          |
| Wolverhampton            | 1,811                                   | 998                        | 381   | 124                 | -                          | 3,314          |

West Midlands Combined Authority comprises Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton and the Integrated Transport Block is calculated on a Combined Authority basis.

Birmingham City Council does not receive highways maintenance block funding or Pothole Action Fund monies as it has a highways maintenance Private Finance Initiative (PFI) project.

We are also confirming funding allocations for the financial year 19/20 to local highways authorities in the West Midlands.

The breakdown is as follows:

|                          | <b>Highways<br/>Maintenance needs<br/>formula allocation (£k)</b>                      | <b>Integrated<br/>Transport Block<br/>(£k)</b> |
|--------------------------|--|--|
| <b>West Midlands</b>     | <b>79,004</b>  | <b>31,383</b>                                  |
| Herefordshire, County of | 9,272  | 1,069  |
| Telford and Wrekin       | 2,778  | 939  |
| Stoke-on-Trent           | 1,915  | 1,666  |
| Shropshire               | 13,275   | 1,626  |
| Staffordshire            | 16,154   | 3,423  |
| Warwickshire             | 10,421   | 2,637  |
| Worcestershire           | 12,076   | 2,405  |
| West Midlands ITA        | 13,112   | 17,618   |
| Birmingham               | Highways maintenance for this authority is provided through a Highways Maintenance PFI |  |
| Coventry                 | 2,225  |  |
| Dudley                   | 2,443  |  |
| Sandwell                 | 2,582  |  |
| Solihull                 | 2,108  |  |
| Walsall                  | 1,943  |  |
| Wolverhampton            | 1,811  |  |

## North West

### Local Highways Maintenance

The allocations we are providing in financial year 2018/19 to local highway authorities in the North West for repairing the local road network are listed below.

We also allocated over £6.4 million to the Pothole Action Fund for the North West, enough to fix around 129,000 potholes in 2018/19, or stop them forming in the first place. This funding is in addition to the £96.4 million we committed in 2018/19 to help repair our local highways.

A breakdown is as follows:

| £k                        | Highway Maintenance Block needs element | £420 million (Budget 2018) | Highway Maintenance Block incentive element | Pothole Action Fund | Integrated Transport Block | Total          |
|---------------------------|---|----------------------------|---|---------------------|----------------------------|----------------|
| <b>North West</b>         | <b>96,377</b>                           | <b>53,094</b>              | <b>20,195</b>                               | <b>6,470</b>        | <b>43,422</b>              | <b>219,558</b> |
| Warrington                | 2,571                                   | 1,416                      | 540   | 167                 | 1,494                      | 6,188          |
| Blackburn with Darwen     | 1,552                                   | 855                        | 326   | 91                  | 1,424                      | 4,248          |
| Blackpool                 | 966                                     | 532                        | 203   | 75                  | 1,720                      | 3,496          |
| Cheshire East             | 8,409                                   | 4,632                      | 1,765                                       | 555                 | 1,987                      | 17,348         |
| Cheshire West and Chester | 6,398                                   | 3,525                      | 1,343                                       | 457                 | 1,954                      | 13,677         |
| Cumbria                   | 21,791                                  | 12,004                     | 4,574                                       | 1,466               | 2,546                      | 42,381         |
| Lancashire                | 18,567                                  | 10,229                     | 3,898                                       | 1,227               | 6,054                      | 39,975         |
| Greater Manchester CA     | 22,513                                  |                            | 4,689                                       | 1,478               | 16,175                     | 57,257         |
| Bolton                    | 2,459                                   | 1,354                      | 512   | 163                 | -                          | 4,488          |
| Bury                      | 1,640                                   | 903                        | 342   | 103                 | -                          | 2,988          |
| Manchester                | 3,060                                   | 1,686                      | 637   | 225                 | -                          | 5,608          |
| Oldham                    | 1,973                                   | 1,087                      | 411   | 138                 | -                          | 3,609          |
| Rochdale                  | 1,967                                   | 1,084                      | 410   | 127                 | -                          | 3,588          |
| Salford                   | 2,022                                   | 1,114                      | 421   | 138                 | -                          | 3,695          |
| Stockport                 | 2,558                                   | 1,409                      | 533   | 152                 | -                          | 4,652          |
| Tameside                  | 1,869                                   | 1,029                      | 389   | 117                 | -                          | 3,404          |
| Trafford                  | 1,873                                   | 1,032                      | 390   | 125                 | -                          | 3,420          |
| Wigan                     | 3,092                                   | 1,703                      | 644   | 190                 | -                          | 5,629          |
| Liverpool City Region CA  | 13,610                                  |                            | 2,857                                       | 954                 | 10,069                     | 34,988         |
| Halton                    | 1,793                                   | 988                        | 377   | 109                 | -                          | 3,267          |
| Knowsley                  | 1,490                                   | 821                        | 313   | 111                 | -                          | 2,735          |
| Liverpool                 | 3,391                                   | 1,868                      | 712   | 247                 | -                          | 6,218          |
| Sefton                    | 2,329                                   | 1,283                      | 489   | 160                 | -                          | 4,261          |
| St. Helens                | 1,947                                   | 1,072                      | 409   | 133                 | -                          | 3,561          |
| Wirral                    | 2,660                                   | 1,465                      | 558   | 194                 | -                          | 4,877          |

Greater Manchester Combined Authority comprises Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan. Maintenance and Integrated Transport Block funding to the Combined Authority is provided from business rate retention.

Liverpool City Region Combined Authority comprises Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral

We are also confirming funding allocations for the financial year 19/20 to local highways authorities in the North West.

The breakdown is as follows:

|                           | <b>Highways<br/>Maintenance needs<br/>formula allocation (£k)</b> | <b>Integrated<br/>Transport Block<br/>(£k)</b> |
|---------------------------|---|--|
| <b>North West</b>         | <b>96,377</b>   | <b>43,423</b>                                  |
| Warrington                | 2,571   | 1,494  |
| Blackburn with Darwen     | 1,552   | 1,424  |
| Blackpool                 | 966   | 1,720  |
| Cheshire East             | 8,409   | 1,987  |
| Cheshire West and Chester | 6,398   | 1,954  |
| Cumbria                   | 21,791  | 2,546  |
| Lancashire                | 18,567  | 6,054  |
| Greater Manchester CA     | 22,513  | 16,175   |
| Bolton                    | 2,459   |  |
| Bury                      | 1,640   |  |
| Manchester                | 3,060   |  |
| Oldham                    | 1,973   |  |
| Rochdale                  | 1,967   |  |
| Salford                   | 2,022   |  |
| Stockport                 | 2,558   |  |
| Tameside                  | 1,869   |  |
| Trafford                  | 1,873   |  |
| Wigan                     | 3,092   |  |
| Liverpool City Region CA  | 13,610  | 10,069   |
| Halton                    | 1,793   |  |
| Knowsley                  | 1,490   |  |
| Liverpool                 | 3,391   |  |
| Sefton                    | 2,329   |  |
| St. Helens                | 1,947   |  |
| Wirral                    | 2,660   |  |



## North East

### Local Highways Maintenance

The allocations we are providing in financial year 2018/19 to local highway authorities in the North East for repairing the local road network are listed below.

We also allocated over £2.8 million to the Pothole Action Fund (PAF) for the North East, enough to fix around 56,000 potholes in 2018/19, or stop them forming in the first place. This funding is in addition to the £41.3 million we committed in 2018/19 to help repair our local highways.

A breakdown is as follows:

| £k                   | Highway Maintenance Block needs element | £420 million (Budget 2018) | Highway Maintenance Block incentive element | Pothole Action Fund | Integrated Transport Block | Total         |
|----------------------|---|----------------------------|---|---------------------|----------------------------|---------------|
| <b>North East</b>    | <b>41,313</b>                           | <b>22,759</b>              | <b>8,672</b>                                | <b>2,829</b>        | <b>18,695</b>              | <b>94,268</b> |
| Tees Valley CA       | <b>7,601</b>                            |                            | <b>1,596</b>                                | 505                 | 4,746                      | 18,636        |
| Hartlepool           | 953                                     | 525                        | 200   | 70                  | -                          | 1,748         |
| Middlesbrough        | 1,473                                   | 812                        | 309   | 75                  | -                          | 2,669         |
| Redcar and Cleveland | 1,700                                   | 937                        | 357   | 126                 | -                          | 3,120         |
| Stockton-on-Tees     | 2,076                                   | 1,144                      | 436   | 138                 | -                          | 3,794         |
| Darlington           | 1,398                                   | 770                        | 294   | 95                  | -                          | 2,557         |
| North East CA        | <b>33,711</b>                           |                            | <b>7,076</b>                                | <b>2,324</b>        | <b>13,949</b>              | <b>75,631</b> |
| County Durham        | 9,564                                   | 5,269                      | 2,008                                       | 665                 | -                          | 17,506        |
| Northumberland       | 14,036                                  | 7,732                      | 2,946                                       | 949                 | -                          | 25,663        |
| Gateshead            | 2,204                                   | 1,214                      | 463   | 143                 | -                          | 4,024         |
| Newcastle upon Tyne  | 2,184                                   | 1,203                      | 458   | 152                 | -                          | 3,997         |
| North Tyneside       | 1,817                                   | 1,001                      | 381   | 136                 | -                          | 3,335         |
| South Tyneside       | 1,246                                   | 686                        | 262   | 94                  | -                          | 2,288         |
| Sunderland           | 2,660                                   | 1,466                      | 558   | 185                 | -                          | 4,869         |

Tees Valley Combined Authority comprises Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton-on-Tees.

North East Combined Authority comprises Gateshead, Newcastle upon Tyne, North Tyneside, South Tyneside, Sunderland, Co Durham and Northumberland.

We are also confirming funding allocations for the financial year 19/20 to local highways authorities in the North East.

The breakdown is as follows:

|                      | <b>Highways<br/>Maintenance needs<br/>formula allocation (£k)</b> | <b>Integrated<br/>Transport Block<br/>(£k)</b> |
|----------------------|---|--|
| <b>North East</b>    | <b>41,313</b>   | <b>18,695</b>                                  |
| Tees Valley CA       | 7,601   | 4,746  |
| Hartlepool           | 953   |  |
| Middlesbrough        | 1,473   |  |
| Redcar and Cleveland | 1,700   |  |
| Stockton-on-Tees     | 2,076   |  |
| Darlington           | 1,398   |  |
| <b>North East CA</b> | <b>33,711</b>   | <b>13,949</b>                                  |
| County Durham        | 9,564   |  |
| Northumberland       | 14,036  |  |
| Gateshead            | 2,204   |  |
| Newcastle upon Tyne  | 2,184   |  |
| North Tyneside       | 1,817   |  |
| South Tyneside       | 1,246   |  |
| Sunderland           | 2,660   |  |

## Yorkshire and Humber

### Local Highways Maintenance

The allocations we are providing in financial year 2018/19 to local highway authorities in Yorkshire and Humber for repairing the local road network are listed below.

We also allocated over £5.2 million to the Pothole Action Fund (PAF) for Yorkshire and Humber, enough to fix around 105,000 potholes in 2018/19, or stop them forming in the first place. This funding is in addition to the £75.3 million we committed to providing in 2018/19 to help repair our local highways.

A breakdown is as follows:

| £k                              | Highway Maintenance Block needs element | £420 million (Budget 2018) | Highway Maintenance Block incentive element | Pothole Action Fund | Integrated Transport Block | Total          |
|---------------------------------|---|----------------------------|---|---------------------|----------------------------|----------------|
| <b>Yorkshire and the Humber</b> | <b>75,313</b>                           | <b>42,090</b>              | <b>15,364</b>                               | <b>5,245</b>        | <b>32,633</b>              | <b>170,645</b> |
| Kingston upon Hull, City of     | 1,811                                   | 998                        | 380   | 105                 | 2,230                      | 5,524          |
| East Riding of Yorkshire        | 8,889                                   | 4,897                      | 1,866                                       | 642                 | 1,640                      | 17,934         |
| North East Lincolnshire         | 1,606                                   | 885                        | 337   | 115                 | 1,479                      | 4,422          |
| North Lincolnshire              | 3,702                                   | 2,040                      | 777   | 272                 | 1,159                      | 7,950          |
| York                            | 1,827                                   | 1,006                      | 383   | 132                 | 1,570                      | 4,918          |
| North Yorkshire                 | 23,858                                  | 13,743                     | 5,008                                       | 1,685               | 3,023                      | 47,317         |
| Sheffield City Region CA        | 10,113                                  |                            | 1,678                                       | 700                 | 8,428                      | 26,490         |
| Barnsley                        | 3,054                                   | 1,683                      | 452   | 212                 | -                          | 5,401          |
| Doncaster                       | 4,064                                   | 2,239                      | 600   | 278                 | -                          | 7,181          |
| Rotherham                       | 2,995                                   | 1,650                      | 629   | 212                 | -                          | 5,486          |
| Sheffield                       | -                                       | -                          | -   | -                   | -                          | -              |
| West Yorkshire CA               | 23,507                                  |                            | 4,935                                       | 1,594               | 13,104                     | 56,090         |
| Bradford                        | 4,972                                   | 2,739                      | 1,044                                       | 305                 | -                          | 9,060          |
| Calderdale                      | 3,171                                   | 1,747                      | 666   | 198                 | -                          | 5,782          |
| Kirklees                        | 4,921                                   | 2,711                      | 1,034                                       | 323                 | -                          | 8,989          |
| Leeds                           | 7,001                                   | 3,857                      | 1,470                                       | 508                 | -                          | 12,836         |
| Wakefield                       | 3,441                                   | 1,896                      | 723   | 260                 | -                          | 6,320          |

Sheffield City Region Combined Authority comprises Barnsley, Doncaster, Rotherham and Sheffield.  
West Yorkshire Combined Authority comprises Bradford, Calderdale, Kirklees, Leeds and Wakefield.

Sheffield City Council does not receive highways maintenance block funding or Pothole Action Fund monies as it has a highways maintenance Private Finance Initiative (PFI) project.

We are also confirming funding allocations for the financial year 19/20 to local highways authorities in Yorkshire & Humber.

The breakdown is as follows:

|                                 | <b>Highways Maintenance needs formula allocation (£k)</b>                              | <b>Integrated Transport Block (£k)</b> |
|---------------------------------|--|--|
| <b>Yorkshire and the Humber</b> | <b>75,313</b>  | <b>32,633</b>                          |
| Kingston upon Hull, City of     | 1,811  | 2,230                                  |
| East Riding of Yorkshire        | 8,889  | 1,640                                  |
| North East Lincolnshire         | 1,606  | 1,479                                  |
| North Lincolnshire              | 3,702  | 1,159                                  |
| York                            | 1,827  | 1,570                                  |
| North Yorkshire                 | 23,858   | 3,023                                  |
| Sheffield City Region CA        | 10,113   | 8,428                                  |
| Barnsley                        | 3,054  |  |
| Doncaster                       | 4,064  |  |
| Rotherham                       | 2,995  |  |
| Sheffield                       | Highways maintenance for this authority is provided through a Highways Maintenance PFI |  |
| West Yorkshire CA               | 23,507   | 13,104                                 |
| Bradford                        | 4,972  |  |
| Calderdale                      | 3,171  |  |
| Kirklees                        | 4,921  |  |
| Leeds                           | 7,001  |  |
| Wakefield                       | 3,441  |  |

## East of England

### Local Highways Maintenance

The allocations we are providing in financial year 2018/19 to local highway authorities in the East of England for repairing the local road network are listed below.

We also allocated over £6.9 million to the Pothole Action Fund (PAF) for the East of England, enough to fix around 139,000 potholes in 2018/19, or stop them forming in the first place. This funding is in addition to the £99.4 million we committed in 2018/19 to help repair our local highways.

A breakdown is as follows:

| £k                               | Highway Maintenance Block needs element | £420 million (Budget 2018) | Highway Maintenance Block incentive element | Pothole Action Fund | Integrated Transport Block | Total          |
|----------------------------------|---|----------------------------|---|---------------------|----------------------------|----------------|
| <b>East of England</b>           | <b>99,374</b>                           | <b>54,745</b>              | <b>20,710</b>                               | <b>6,943</b>        | <b>29,174</b>              | <b>210,946</b> |
| Cambridgeshire & Peterborough CA | 14,862                                  |                            | 3,120                                       | 996                 | 4,597                      | 31,762         |
| Cambridgeshire                   | 12,076                                  | 6,653                      | 2,535                                       | 825                 | -                          | 22,089         |
| Peterborough                     | 2,786                                   | 1,535                      | 585   | 171                 | -                          | 5,077          |
| Luton                            | 1,101                                   | 606                        | 231   | 67                  | 1,457                      | 3,462          |
| Southend-on-Sea                  | 1,121                                   | 617                        | 235   | 73                  | 1,401                      | 3,447          |
| Thurrock                         | 1,604                                   | 884                        | 337   | 109                 | 971                        | 3,905          |
| Bedford                          | 2,402                                   | 1,324                      | 354   | 157                 | 1,153                      | 5,390          |
| Central Bedfordshire             | 3,586                                   | 1,976                      | 753   | 254                 | 1,365                      | 7,934          |
| Essex                            | 19,774                                  | 10,894                     | 4,151                                       | 1,335               | 6,275                      | 42,429         |
| Hertfordshire                    | 14,327                                  | 7,892                      | 3,007                                       | 924                 | 4,568                      | 30,718         |
| Norfolk                          | 23,043                                  | 12,694                     | 4,837                                       | 1,769               | 4,141                      | 46,484         |
| Suffolk                          | 17,553                                  | 9,670                      | 3,685                                       | 1,259               | 3,246                      | 35,413         |

We are also confirming funding allocations for the financial year 19/20 to local highways authorities in the East of England.

The breakdown is as follows:

|                                  | <b>Highways<br/>Maintenance needs<br/>formula allocation (£k)</b> | <b>Integrated<br/>Transport Block<br/>(£k)</b> |
|----------------------------------|---|--|
| <b>East of England</b>           | <b>99,374</b>   | <b>29,174</b>                                  |
| Cambridgeshire & Peterborough CA | 14,862  | 4,597  |
| Cambridgeshire                   | 12,076  |  |
| Peterborough                     | 2,786   |  |
| Luton                            | 1,101   | 1,457  |
| Southend-on-Sea                  | 1,121   | 1,401  |
| Thurrock                         | 1,604   | 971  |
| Bedford                          | 2,402   | 1,153  |
| Central Bedfordshire             | 3,586   | 1,365  |
| Essex                            | 19,774  | 6,275  |
| Hertfordshire                    | 14,327  | 4,568  |
| Norfolk                          | 23,043  | 4,141  |
| Suffolk                          | 17,553  | 3,246  |

## South West

### Local Highways Maintenance

The allocations we are providing in financial year 2018/19 to local highway authorities in the South West for repairing the local road network are listed below.

We also allocated over £8.9 million to the Pothole Action Fund (PAF) for the South West, enough to fix around 178,000 potholes in 2018/19, or stop them forming in the first place. This funding is in addition to the £130.5 million we committed in 2018/19 to help repair our local highways.

A breakdown is as follows:

| £k                    | Highway Maintenance Block needs element | £420 million (Budget 2018) | Highway Maintenance Block incentive element | Pothole Action Fund | Integrated Transport Block | Total          |
|-----------------------|---|----------------------------|---|---------------------|----------------------------|----------------|
| <b>South West</b>     | <b>130,545</b>                          | <b>71,917</b>              | <b>27,356</b>                               | <b>8,910</b>        | <b>30,546</b>              | <b>269,274</b> |
| West of England CA    | 10,254                                  |                            | 2,135                                       | 636                 | 5,183                      | 23,857         |
| Bath and North East   | 3,034                                   | 1,671                      | 632   | 195                 | -                          | 5,532          |
| Somerset              |   |                            |   |                     |                            |                |
| Bristol, City of      | 3,132                                   | 1,725                      | 652   | 184                 | -                          | 5,693          |
| South Gloucestershire | 4,088                                   | 2,252                      | 851   | 256                 | -                          | 7,447          |
| North Somerset        | 3,229                                   | 1,779                      | 678   | 197                 | 972                        | 6,855          |
| Plymouth              | 1,871                                   | 1,031                      | 393   | 117                 | 1,944                      | 5,356          |
| Torbay                | 1,174                                   | 646                        | 246   | 84                  | 1,063                      | 3,213          |
| Bournemouth           | 1,169                                   | 644                        | 245   | 81                  | 1,731                      | 3,870          |
| Poole                 | 1,288                                   | 709                        | 270   | 89                  | 1,230                      | 3,586          |
| Swindon               | 2,253                                   | 1,241                      | 473   | 139                 | 1,378                      | 5,484          |
| Cornwall              | 18,254                                  | 10,056                     | 3,802                                       | 1,319               | 4,105                      | 37,536         |
| Isles of Scilly       | -                                       | -                          | -   | -                   | -                          | -              |
| Wiltshire             | 13,357                                  | 7,358                      | 2,804                                       | 929                 | 2,181                      | 26,629         |
| Devon                 | 34,042                                  | 18,754                     | 7,146                                       | 2,280               | 3,601                      | 65,823         |
| Dorset                | 11,191                                  | 6,165                      | 2,349                                       | 764                 | 2,088                      | 22,557         |
| Gloucestershire       | 14,350                                  | 7,905                      | 3,012                                       | 1,025               | 2,861                      | 29,153         |
| Somerset              | 18,116                                  | 9,980                      | 3,803                                       | 1,250               | 2,209                      | 35,358         |

West of England Combined Authority comprises Bath and North East Somerset, Bristol and South Gloucestershire. Maintenance and Integrated Transport Block funding to the Combined Authority and Cornwall is provided from business rate retention.

The Department does not regard the Isles of Scilly as a highway authority and therefore the council does not receive local highways maintenance capital block funding allocations.

We are also confirming funding allocations for the financial year 19/20 to local highways authorities in the South West.

The breakdown is as follows:

|                              | <b>Highways<br/>Maintenance needs<br/>formula allocation (£k)</b>   | <b>Integrated<br/>Transport Block<br/>(£k)</b> |
|------------------------------|---|--|
| <b>South West</b>            | <b>130,545</b>  | <b>30,546</b>                                  |
| West of England CA           | 10,254  | 5,183  |
| Bath and North East Somerset | 3,034   |  |
| Bristol, City of             | 3,132   |  |
| South Gloucestershire        | 4,088   |  |
| North Somerset               | 3,229   | 972  |
| Plymouth                     | 1,871   | 1,944  |
| Torbay                       | 1,174   | 1,063  |
| Bournemouth                  | 1,169   | 1,731  |
| Poole                        | 1,288   | 1,230  |
| Swindon                      | 2,253   | 1,378  |
| Cornwall                     | 18,254  | 4,105  |
| Isles of Scilly              | Isles of Scilly – The Department does not recognise the Isles of Scilly as a highway authority and therefore the council does not receive local highways maintenance capital block funding allocations. |  |
| Wiltshire                    | 13,357  | 2,181  |
| Devon                        | 34,042  | 3,601  |
| Dorset                       | 11,191  | 2,088  |
| Gloucestershire              | 14,350  | 2,861  |
| Somerset                     | 18,116  | 2,209  |



## London

### Local Highways Maintenance

The allocations we are providing in financial year 2018/19 to local highway authorities in London for repairing the local road network. In general, funding for London is provided from other routes. A breakdown is as follows:

| <b>£k</b>              | <b>£420m (Budget 2018)<sup>1</sup></b> |
|------------------------|--|
| Camden                 | 328,000                                |
| City of London         | 91,000                                 |
| Hackney                | 320,000                                |
| Hammersmith and Fulham | 274,000                                |
| Haringey               | 466,000                                |
| Islington              | 295,000                                |
| Kensington and Chelsea | 230,000                                |
| Lambeth                | 462,000                                |
| Lewisham               | 504,000                                |
| Newham                 | 425,000                                |
| Southwark              | 558,000                                |
| Tower Hamlets          | 539,000                                |
| Wandsworth             | 362,000                                |
| Westminster            | 520,000                                |
| Barking and Dagenham   | 420,000                                |
| Barnet                 | 690,000                                |
| Bexley                 | 703,000                                |
| Brent                  | 661,000                                |
| Bromley                | 1,117,000                              |
| Croydon                | 956,000                                |
| Ealing                 | 556,000                                |
| Enfield                | 778,000                                |
| Greenwich              | 686,000                                |
| Harrow                 | 509,000                                |
| Havering               | 895,000                                |
| Hillingdon             | 919,000                                |
| Hounslow <sup>2</sup>  | -                                      |
| Kingston upon Thames   | 396,000                                |
| Merton                 | 489,000                                |
| Redbridge              | 550,000                                |
| Richmond upon Thames   | 553,000                                |
| Sutton                 | 474,000                                |
| Waltham Forest         | 534,000                                |
| Transport for London   | 2,740,000                              |

Note 1: £20m has been allocated to London, which has then been allocated to individual boroughs and TfL using 2015 road lengths.

Note 2: Highways maintenance for the London Borough of Hounslow is provided through a Highways Maintenance PFI.

# Decision Pathway – Report

**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|   |   |  |  |
|---|---|--|--|
| <b>TITLE</b>  | <b>Business Planning Update: the Bristol Waste Company Ltd 2019/20 – 2021/22.</b> |  |  |
| <b>Ward(s)</b>  | All.  |  |  |
| <b>Author:</b> David Lawrence   | <b>Job title:</b> Interim Shareholder Liaison Director                            |  |  |
| <b>Cabinet lead:</b> Cllr Cheney  | <b>Executive Director lead:</b> Executive Director Resources                      |  |  |
| <b>Proposal origin:</b> <i>Councillor</i>   |   |  |  |
| <b>Decision maker:</b> Cabinet Member<br><b>Decision forum:</b> <i>Cabinet</i>  |   |  |  |
| <b>Purpose of Report:</b><br><br>The purpose of this report is to recommend for approval the business plans of Bristol Waste Company Ltd.   |   |  |  |
| <b>Evidence Base:</b> It is intended that the Mayor will make most decisions concerning the executive’s role in respect of company interests at meetings of the Shareholder Group. The approval of business plans is an annual process, which sets the direction for the future of the company. Since this is key decision, this decision will be made at Cabinet.  |   |  |  |
| <b>Cabinet Member / Officer Recommendations:</b><br><br>1. That the business plan of the Bristol Waste Company Limited (company number 09472624) be approved. (Attached as Appendix A2; and Exempt Appendix J1 and J2)  |   |  |  |
| <b>Corporate Strategy alignment:</b> Bristol Wastes business plan aligns with the key theme of wellbeing, to create improve the environment to ensure people enjoy cleaner streets, and moving towards a more ‘circular economy’, where goods and materials are reused and recycled rather than discarded as waste can also help contribute to protecting both our economy and our environment, with positive wellbeing outcomes. |   |  |  |
| <b>City Benefits:</b><br>Benefits for the city include added value that BWC can make to the city, working collaboratively with residents, business customers, partners and the council to encourage behaviour change, and increase recycling and re-use and help to make the city measurably cleaner, in public areas and business districts.   |   |  |  |
| <b>Consultation Details:</b> Bristol Waste Company Board and Shareholder Group – September- November 2018, BCC Waste Client group – including Waste, Parks, Highways etc. – 12th November. OSMB – 27th November 2019. Resources EDM – 21st November 2018. Cabinet – 22nd January 2019.  |   |  |  |

|  |   |   |   |
|--|---|---|---|
| <b>Revenue Cost</b>                          | See appendix  | <b>Source of Revenue Funding</b>                | See appendix  |
| <b>Capital Cost</b>                          | See appendix  | <b>Source of Capital Funding</b>                | See appendix  |
| <b>One off cost</b> <input type="checkbox"/> | <b>Ongoing cost</b> <input checked="" type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input checked="" type="checkbox"/> |

|   |
|---|
| <b>Required information to be completed by Financial/Legal/ICT/ HR partners:</b>                  |
| <p><b>1. Finance Advice:</b><br/>Please note full financial commentary in exempt appendix J3.</p> |

1. The tables in the financial appendices summarises the BWC's business plan projections which includes assumption regarding investments in specific projects/ business as usual activities stated in the plan.
2. Inflationary assumptions are consistent with the blended rate under the Councils' Medium Term Financial Plan (MTFP).
3. There are a number of key changes in assumptions under the revised business plan which underpins the changes in forecast business profitably over the next 5 years. These include Recycling income assumptions, Commercial revenue and reorganisation of service delivery.
4. The business plan includes a list of planned capital and revenue investments and their funding options for consideration. Some of which require separate Cabinet approval subject to robust business cases justifying for the investment outlay and funding streams, e.g. Vehicle replacement programme and the Hartcliffe new HWRC investment.
5. As per the requirement for a Local Authority Traded Teckal Company, BWC is required to separately identify and report on costs and profitability for Teckal and Non-Teckal activities.
6. Further risks identified in the business plan include market trend on recycling income, potential impact of Brexit and potential delays in new fleet delivery.

**Finance Business Partner:** Tian Ze Hao, Finance Business Partner, 02 January 2019

**2. Legal Advice:**

Approval of the company business plans is a reserved matter and will require Shareholder approval. In addition if the Company is seeking approval on any reserved matter by way of approval of the business plan, these should be identified explicitly in the plan.

Insofar as any Business Plan requires a commitment from the Council which would comprise a key decision, (eg investment above £500k) then this requires separate approval by Cabinet.

As before, it is also important that any support for the companies continues to comply with state aid requirements.

**Legal Team Leader:** Eric Andrews, Team Leader, Legal Services 15/11/18

**Implications on ICT:**

IT services notes the reference to use of new technologies by BWC. The key element here, from a BCC perspective is to ensure that, where appropriate, opportunities for integration or business alignment are taken. In all other regards, BWC is a stand-alone organisation with its own IT operations, so there are no IT implications.

**ICT Team Leader:** Ian Gale, ICT Services Manager 15/11/18

**4. HR Advice:** The Business Plan clearly sets out the workforce issues facing the company and the action that will be taken to address those challenges. The plan also highlights that the company has adopted the council's values and behaviours. This highlights the company's commitment to work collaboratively with the City Council. The Councils HR team is working closely with the company on a number of projects and will continue to do so moving forward.

**HR Partner:** Mark Williams, Head of HR 11/12/2018

|  |  |                                |
|--|--|--------------------------------|
| <b>EDM Sign-off</b>                                | Mike Jackson                           | 21 <sup>st</sup> November 2018 |
| <b>Cabinet Member sign-off</b>                     | Councillor Cheney at Shareholder Group | 6 <sup>th</sup> December 2018  |
| <b>CLB Sign-off</b>                                | Mike Jackson                           | 11 <sup>th</sup> December 2018 |
| <b>For Key Decisions - Mayor's Office sign-off</b> | Mayors Office                          | 21 <sup>st</sup> December 2018 |

|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b><br><ul style="list-style-type: none"> <li>- A1. Business Planning Update: the Bristol Waste Company Ltd 2019/20 – 2021/22</li> <li>- A2. Bristol Waste Company Business Plan 2019/20 - 2021/22</li> </ul> | <b>YES</b> |
| <b>Appendix B – Details of consultation carried out - internal and external</b>   | <b>YES</b> |
| <b>Appendix C – Summary of any engagement with scrutiny</b>   | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>   | <b>NO</b>  |

|  |                        |
|--|------------------------|
|  |                        |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>   | <b>YES</b>             |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b><br>-   | <b>YES</b>             |
| <b>Appendix G – Financial Advice</b> <i>(See exempt section below)</i>   | <b>NO</b>              |
| <b>Appendix H – Legal Advice</b>   | <b>NO</b>              |
| <b>Appendix I – Combined Background papers</b>   | Please list each paper |
| <b>Appendix J – Exempt Information</b><br>- J1. EXEMPT Bristol Waste Exempt Business Plan 2019/20 - 2021/22 (unredacted)<br>- J2. EXMEPT Bristol Waste Exempt Business Plan Supplementary financial information<br>- J3. EXEMPT Financial commentary | <b>YES</b>             |
| <b>Appendix K – HR advice</b>  | <b>NO</b>              |
| <b>Appendix L – ICT</b>  | <b>NO</b>              |

## Appendix A1.

**Title: Business Planning Update: the Bristol Waste Company Ltd 2019/20 – 2021/22**

**Author: David Lawrence**

**Job title: Interim Shareholder Liaison Director**

**Cabinet lead: Cllr Craig Cheney**

**Director lead: Denise Murray, Director of Finance**

### Background:

1. The Bristol Waste Company (BWC) was established via a detailed business case which resulted in the Cabinet decision of 11<sup>th</sup> June 2015.
2. The process of governing the companies is principally with the Mayor making “reserved matter” decisions as the shareholder, following advice from the Shareholder Group. The approval of the BWC business plan is an annual process, and a critical decision which is reserved to the Mayor which sets the direction for the future of the company.

### Business Plan 2019/20 – 2021/22 - Bristol Waste Company Limited

3. The Bristol Waste Company Limited exists predominantly to fulfil functions required of it by the Council under an agreement for services, where less than 20% of its activities are to trade or to provide commercial services with other organisations or the public (what is known as a Teckal company).
4. On the 11th August 2016, a Cabinet decision was made which agreed to grant Bristol Waste Company a contract to deliver an integrated waste service, including street cleansing and winter maintenance for a period of 10 years.
5. An updated detailed business plan for Bristol Waste Company Limited has been submitted for approval and is attached as Appendix A2 and Exempt Appendix J1 and J2. Exempt financial commentary is provided at Exempt Appendix J3.

### Other options considered:

6. Do nothing: The Council has a responsibility as sole shareholder of the Bristol Waste Company to monitor and evaluate the operational and trading performance of the company and ensure alignment of funding with the medium term financial plan. As well as this, BWC is required to present and request approval from Cabinet to their business plans.
7. Winding up Bristol Waste Company: The company benefits from Teckal exemption use of which is complex and can be subject to challenge. Therefore the council and the company must ensure that the company is within the Teckal parameters and satisfy the two key Teckal compliant tests:
  - a. the control test: The local authority must control all of the shares in the company and must also exercise effective day-to-day control over its affairs; in other words, the same as the relationship between the council and one of its internal directorates. This can be achieved through the governance structure.
  - b. the functional test: The company must be “inwardly and not outwardly focused”. 80% rule – that is, over 80% (calculated based on three years) of its turnover – must be for its public sector owners. Any contracts with other public sector bodies or private sector entities will not benefit from the Teckal exemption and the company will have to tender in the ordinary way for such contracts in accordance with any applicable procurement legislation.
8. Diversifying activities - If the company has diversified its activities and more than the 20% of its (three

year) turnover relates to trading activity beyond the Council as its public sector owner then the exemption will not be available and the company will need to bid in competition for the renewal of the core waste contract. It should be noted that there is no guarantee that the company would succeed in winning the contract. If that core contract remains critical to the stability of the company's financial position, then failure to win the contract may mean the trading company ceases to be viable.

9. The company's latest business plan indicates Teckal compliance; and in particular credible activity which shows 1 – 3 year revenue projections that satisfy the 'function' test as outlined above.
10. The Business plan shows there is operating value (derived from managing the Council's waste horizons) to be achieved by the Council if it continues to trade. The refreshed business plan explains the company's commercial strategy, and assumptions on which its business plan is built.

-ENDS-

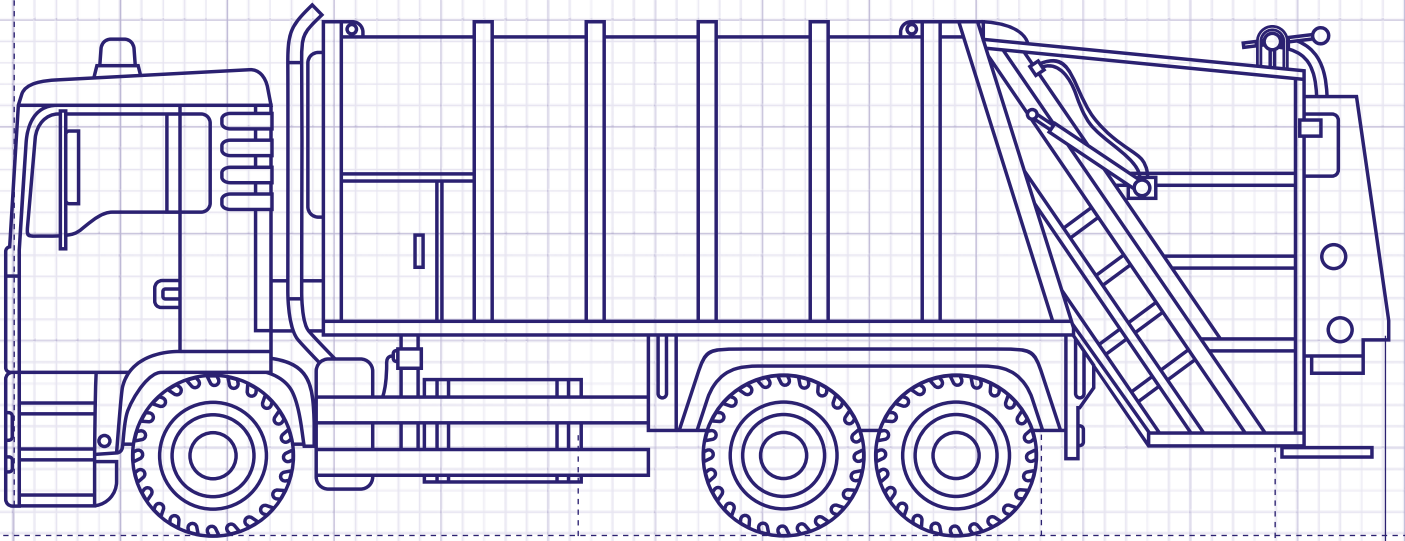
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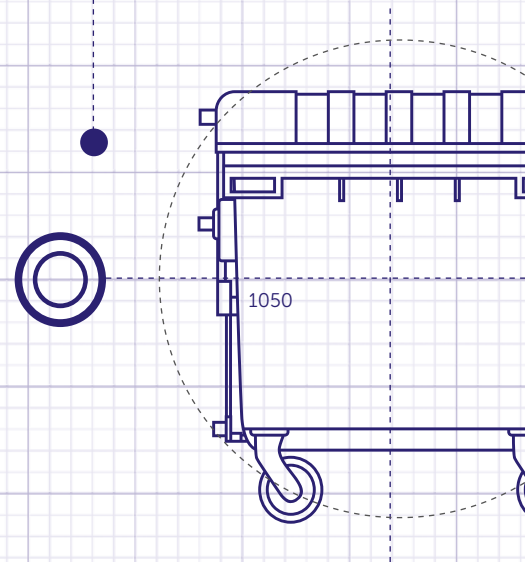
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## Business Plan 2019-20

Our 3 Year  
Business Blueprint  
For The Future...





## **Business Plan 2019-20**

Our 3 year  
Business Blueprint  
for the Future...

# Business Plan on a Page...

| Business Overview  |   |   |  |
|--|---|---|--|
| <ul style="list-style-type: none"> <li>Bristol Waste is a Teckal company wholly <b>owned by Bristol City Council</b></li> <li>The <b>company is responsible</b> for waste collection, street cleaning and waste recycling</li> <li>We employ over <b>550 local people</b> who carry out over 17 million scheduled collections to over <b>196,000 households in the Bristol area</b></li> </ul> |   | <ul style="list-style-type: none"> <li>We clean over <b>800 miles of streets</b> and footpaths and carry out over 180,000 ad-hoc requests annually</li> <li>We collect over <b>140,000 tonnes of waste</b> of which <b>53,000 tonnes is sent for composting or recycling.</b></li> </ul>  |  |
| Financials Blueprint (£k)  | 2019/20 (k)   | 2020/21 (k)   | 2021/22 (k)  |
| Revenue:   | 42,062  | 45,113  | 49,204   |
| Surplus:   | 339   | 658   | 1035   |
| Financials 10 year plan (£k)   | Comparator  |   |  |
| Revenue (10 year plan):  | 41,329  | 42,460  | 43,642   |
| Surplus:   | 732   | 520   | 606  |
| Headcount projection:  | 588   | 578   | 568  |
| Skill mix:   | <ul style="list-style-type: none"> <li>Operational management and delivery of refuse collections, street cleaning and household waste recycling centres</li> </ul>  |   | <ul style="list-style-type: none"> <li>Management and operation of over 220 fleet vehicles including maintenance support and drivers</li> <li>Environmental and change management</li> </ul>   |
| Service offering:  | <ul style="list-style-type: none"> <li>Domestic and commercial waste collections</li> <li>Run and manage Bristol's household waste recycling centres</li> <li>Street cleansing and graffiti removal services</li> </ul>   |   | <ul style="list-style-type: none"> <li>Community engagement including reuse &amp; repair advice</li> <li>Winter road maintenance</li> </ul>  |
| Market segments (key customers):   | <ul style="list-style-type: none"> <li>Bristol City Council</li> <li>Bristol Residents (Inc. students, transient workforce, landlords, community groups, tourists)</li> </ul>   |   | <ul style="list-style-type: none"> <li>SME local/independent businesses and organisations</li> <li>National organisations with a local presence</li> </ul>   |
| Market forces:   | <ul style="list-style-type: none"> <li>The UK's waste management industry has a total annual turnover of £9 billion. There are 70,000 people employed in the sector across 3,000 companies.</li> <li>Landfill in the UK is in steep structural decline and the build out of alternative waste treatment infrastructure is progressing at pace.</li> </ul> |   | <ul style="list-style-type: none"> <li>Depressed prices for recycling material and the devaluation of the pound have increased margin pressure in the industry and the market environment remains challenging.</li> <li>Brexit could make life tougher for waste exporters as exporting (currently free) could incur up to 7.5% EU tariff and the medium-term policy outlook remains uncertain.</li> </ul> |
| Business Environment Analysis  |   |   |  |
| Social   | Technological   | Economic  | Political / Legal  |
| <ul style="list-style-type: none"> <li>Renewed public focus on waste and chance for real change (triggered by Blue Planet etc)</li> <li>Political and social agenda against single use plastics</li> <li>Population growth of Bristol</li> </ul>   | <ul style="list-style-type: none"> <li>Developments such as a new fleet, smart waste technology, data capture</li> <li>On board cameras support Bristol One City Plan</li> <li>New separation technologies</li> </ul>   | <ul style="list-style-type: none"> <li>It's estimated that the UK requires £8 billion of investment to meet the 2020 landfill diversion targets.</li> <li>Re-cyclate rates are set by the requirement of overseas countries which can have a dramatic effect on income</li> </ul>   | <ul style="list-style-type: none"> <li>Changing global landscape re: legislation (China, Indonesia, Thailand)</li> <li>The EU landfill directive requires the UK to: reduce landfill municipal waste by 65% of 1995 levels by 2020</li> <li>Recycle compost or reuse 50% of household waste</li> </ul>   |
| <b>Business Objectives:</b> <ul style="list-style-type: none"> <li>Deliver a cost-effective professional service in support of BCC our shareholders and residents</li> <li>Ensure safe working practices are ingrained in the business to protect our staff and remain totally legal and compliant</li> <li>To deliver a successful and growing commercial enterprise</li> </ul>               |   | <b>Strategies:</b> <ul style="list-style-type: none"> <li>Internal cultural change – investment in employee training and development and restructure/refocus the whole business</li> <li>Behaviour change campaigns to reduce residual waste production and increase recycling incorporating smart waste projects</li> <li>Finalise Avonmouth HWRC and develop third HWRC</li> <li>Implement effective marketing and lead generation campaigns to support commercial growth objectives</li> </ul> |  |
| Action Plan  |   |   |  |
| <b>Actions:</b> <ul style="list-style-type: none"> <li>Business restructure</li> <li>One City Plan</li> <li>Fleet replacement</li> <li>Avonmouth re-use and HWRC redevelopment</li> <li>Hartcliffe redevelopment including 3rd re-use and HWRC</li> <li>Remuneration package</li> <li>Re-mobilise and re-launch commercial business stream</li> </ul>  |   | <b>Who:</b> <ul style="list-style-type: none"> <li>SLT</li> <li>SLT/All</li> <li>SLT/Fleet</li> <li>SLT/BCC</li> <li>BCC/SLT</li> <li>SLT</li> <li>SLT</li> </ul>   | <b>Milestone:</b> <ul style="list-style-type: none"> <li>Q4 2018 - 2019</li> <li>On-going</li> <li>Q4 2018 - 2019</li> <li>Q3 2019 - 2020</li> <li>Q2 2019 - 2020</li> <li>Q2 2019 - 2020</li> <li>Q4 2018 - 2019</li> </ul>   |

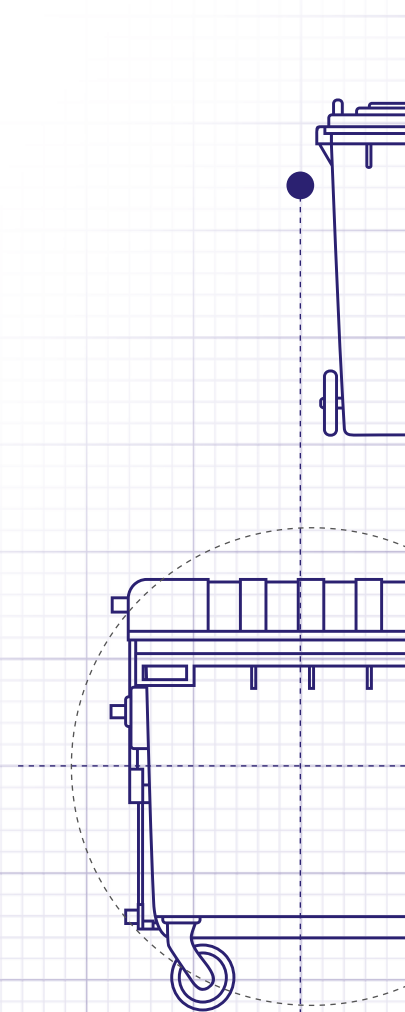


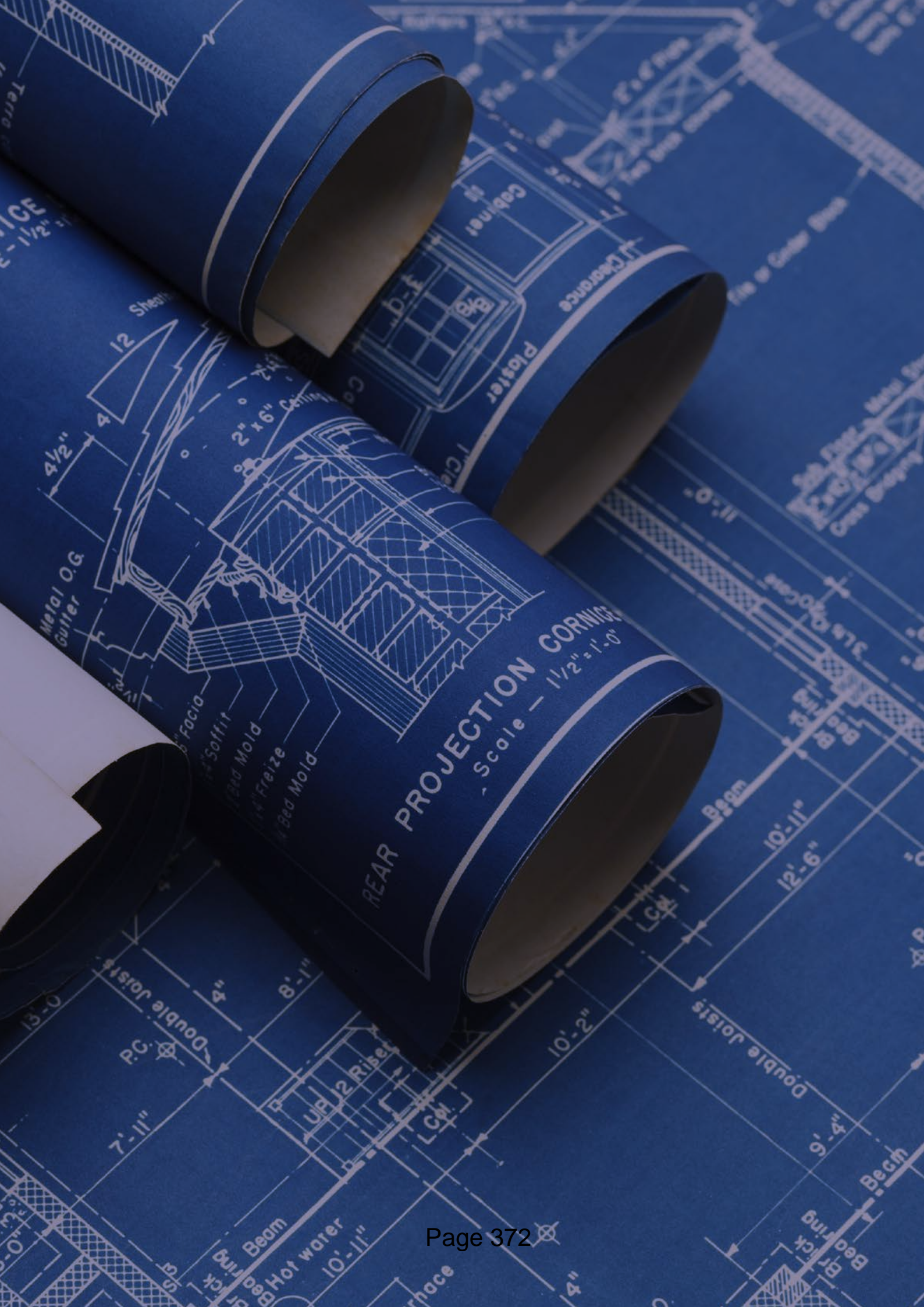
## Contents

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- Section 1** Our Statement of Commitment
- Section 2** Re-enforcing Our Purpose
- Section 3** Delivering the Service
- Section 4** Our Plan of Action
- Section 5** Our Critical Success Factor (CSF) Dashboard

| DOCUMENT CONTROL   |                                     |
|--|-------------------------------------|
| <b>Issue No:</b> 1   | <b>Date:</b> 31 October 2018        |
| <b>Document Title:</b><br>Business Plan Blueprint 2019-20  | <b>Prepared For:</b><br>Shareholder |
| <b>Contact:</b><br>The Bristol Waste Company<br>Tony Lawless, Managing Director<br>Bristol Waste Company, Albert Road, Bristol, BS2 0XS<br><b>Tel:</b> 01173 049 580   <b>Mob:</b> 07825 007 726<br><b>Email:</b> tony.lawless@bristolwastecompany.co.uk |                                     |
| BUSINESS PLAN BLUEPRINT  |                                     |



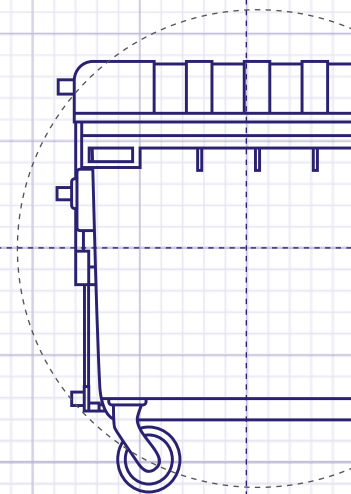


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# Section 1

## Our Statement of Commitment

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## Section 1 - Our Statement of Commitment

The next three years will see the fruition of a number of major initiatives in which an enormous investment of time, finance and intellect has been made. The alignment of capacity to meet increasing customer demand, the second and third phases of exposing all activities to commercial competition, a comprehensive customer care package, the launch of our learning academy, the development of major new facilities and the implementation of a new vehicle fleet with modern real time ITC based systems, to identify only a few.

This plan doesn't dwell on the significant achievements that have been made by Bristol Waste so far; that have been presented at our AGM earlier in the year. This document presents the changes and action plans required to deliver our vision looking forward over the next 3 year horizon – Our Business Blueprint for the future.

Many of the changes will be challenging and difficult; many will appear to verge on the impossible. The ensuing benefits will have been hard won but, over the next three years, the pay-back will be evident to residents, customers, suppliers, our people and our shareholder alike. There will be demonstrable value for money, delivering enhanced services whilst requiring a supportive contribution from our shareholder. Rewards for excellence and efficiency will become a practical proposition and the quality of service will continue measurably to improve. Consistent and sustainable leadership is now a fundamental requirement to realise the our 3 year business blueprint and 2018 has been pivotal in establishing this. With the on-going commitment and patience of our shareholder, the foundations are now in place to forge ahead.



We will never be in a position to relax. That is not the nature of Bristol Waste. Nor should it be when we are seeking continuous improvement and rising to the challenge of developing a competitive commercial enterprise.

There will be a need to provide a comprehensive, professional and reliable integrated services and waste management for the communities of Bristol. The strategies set out in this Business Blueprint will see Bristol Waste climbing the steps to achieve its vision as the preferred service partner for Bristol.

Every single member of the Bristol Waste team will work hard to make this a reality.

### *On behalf of the Bristol Waste Team...*

*Tony Lawless*  
Managing Director

*Jason Eldridge*  
Service Delivery

*Karen Stephens*  
People Services

*Chris Hawkins*  
Business Services

*Tom Spaul*  
Chairman

*Ritchie Brislen*  
SHEQ

*Frank Rodriguez*  
Non-executive Director

## Meet The Leadership Team...



**Tony Lawless**  
Managing Director



**Tom Spaul**  
Chairman



**Jason Eldridge**  
Service Delivery



**Ritchie Brislen**  
SHEQ



**Karen Stephens**  
People Services



**Frank Rodriguez**  
Non-executive Director



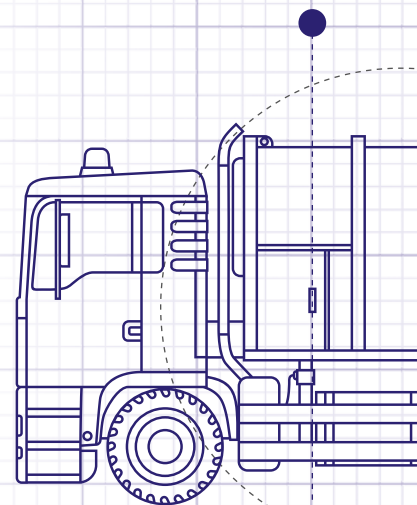
**Chris Hawkins**  
Business Services



**Bristol Waste**  
Leadership Team



**"The strategies set out in this Business Blueprint will see Bristol Waste climbing the steps to achieve its vision as the preferred service partner for Bristol."**



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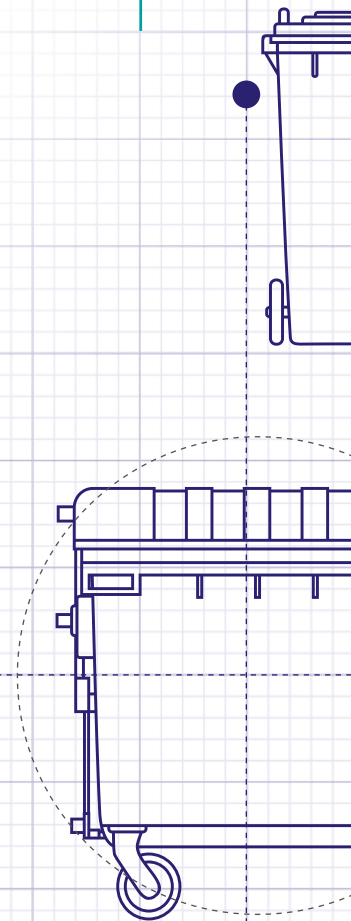




## Section 2

# Re-enforcing Our Purpose

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## Section 2 - Re-enforcing Our Purpose



### Our Purpose Statement:

The purpose of the Bristol Waste Company is to deliver Integrated Waste Management and Services to the Bristol region that are considered to be **Best-in-Class...**

### Our Purpose

We must remind ourselves that, ultimately, we are a service business focused on delivering customer satisfaction.

During the next 12 months we will re-enforce the alignment with our shareholder and absorb a common vision, themes, principles and values.

### Our Values & Behaviours

Over the next 12 months we intend to re-align our Values and Behaviours with our Shareholder:

- We are **Dedicated**: We strive to make a difference
- We are **Curious**: We ask questions and explore possibilities
- We show **Respect**: We treat each other fairly
- We take **Ownership**: We accept personal accountability
- We are **Collaborative**: We come together to reach shared goals
- We work **Safely**: We will embrace a culture of working together safely at all times.

### Our Principles

We also aim to re-align our Principles:

- We **develop people and places** to improve outcomes
- **Maximise opportunities** to work with partners and stakeholders
- Focus on **planned long term goals**, prioritising early intervention
- **Build resilience**, improving our ability to cope with environmental, economic or social "shocks and stresses"
- **Plan inclusively** with everyone in mind
- Contribute to safe communities, working practice and a **prioritised SHEQ** led approach
- **Use our assets wisely**, generating a social and/or a financial return; **Profit with Purpose.**



## Our Themes

To fulfil our purpose, we will re-align our activities with the following themes:

- **Empowering and Caring:** Work to empower communities and individuals.
- **Fair and Inclusive:** Improve economic and social equality, pursuing growth that involves everyone and making sure that our people have access to good quality learning, decent jobs and balanced reward and recognition.
- **Well Connected:** Take bold and innovative steps to help make Bristol a joined-up city. Engaging communities to support a leading waste management approach.
- **Wellbeing:** To support healthier and more resilient communities where a good quality of life is not determined by wealth or background.

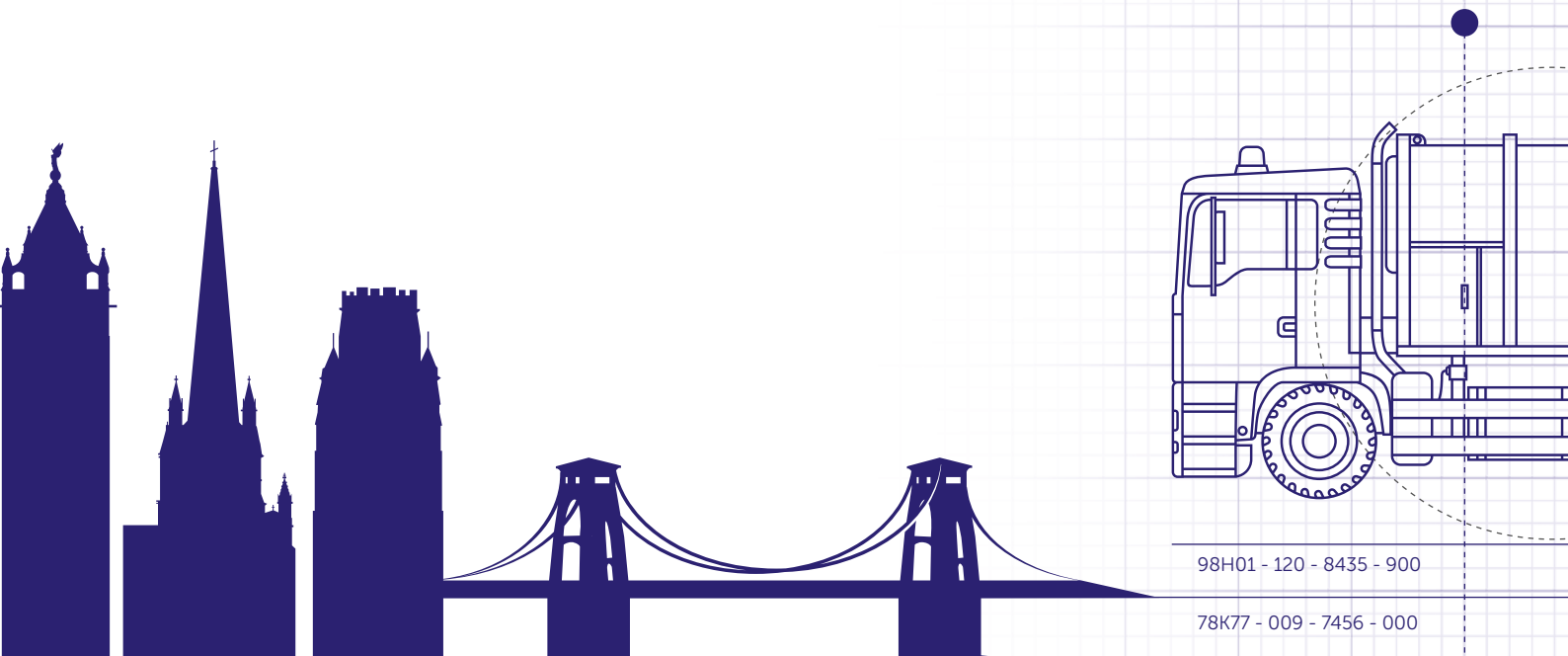
## A One City Vision and Plan

Bristol Waste fully supports the Vision of playing a leading role in driving a city of hope and aspiration where everyone can share in its success.

In our Business Blueprint, we emphasise the added value that BWC can create for the City and the contribution that we can make to the development of the **One City Plan**, particularly when working collaboratively with our customers, people, partners and shareholder. Dealing with waste responsibly and effectively is a fundamental component of a successful city, not just the high-profile city centre and business districts but, across the whole city and all its diverse communities. We have the aspirations to deliver more than just traditional waste services. The strategies and action plans contained in our Business Blueprint aim to create genuine social value, along with long-term sustainable success in changing attitudes to waste, whilst delivering the financial benefits, that will allow a re-direction of surplus into other positive investments that will help the city to flourish.



**“In our Business Blueprint, we emphasise the added value that BWC can create for the City and the contribution that we can make to the development of the One City Plan, particularly when working collaboratively with our customers, people, partners and shareholder.”**



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## Section 2 - Re-enforcing Our Purpose



“To be the preferred integrated service and waste management partner for the residential and business communities of the Bristol region and its strategic programmes such as City Leap”

### City Leap Programme

#### Our desire to actively participate and collaborate

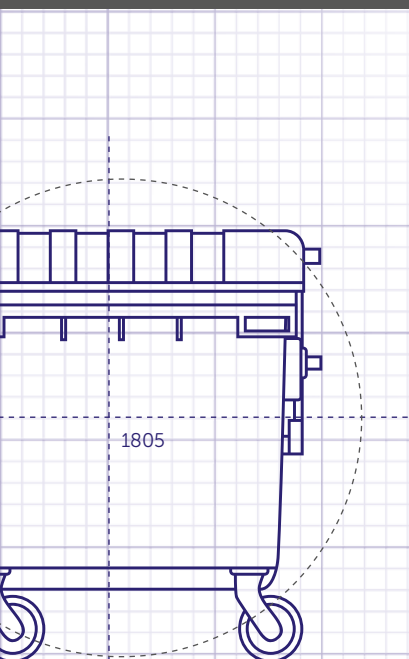
Bristol is leading by example in taking action on climate change and is now moving forwards with the innovative City Leap programme. This will build on what has already been achieved in delivering sustainable energy and infrastructure to the region. The prospectus for this programme is seeking strong long-term partnerships that will help to create jobs for local people, maintain our economic competitiveness, de-carbonise the city and empower local people to shape their futures. Bristol Waste Company see this as an opportunity to be at the heart of delivering something that is truly transformative. We have the vision and the energy to join the architects of establishing Bristol’s sustainable future. Our ambition looks forward to actively participating and collaborating with partners of all sizes and sectors to achieve the City Leap aspirations. We would welcome advice, guidance and support from our shareholder / BCC in enabling us to deliver this ambition.

### Our Strategy

**“To be the preferred integrated service and waste management partner for the residential and business communities of the Bristol region and its strategic programmes such as City Leap.”**

The prime role of the Bristol Waste Company is to deliver a first-rate and flexible integrated service and waste management solution to the residential and business communities of the Bristol region and, its emerging strategic programmes such as City Leap. The service must satisfy the requirements of our customers in all situations from routine services through to recycling and must offer good quality, safety and value for money. Our Business Blueprint is underpinned by several key strategies, which provides overall direction for the business. From these strategies our action plan and **Strategic Route-map** (provided later in this document) have been derived:

- To sustain a position as the preferred supplier of integrated service and waste management to the residential and business communities of Bristol
- To stimulate enterprise growth and expose the operations to commercial business development and competition in the marketplace
- To become totally “customer service” oriented by providing a service that meets agreed service levels at best-value-for-money; supported by an effective and diligent procurement strategy
- To develop and maintain a comprehensive and innovative range of service products that complements our customers business plans, the One City Plan and the City Leap initiative.
- To improve continuously the efficiency, resilience and effectiveness of our operations
- To support our people through 1st class skills development at every level, the provision of equipment, infrastructure and facilities that enable efficient delivery of services now and into the future
- To develop and deliver a sustainable SHEQ led approach that protects our people, customers and shareholder interests.



## Our Social Connection

We consider BWC to be in a significant position of trust, one where we can make a considerable contribution towards supporting the social agenda for our shareholder.

Our new blueprint places a firm stake in the ground over the next 3 years, that balances generating a cash surplus with our commitment to having a robust social connection. This balancing act will require on-going collaboration between our respective business teams.

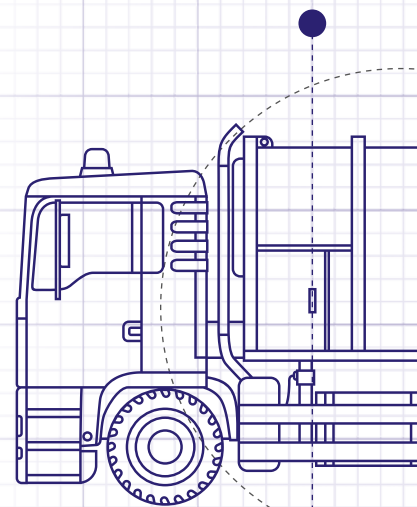
As a teckal company, we have the scope and ability to grow the enterprise, generating a surplus that can be offered to support BCC social initiatives such as;

- Tackling homeless issues
- Career development for young people
- Diversity programmes
- Engagement with elderly people

We also have the opportunity to generate an enhanced surplus, by looking at other related BCC service functions, re-engineering these to create an integrated services workforce, with greater career and development opportunities for its people.



**“In implementing our business blueprint, we will not lose sight of either our “day-job” and its social connection.”**

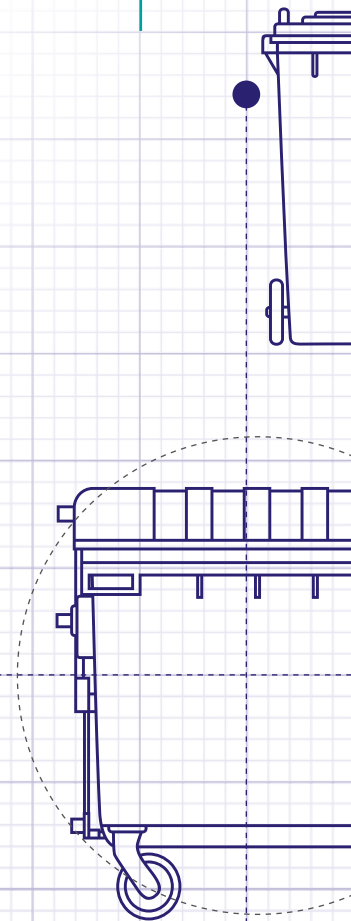


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## Section 3

# Delivering the Service



## Section 3 - Delivering the Service

### Supporting our Customers

The service that Bristol Waste delivers is shaped by the requirements of our customers; this includes Bristol City Council, Residents, Community Groups and local businesses, who are the recipients of our service in one form or another.

Bristol Waste is working closely with its customers to promote collaboration where each entity understands the requirements and capabilities of the other. Bristol Waste must be able to surge instantly the level of service outputs to support its customer base.

#### Bristol One City Plan and City Leap

We aim to work with the Council to use the success of this enterprise and invest into the fabric of the city, helping to solve problems, so that together we can make the City healthier, more equitable, cleaner, sustainable and more efficient.

#### Bristol City Council

Maintaining a collaborative and transparent relationship with the council both as a shareholder and client is fundamental to the success of the enterprise. We must respond to needs swiftly and flexibly throughout the year, supporting and aligning with the Council's strategic plans and the ongoing development of the Bristol One City Plan more generally.

#### Residential & Communities

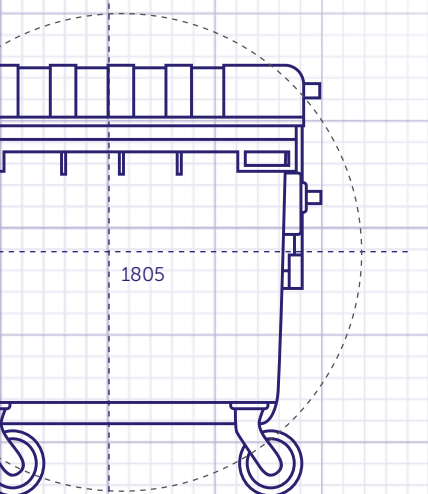
Delivering a fully comprehensive waste management service in-line with agreed expectations and service level agreements. We support an increasing population in Bristol comprising of over 459,300 residents in a wide variety of habitats and communities.

#### Business Communities

Offering a catalogue of integrated services and waste management to support the needs of the diverse business and professional communities of Bristol.

**The activities and services that we provide must create value for our customers.**

This will be derived from a combination of delivering the core service level agreements on time and within agreed budgets, through to providing innovative and market led service products to choose from.





## Demand for the Services

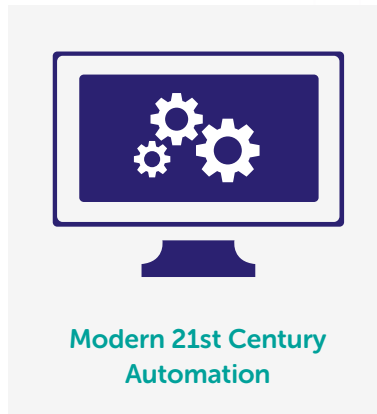
### The BWC Perspective

Waste and recycling trends of the past year have set a precedent for the challenges and opportunities faced by BWC, customers, communities, and environments in the years ahead. Advancements in technology are forging the way for a better future, meanwhile continued shortfalls in infrastructure and capacity threaten our vision for tomorrow. By example, the possible downside of Brexit on current methods of treatment (Panda) who produce RDF / ESRF from their process, which is then exported to Europe for final disposal in a thermal treatment plant (ERF); will this continue after Brexit or will it attract a tariff? As we look towards 2019/20, we are eager to align with the future smart city, the circular economy, and so forth. The years ahead are exciting, but the regional market trends are challenging:

#### Automation:

After years of resistance, the waste and recycling industry is beginning to embrace technological innovation as a driver for future success. The coming years will be a race to the finish line as old-world players scramble to catch up with innovations that are entering the sector. At BWC, we see a need for replacement of the old "barrow and broom" mentality with modern automation.

Software-as-a-Service (SaaS) applications will also become more prevalent and, on the operational side we need to see greater efficiencies in navigation and route planning, automated invoicing and customer service.

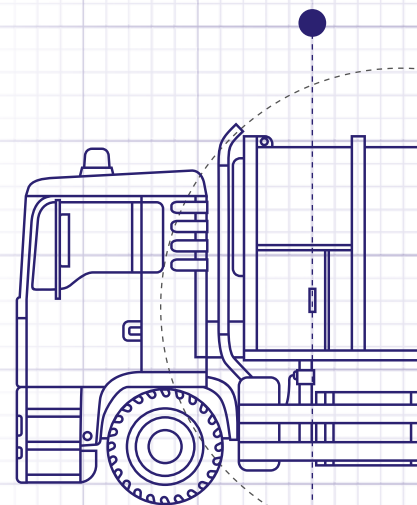


Data and reporting will advance with dashboard presentation and data from collection to the deposit site, including diversion rate calculations.



## Creating Value for our Customers

**"To achieve our aspirations; we need a commitment to innovation, collaboration and be agile enough to anticipate and react quickly to the value demands of our customers..."**

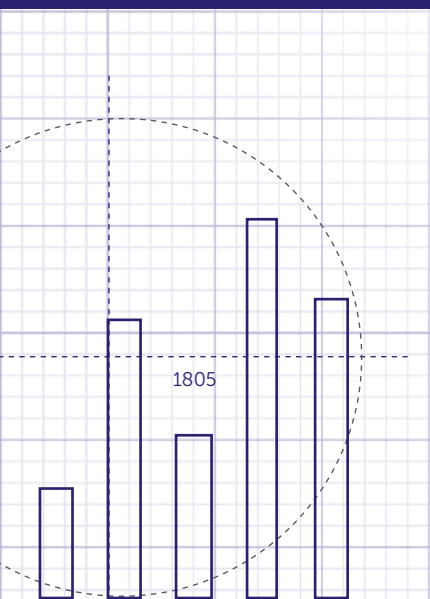


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### Market trends and updates

The waste sector is a major driving force in the UK economy. Employing over 70,000 workers across over 3,000 companies and with an annual turnover of at least £9 billion, it has a major impact on Britain's commercial, political and social systems.



### Demand for the Services

#### The Marco Market Perspective

##### Navigating the Brexit uncertainty:

The ongoing Brexit negotiations mean legislative change affecting the waste sector has slowed down. Usually the sector sees numerous amendments, additions and withdrawals to waste management law and regulation but there has been little change over the last year. This is creating a challenging and uncertain environment for the waste management sector and has resulted in a drop in confidence for some; meaning that many companies have felt unable to make strategic plans or decisions.

##### A new focus on enforcing waste laws:

While legislative changes have been slow, we have seen a new focus from the UK government on regulation and a tougher enforcement of existing waste laws. By example, Thames Water faced some of the largest fines posed for a waste offence, reflecting court guidance to issue penalties in proportion to turnover. As a result, companies are reviewing their processes to ensure they do not suffer the same fate. The stricter approach from environmental agencies means it is vital to have robust contingency plans in place.

##### New opportunities in UK waste treatment facilities:

One area where legislative uncertainty isn't necessarily having an adverse impact is the development of energy from waste. In fact, the potential for increased restrictions around waste exports, along with higher export costs due to a weakened pound, has further highlighted the need for the UK to be able to deal with its own domestically created waste.



With the future export market likely to decrease, coupled with less landfill space and high landfill taxes, energy-from-waste facilities are potentially attractive to investors.

This is reflected in the fact that there are numerous new proposed energy-from-waste facilities in varying stages of pre-contract development throughout the UK.

### Recycling to grow the circular economy:

In contrast to the stable levels of activity in the general waste sectors, recycling has seen an increase over the past 12 months. The effect of David Attenborough's 'Blue Planet' means that waste, and how we deal with it, is firmly on the national agenda. This has created more pressure than ever on the UK government to rethink its approach to waste and recycling.



"As a result, we have seen the publication of an ambitious 25-year green plan, as well as initiatives like the 'Latte Levy', which aims to replace all disposable coffee cups with reusable ones."

Alongside the rumored ban on plastic straws and wet wipes, plus the impact of the emerging Deposit Return Scheme, it's clear that interest in recycling is set to continue over 2018. These efforts coincide with those being made in other parts of the world. Last year China announced it was refusing to take any more plastic waste imports, a move which has impacted the UK's plastic recycling efforts. In response, UK recycling businesses are looking to protect themselves against the risk of losing a key market. In light of this, recyclers will continue to grow their stake as key players in the circular economy over the coming year. From expanding material portfolios to acquiring assets across the waste reprocessing supply chain, companies will look to maintain and develop the value of their materials. As such, improvements to quality will be imperative and will underpin recycle trading as supply outstrips demand. This will reduce the risks of overreliance on one segment of the waste-to-product process.

9.75%

Fuels From Renewable  
UK Sources By 2020



12.4%

Fuels From Renewable  
UK Sources By 2032

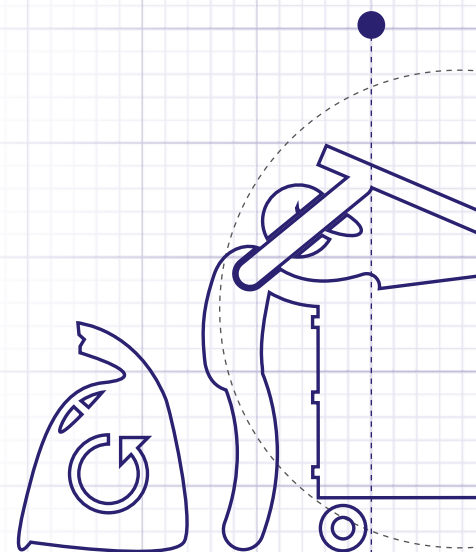
### Beyond waste-to-power: The waste-to-fuel revolution

The UK government's plans to ban new fossil fueled cars by 2040, considering stricter performance requirements for hybrids and placing further restrictions on carbon-emitting energy production, is one initiative that is providing real incentives for the development of waste-to-energy options. The waste sector is already repositioning itself as an energy source in that future. It is looking at both supplying the National Grid as well as fuel production. During 2018, we are likely to see this repositioning of waste go even further as the idea of waste-to-fuel becomes even more of a viable and lucrative growth opportunity. In particular, the demand for more environmentally-responsible fuel sources will grow as the car industry responds to the government's plan to replace all conventional fuel cars. The waste sector could also benefit from the need to meet ambitious **renewable energy** targets. By 2020, 9.75% of all fuels used in the UK should come from renewable sources, and this will rise to 12.4% by 2032.



## Fulfilling the promise of hazardous waste recycling:

Alongside recycling, niche waste markets are set to pick up further interest this year. Hazardous and industrial waste in particular could increase. The level of activity will depend on how the technology to treat and recycle hazardous waste develops.



98H01 - 120 - 8435 - 900

# Section 3 - Delivering the Service

## Demand for the Services

### The Bristol Perspective: Beyond Municipal Waste Collection Services

- Bristol is set to be one of the UK's fastest-growing cities over the next three years, outpacing London and Birmingham, according to new research. With Gross Value Added (GVA) predicted of 2.3% – well above the national average of 1.8% – the city will be only slightly behind the growth rate of the top two of Reading and Manchester, both forecast to grow by 2.4% over the period.
- The report says the success of Bristol is due to its economic make up, with high-growth industries such as the information & communications and professional services sectors, which are forecast to grow by 3.5% and 3.4% a year, respectively, over the next three years. This will fuel population growth in the region and by default an increasing waste management profile.

**Circa 5%**  
Year-on-year growth

95% of new companies formed are limited companies and with over 4,000 new companies being formed, the region has a greater level of new company formations than insolvencies; there has been circa 5% year-on-year growth over a 5 year period.

**Over 30,000**  
Businesses located in Bristol

**Commercially, there are now more companies based in Bristol than ever before, according to new figures**

With over 30,000 businesses located in Bristol. Whilst, the majority of these are SMEs, the region also boasts major facilities or head-offices for leading regional, national and international enterprises.

**1.7%**  
Economy of the South West will expand

**The analysis, by accountancy firm EY, puts London's growth rate at 2.2%.**

Most of the top performers are expected to be in the South, although the economy of the South West as a whole will only expand by 1.7%, according to the report.

**54,000**  
More jobs having been created

**Employment in the South West shows a strong increase, with 54,000 more jobs having been created in June this year than in 2016.**

Looking ahead to 2020, total employment in the South West is expected to increase by 0.3% per year – just behind the UK average of 0.4%.



**"We are planning the future. We believe that the above trends present significant growth opportunities for Bristol Waste, particularly in the commercial and industrial sector."**



## Delivery Organisation & People

During the next 12 months, the organisation will continue to develop in a progressive manner to ensure that we have the right people, in the right places, doing the right jobs, with the right equipment.

The enterprise is led by our Managing Director and his senior leadership team. The services will be delivered through 4 business units. Each business unit focuses on delivering a quality service to its customer base, whether internal or external. The business is supported by a structured board with a chairperson, non-executive directors and representation from the shareholder. Together Bristol Waste covers the whole spectrum of integrated services and waste management.

### Senior Leadership Team - STAR Plan Structure



#### Board Structure

**Chairman**  
Tom Spaul

**Company Secretary**  
Helen Reed

**Non Executive Director**  
Frank Rodriguez

**Non Executive Director**  
In Recruitment

**Councilor**  
Tom Brooks

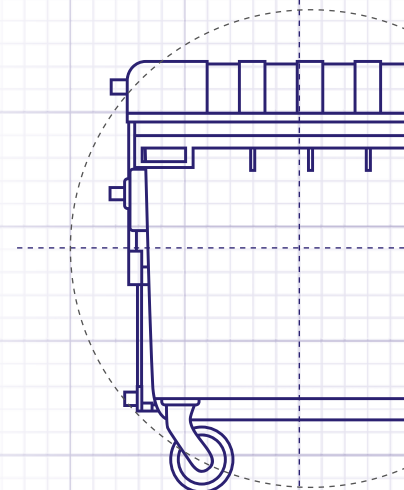
**Shareholder Liaison Director**  
David Lawrence

**BWC Finance Director**  
In recruitment

**BWC Managing Director**  
Tony Lawless



“Together Bristol Waste covers the whole spectrum of integrated services and waste management.”



## Section 3 - Delivering the Service

### Fit to Perform

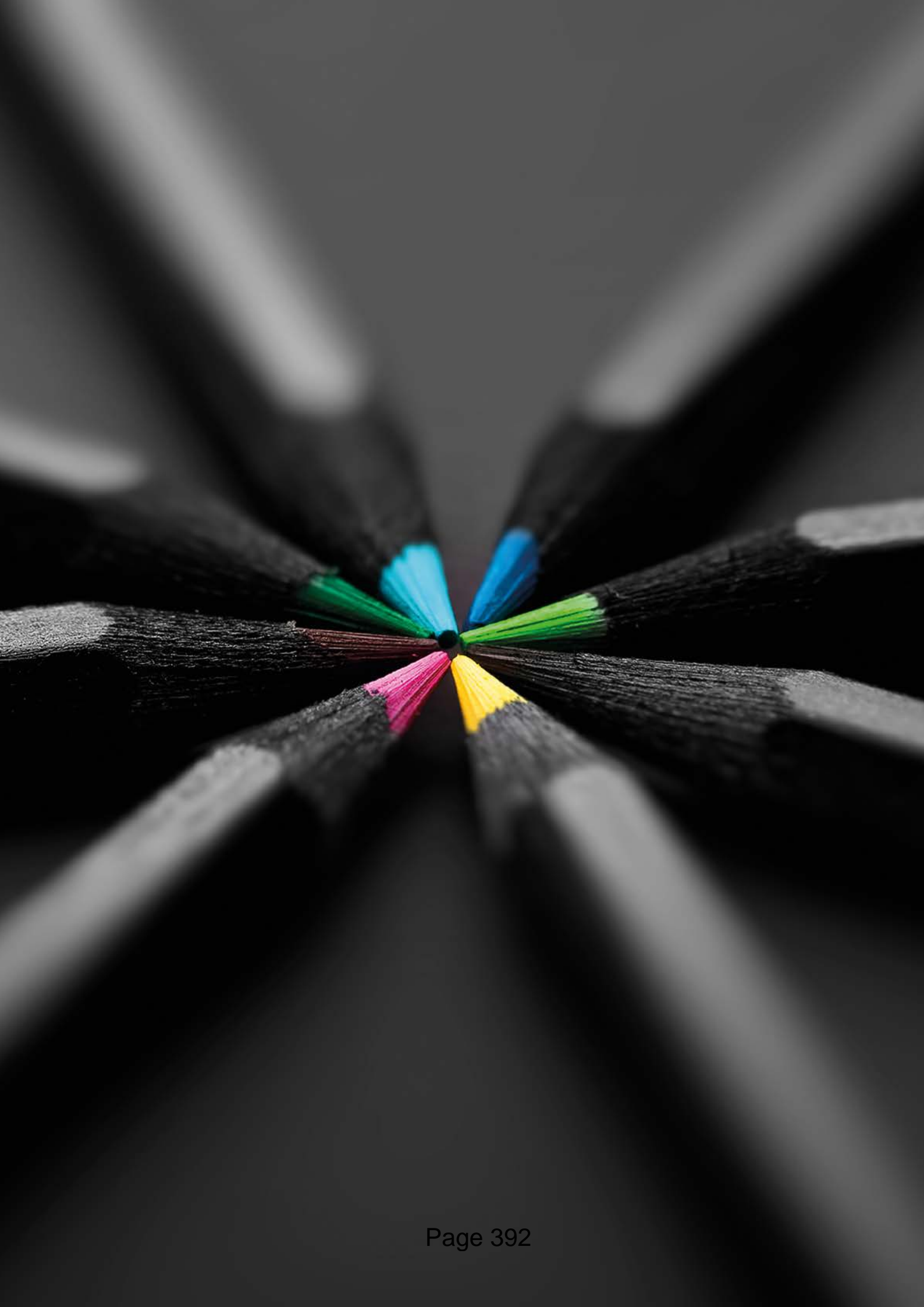
The organisation will be fit to deliver the Key Performance Indicators (KPIs) at every level.

As we introduce more effective collection and analysis of data, this will allow us to improve our performance monitoring and, it will improve the way in which we report and present management information on dashboards. This will allow us to make service improvement decisions based on "sound" management information, rather than fragmented facts and data.

#### Our Key Business Performance Indicators and Benchmarks:

| KPI | Measure of Success / Requirement                                  | Service Delivery Model & Notes  |
|-----|---|---|
| 1   | Municipal Recycling %<br>Household Recycling %                    | Targeted campaigns, projects and awareness raising to increase reuse and recycling.   |
| 2   | Residual Waste Per Household                                      | Baseline + roll out. Targeted projects and campaigns in development.  |
| 3   | Food Waste in residual bin  | Targeted campaigns such as Slim My Waste Feed My Face to increase food waste recycling.   |
| 4   | Percentage of residual & recycling bins collected on time         | Operations structure in process of being reviewed and developed to enable a more effective and efficient service delivery.  |
| 5   | Missed collections rectified within SLA                           | Operations structure in process of being reviewed and developed to enable a more effective and efficient service delivery. Technological advancement such as the use of PDAs.   |
| 6   | Delivery of containers within 10 working days                     | Operations structure in process of being reviewed and developed to enable a more effective and efficient service delivery. Technological advancement such as the use of PDAs.   |
| 7   | Street Cleansing Standard for City Centre & Broadmead             | Internal monitoring of service delivery. Independent LEQ surveys planned over the next 12 months. Continued support for BCC's Clean My Streets Campaign and additional targeted campaigns.  |
| 8   | Street Cleansing Standard for remainder of the City               | Internal monitoring of service delivery. Independent LEQ surveys planned over the next 12 months. Continued support for BCC's Clean My Streets Campaign and additional targeted campaigns. Community Engagement campaigns in heavily impacted areas such as Stapleton Road. |
| 9   | Removal of fly tipped material within 48 hours                    | Internal monitoring of service delivery. Continued support for BCC's Clean My Streets Campaign. Community Engagement campaigns in heavily impacted areas such as Stapleton Road.  |
| 10  | Removal of offensive graffiti within 8 hours                      | Internal monitoring of service delivery. Continued support for BCC's Clean My Streets Campaign.   |
| 11  | Removal of non- offensive graffiti within 60 hours                | Internal monitoring of service delivery. Continued support for BCC's Clean My Streets Campaign.   |
| 12  | Reuse Strategy  | BWC reuse strategy in development to include reuse shops at the HWRCs. Ongoing reuse of bikes, mobility aids. Future focus on WEEE repair and reuse, paint and setting up pop up reuse/repair shops involving skills development and volunteer/employment opportunities.    |
| 13  | HWRC Municipal Recycling %<br>HWRC Household Recycling %          | Enhanced focus on reuse and awareness raising. Improved HWRC infrastructure and development.  |
| 14  | Winter Gritting within SLA  | Ensuring vehicles and staff are available.  |
| KPI | Measure of Success / Requirement                                  | Safety / Health / Environmental / Quality (SHEQ) KPIs   |
| 1   | Lost Time Incident and Lost Time Incident Frequency (LTI & LTIF)  | % target improvement on previous year. See SHEQ plans and strategies section of this business blueprint for details. New reporting measurement for 2018/19, statistics will be provided in future reports.  |
| 2   | RIDDOR Rate   | % target improvement on previous year. See SHEQ plans and strategies section of this business blueprint for details. New reporting measurement for 2018/19, statistics will be provided in future reports.  |
| 3   | Total Accident Frequency Rate                                     | % target improvement on previous year. See SHEQ plans and strategies section of this business blueprint for details. New reporting measurement for 2018/19, statistics will be provided in future reports.  |
| 4   | Number of Road Traffic Incidents per month per service            | % target improvement on previous year. See SHEQ plans and strategies section of this business blueprint for details.  |
| 5   | Health & Safety non- conformities raised (no lost time accidents) | % target improvement on previous year. See SHEQ plans and strategies section of this business blueprint for details.  |
| 6   | Health & Safety near misses reported                              | % target improvement on previous year. See SHEQ plans and strategies section of this business blueprint for details.  |
| 7   | Staff Turnover  | % target improvement on previous year. Investment in staff training & development to continue.  |
| 8   | % Sickness per FTE  | % target improvement on previous year. Monitoring & support to continue.  |

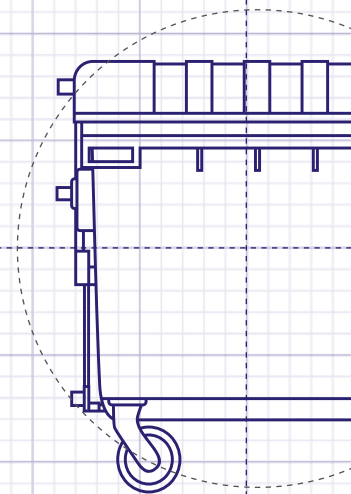
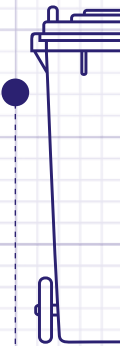






## Section 4

# Our Plan of Action



## Section 4 - Our Plan of Action

### Our Business Route-map to the Future

We have developed a 3 year Business Route-map that provides us with clear strategies and implementation milestones aligned to the forecast business objectives.

The route-map is a dynamic management toolkit that enables us to review performance and align strategies to objectives on a continuous basis, it recognises the ever-changing landscape of business today and allows us to avoid any "cul-de-sac" business strategies, whilst providing the business with clear direction and a flexible framework. The rest of this section contains the financial forecasts and investment plans that support this Business Blue-print and some of the headline initiatives.

### Achieving Best Value for Money

**Our intention is to provide our customers with best-value-for-money; this doesn't mean being the cheapest. It does mean, delivering a great service within service level agreements and agreed budgets on a sustained basis.**

This section of the Blueprint details the financial plan for next 3 years. We forecast a significant improvement in data surplus over the following years. The plan is challenging, however, with the planned continuous improvement programmes and a refreshed culture, we remain confident that we can deliver increased efficiencies throughout all services.



"Our financial plans also include an investment programme for a range of initiatives that will enable us to fulfil our objectives, constantly improving and streamlining costs to provide best-value-for-money."

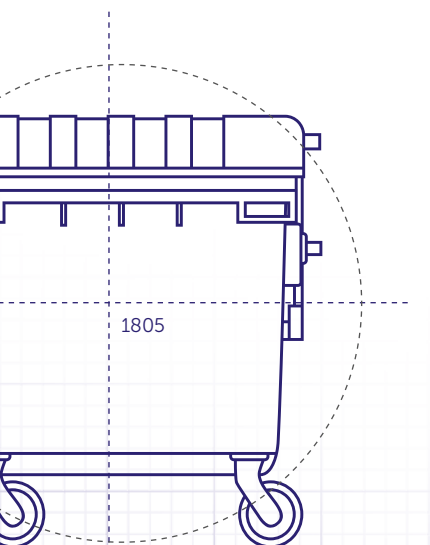
#### Financial Strategy

The underlying financial strategy of Bristol Waste Company is to continue to provide value for money for all while increasing surplus year-on-year. This increase in reserves will enable Bristol Waste Company to invest in line with the Business Plan. We will achieve this through increased scrutiny of spend whilst balancing that with the needs of operational managers to run their departments.

Cost control measures have been introduced in the current year and these will continue to result in increased surplus over the period. This measure, along with the re energised commercial activities will deliver increased benefits.



"Refreshingly, we have set out cost down initiatives in this plan, which, rather than increases costs year-on-year actually challenge management to actively commit to reduce costs."



## Financial Business Plan Summary

Bristol Waste Company remain committed to maximising the value of the company; over the next 3 years the non-BCC income as a percentage will increase significantly.

### Income Analysis

| Income category | 2019-20 | 2020-21 | 2021-22 |
|-----------------|---------|---------|---------|
| BCC             | 90%     | 86%     | 81%     |
| Recyclate       | 5%      | 4%      | 4%      |
| Commercial      | 5%      | 9%      | 15%     |

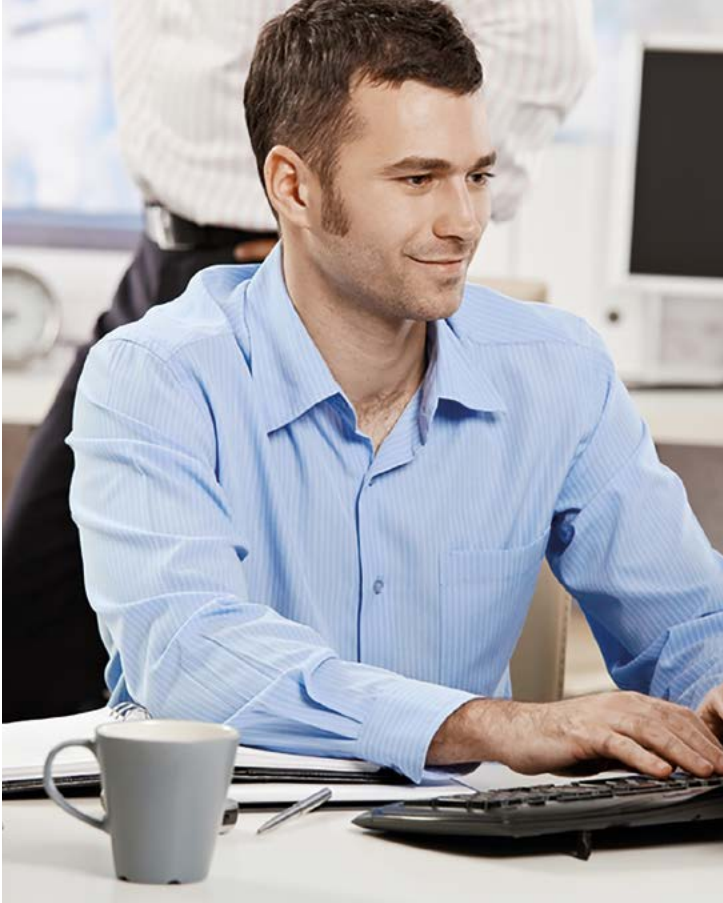
A high-level summary of our financial business plan projections is detailed in the tables below:

### Financial Business Plan Summary

|                     | Year 1 | BP 2019-2020 £m | BP 2020-21 £m | BP 2021-22 £m |
|---------------------|--------|-----------------|---------------|---------------|
| Total revenue       |        | 42.1            | 45.1          | 49.2          |
| Total cost of sales |        | 40.3            | 43.1          | 46.8          |
| Overheads           |        | 1.4             | 1.4           | 1.4           |
| Surplus             |        | 0.3             | 0.7           | 1.0           |
|                     |        | 0.8%            | 1.5%          | 2.1%          |

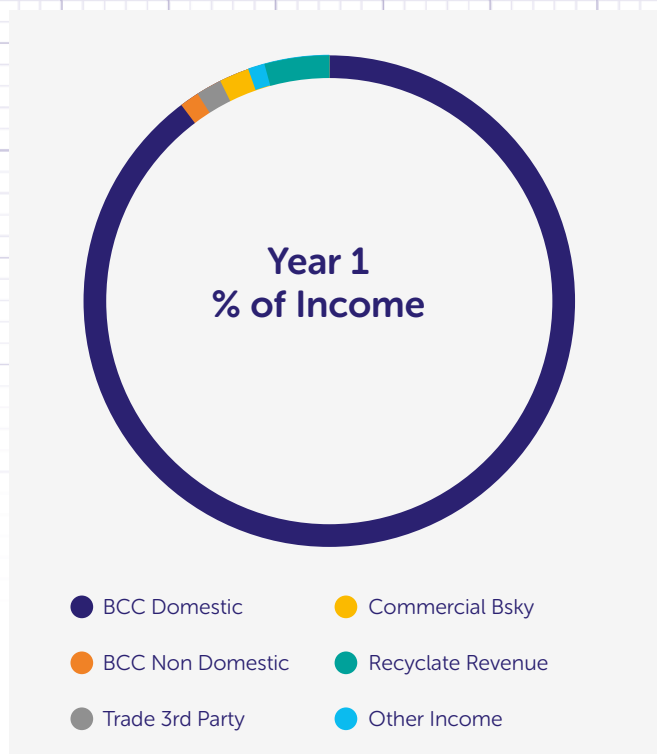
### Comparison to previous business plan

| Revenue Surplus | 2019-20       |            |      | 2020-21       |            |     | 2021-22       |            |     | Total (3 Years) |            |     |
|-----------------|---------------|------------|------|---------------|------------|-----|---------------|------------|-----|-----------------|------------|-----|
|                 | Previous BP % | Current BP | VAR  | Previous BP % | Current BP | VAR | Previous BP % | Current BP | VAR | Previous BP %   | Current BP | VAR |
|                 | 41.3          | 42.1       | 0.7  | 42.5          | 45.1       | 2.7 | 43.6          | 49.2       | 5.6 | 127.4           | 136.4      | 8.9 |
|                 | 0.7           | 0.3        | -0.4 | 0.5           | 0.7        | 0.1 | 0.6           | 1.0        | 0.4 | 1.9             | 2.0        | 0.2 |



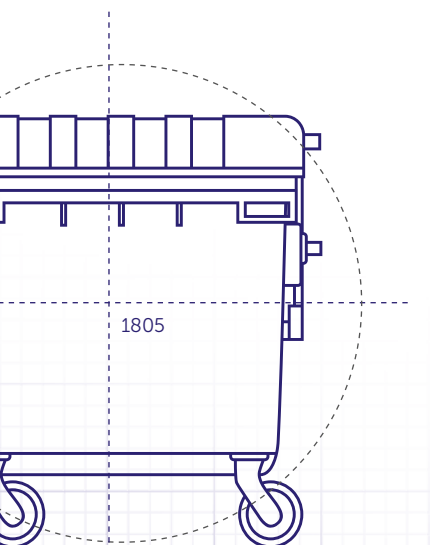
Over the next 3 years the non-BCC income as a percentage will increase significantly.

## Section 4 - Our Plan of Action



### Year 1 Business Revenue and Cost Analysis Dashboards

Looking forward on a longer-term projection that benchmarks against the original 10 year framework; at table 5 below, we forecast to achieve the original 10 year surplus requirement in less than 8 years and add a further £2m of surplus. This forecast is based on using our 22/23 run rate of £1m surplus growth per annum. This flat-line position is considered "pedestrian" as it assumes no further surplus growth from 22/23, which we clearly intend to exceed.



**Table 5 - Long Term Financial Benchmark**

| Original 10 Year Plan                      |             |
|--|-------------|
| Forecast Surplus (EM)                      | 9.1         |
| Avonmouth HWRC                             | -1.0        |
| Contract changes first 3 years             | -1.5        |
| Surplus already delivered                  | -2.75       |
| Surplus for 3 years forecast 2019 - 2022   | -2.0        |
| Total delivered and forecast for years 1-6 | -7.25       |
| <b>Balance of original 10 year plan</b>    | <b>1.85</b> |



We will achieve original 10 year surplus requirement in less than 8 years and add a further £2M at our 22/23 run rate of £1M per Annum - and we intend to exceed this target!

## The 10 Year Outlook

Our contractual commitment is totally in-line with the original 10 year business plan. Whilst our management solution and delivery strategy has changed and, this business blueprint replaces various components, the cost of delivery is consistent with the original plan. However, the projected surplus will be increased by circa £2m as a result of commercial growth and operational efficiencies. For reference, the projections for the 10 year outlook are provided in the financial supplement document.

## Investment Strategy

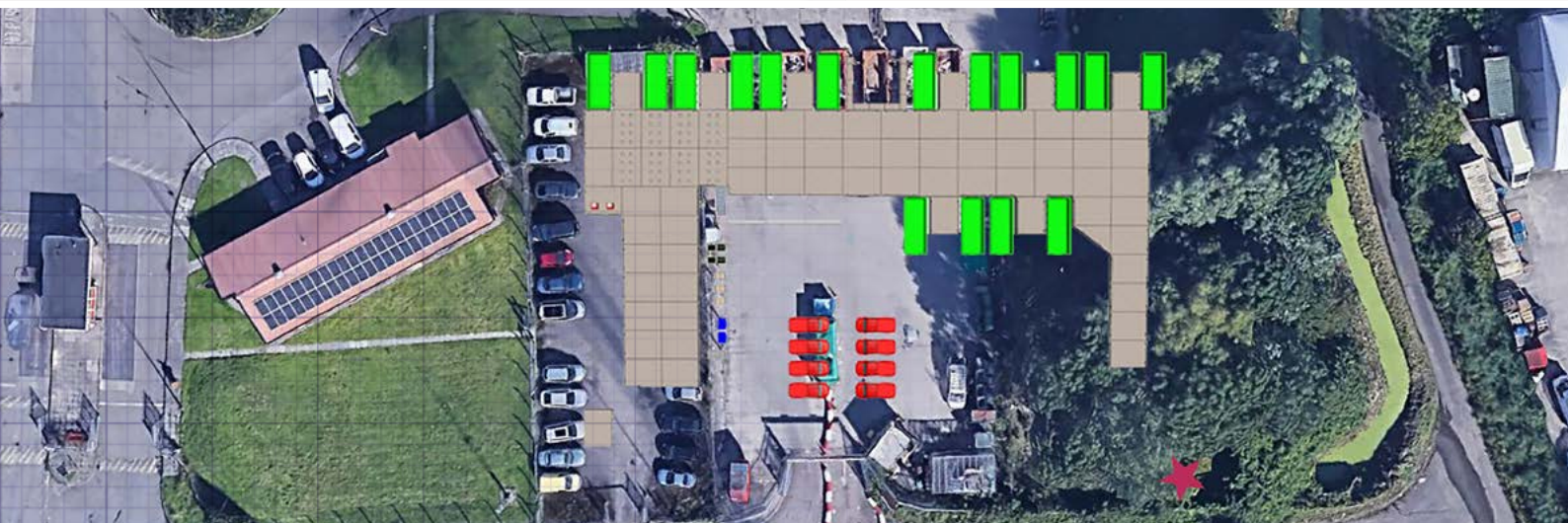
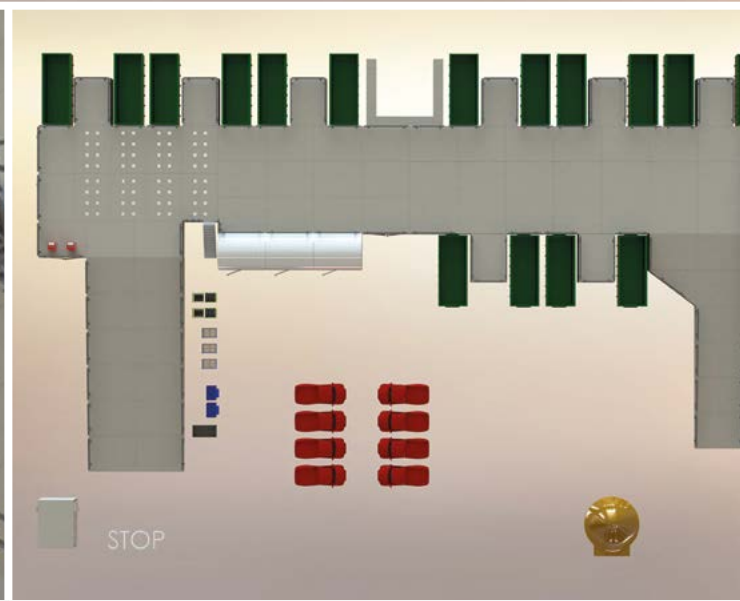
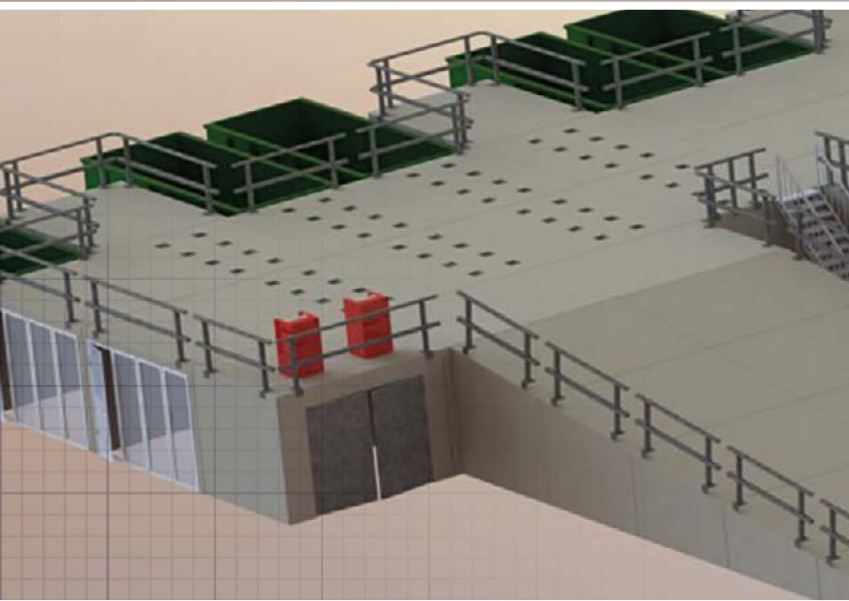
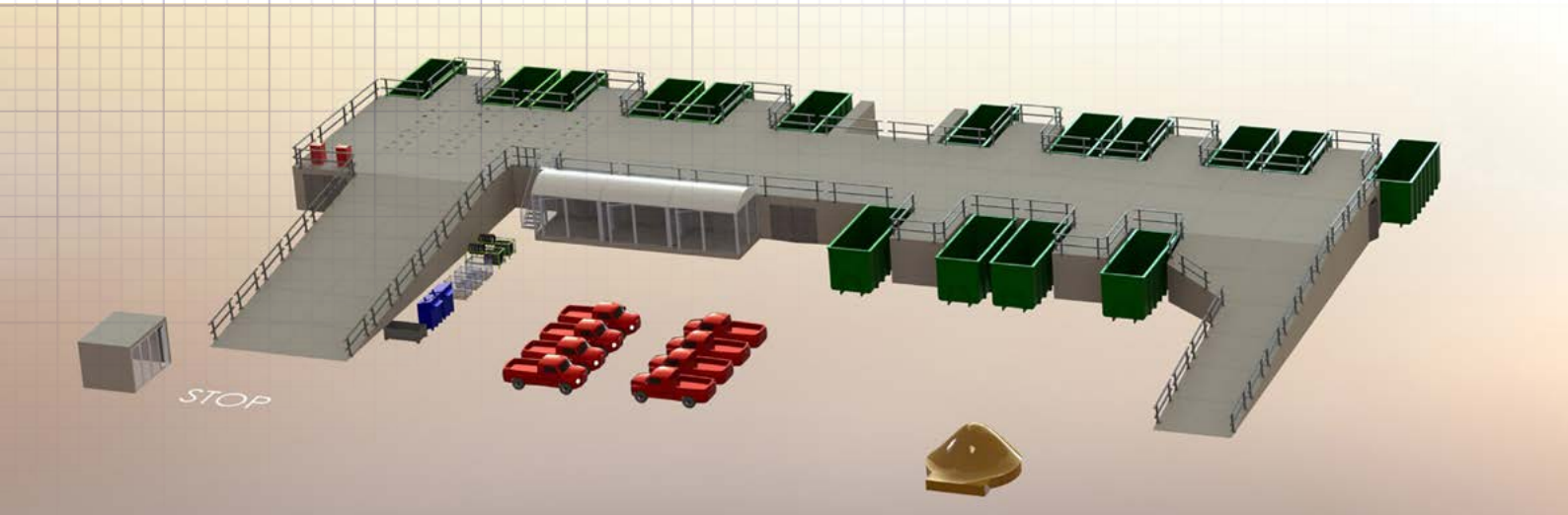
There are a range of investments that BWC would wish to consider and discuss with our shareholder, following provision of a comprehensive business case. These will secure the profitability and resilience of BWC for future periods. The Top 5 investment targets are listed in the table below, the full list is provided in the 'supplementary financial information' booklet.

| Top 5 Potential Investment Initiatives |                                      |  |            |                                      |
|--|--------------------------------------|--|------------|--------------------------------------|
| No                                     | Subject                              | Benefits   | RAG Status | Time                                 |
| 1                                      | Vehicles                             | Current fleet is approximately 7 years of age, suffering increasing failures which results in poor service to residents, increase in down time and repair and maintenance costs.   | ●          | In progress                          |
| 2                                      | HWRC – Avonmouth                     | Investment is necessary to 'future proof' the site at Avonmouth. With the increase drive and commitment to recycling Bristol Waste Company need facilities that are fit for purpose and future proof.  | ●          | In progress                          |
| 3                                      | Hartcliffe (Design, Build & Operate) | Reduce the burden for BCC and enable Bristol Waste Company to operate the whole program. This will enable full synergy to be developed from the beginning.   | ●          | Phase 1: Q2 2019<br>Phase 2: Q2 2020 |
| 4                                      | Mini transfer station (inc Baler)    | Over the past year Bristol Waste Company has suffered failure of the baler at Albert Road, which has a disruption on service and increase in cost. In addition, a second baler would offer increase service offering to local waste companies, Suez have used our facilities in the past year. | ●          | Ideally by Q3 2019                   |
| 5                                      | Plastic sort line                    | A plastic sort/pick line would provide resilience to the down turn in recycle income as it would enable BWC to segregate plastics and sell at higher value 'good' plastic rather than lower grade 'mixed' plastic.   | ●          | Ideally by Q3 2019                   |



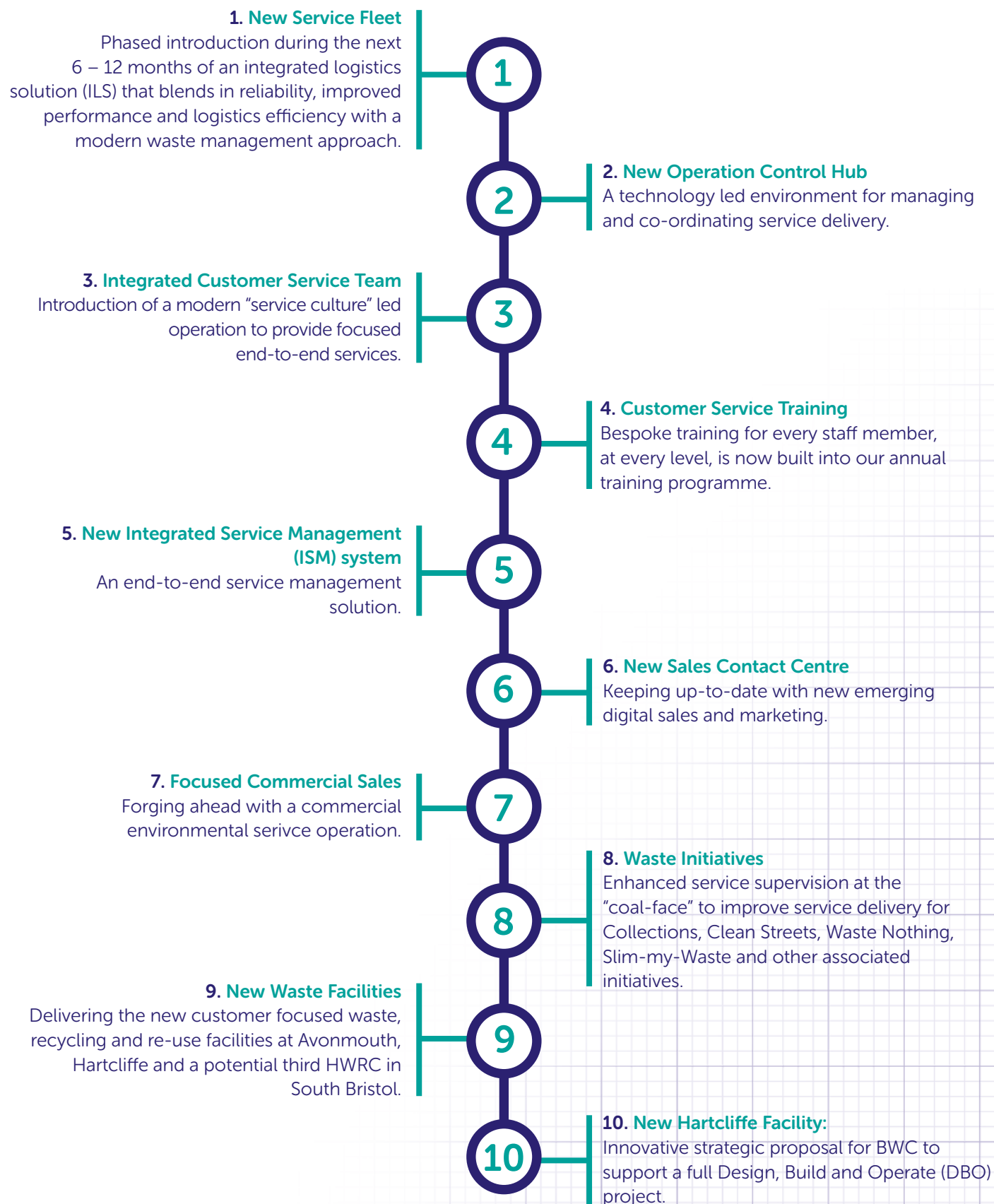
# Section 4 - Our Plan of Action

Artist impressions of potential new facilities.



# Excellent Customer Service Experience

Bristol Waste will continue to sharpen its focus on the delivery an outstanding customer service experience. The following section provides an overview of some of the initiatives that will be delivered through our plan of action:



## Section 4 - Our Plan of Action



“We will launch a business improvement team network to develop continuous improvement initiatives.”

### Enabling Continuous Improvement

#### BIT Network

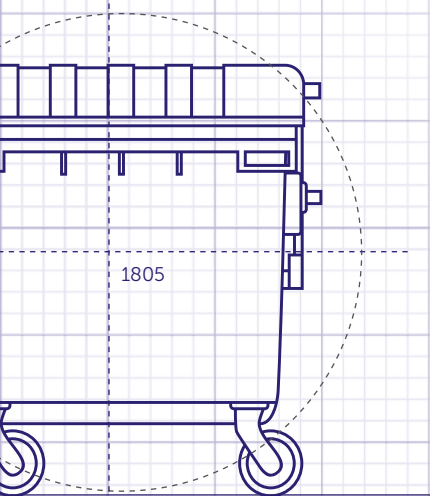
We will launch a Business Improvement Team (BIT) network involving a cross-section of people from across the operation to lead specific business improvement projects. This provides greater alignment across the business, improved SHEQ awareness, creates opportunities for people to shine through and supports the development of innovative but practical solutions for a range of key business requirements.

#### Collection Methodologies

We will continue to work with the council to develop, launch and sustain collection methodologies that deliver best-value-for-money. This may include a range of projects / pilots ranging from night time collections and street cleaning through new and cost-efficient management of recycling boxes.



*Your Continuous Improvement Ideas...*







# Section 4 - Our Plan of Action

## Helping People to Develop

### Bristol Waste Learning Academy

We will launch a Learning Academy for the development of our people at every level; including family members, community engagement and BCC people in general. This will provide waste management and adult education programmes for service delivery, SHEQ, leadership, management and others. We will introduce an Executive Development Programme (EDP) to develop our leaders of the future and to provide a good level of succession planning. We will support the governments apprenticeship and trainee schemes with an active programme. We will establish an Interactive Learning Centre (ILC) to provide a focal point and centre of excellence for people. Our new head of Learning and Development will provide the leadership and ownership to deliver the overall Academy programme.



LEARNING ACADEMY

## People & Behaviour

We are committed to working collaboratively, together as a team, in order to support each other and to make sure that we create synergies and not lapse into “defensive” or “silo” mentalities.

Over recent months we have worked closely with our people and their ideas have contributed significantly to our over-arching plans. In order to achieve our objectives and to create the enterprise that we aspire to, it is vital that our people are passionate about what they do and that their behaviours are consistent with this aspiration. Our plans include the launch of our Learning Academy, work-based welfare programme, enhanced management support to the areas where it is most needed and outline involvement through participation in an improvement team network. We would also like to improve the working environment to help us retain and attract good people that will drive the business forward and create a structure for the future.

## Linking Performance with Rewards

It is vital that we continuously look for ways of linking good performance with rewards for our people; recognising the highly demanding service environment in which they work and, providing motivational components.

During the next 12 months, we plan to introduce a number of initiatives aimed at this objective:

- **People focused events:** Based on achieving our business plan commitments, we will look to reward our people and their families through some “old-school” company events such as a family Christmas pantomime and family summer picnic.



We have established a robust remuneration committee that will oversee annual pay, negotiations and grading arrangements, which will reflect overall business performance.

Our ambition for this objective, is to continue working with our shareholder to jointly develop on-going initiatives, that will truly engage our people through purposeful and motivational rewards.

# Equality & Diversity

**BWC is committed to a policy of equality and diversity and will continue to promote non-discrimination in all areas.**

Non-standard working patterns and new ways of working will be encouraged wherever practicable and consistent with efficient business operations. We are keen to employ a diverse range of locally based people in the workplace and to support this aim, we employed our first female engineering apprentice in 2018.

## Section 4 - Our Plan of Action

### Communications

Effective communications are essential to the development of a strong, cohesive team. We will continue to build on activities already in place to promote excellent internal and shareholder communications:

- Monthly business performance reviews
- Weekly and monthly business blog
- In-touch style job chats
- Tool-box talks
- Cascade management briefings

All with an open-door policy at every level...

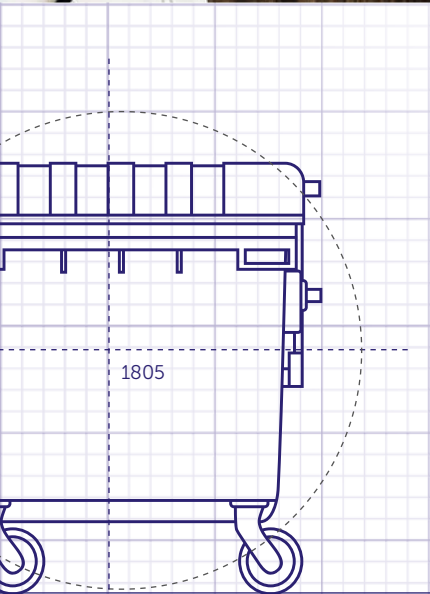
### Delivering SHEQ Objectives

Despite recent improvements in standards; health and safety performance for the waste sector in general remains poor in relation to other industries:

- Fatality rate 9 to 10 times the all-industry average,
- Transport-related fatal injuries account for two-thirds of the total
- RIDDOR non-fatal injury rate 4 times the all-industry average
- 80% of all reported injuries occur during collection and sorting activities
- Potential health risks from emerging processes and activities
- Risks to members of the public because of significant public interface

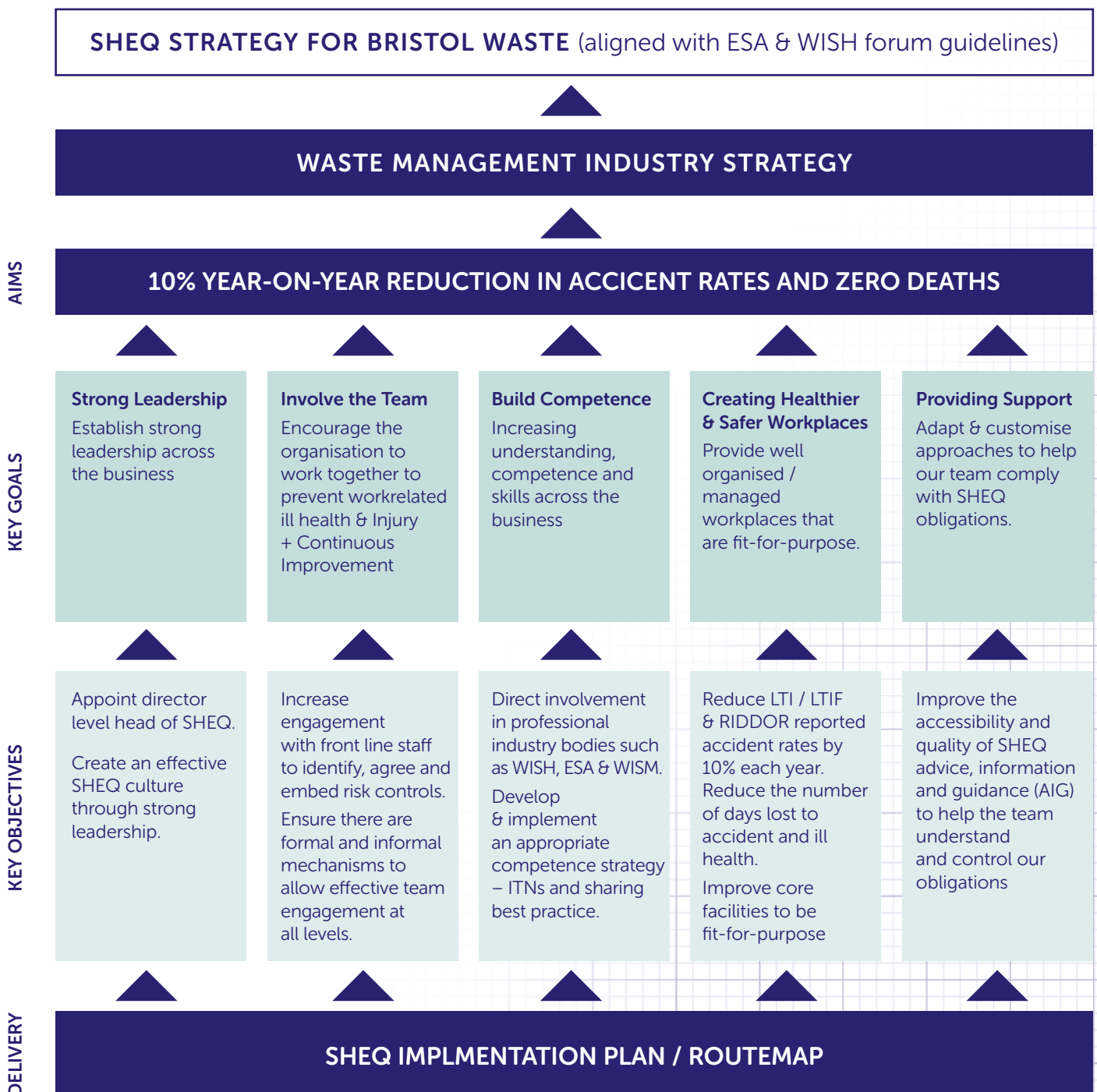
**Waste collection represents one of the most hazardous aspects of this industry:**

- Collection work is peripatetic, undertaken on public roads with live traffic and in constantly changing conditions
- Potential for direct interface with the public, so many of the risks also apply to non-workers
- Workers have to deal with a variety of materials while encountering risks that are not within their employer's direct control.
- Direct management and supervision is more difficult than at fixed workplaces
- Some of these challenges may potentially be compounded by a 'task and finish' working culture if this is not properly managed
- Existing health and safety challenges in collection activities may be affected by changes to working trends including:
  - Target-related requirements for more waste separation, increasingly frequent collections and extended working hours
  - Emerging risks and the need to develop related safety management expertise
- It is important that companies operating across fixed and transient work sites have formal or informal mechanisms that enable employers, managers and staff to work together to identify risks and devise proportionate, practical controls.



Reported ill-health data is limited, but there is growing concern about the potential for significant occupational disease risks arising from some emerging processing and recycling activities. In view of increasing pressures on local authorities to raise revenue and reduce costs, effective solutions to balance health and safety requirements with demanding service targets cannot be identified in isolation. All parties must work together to devise integrated, compatible and consistent standards that facilitate co-operation. Ultimately, improvement will depend on a shared commitment to act upon individual roles and responsibilities for health and safety at all levels of operation.

BWC are pleased to have secured ISO14001 and 9000 for environmental and quality management respectively and, we will maintain these standards across the operation. We are proud to be operating a SHEQ regime that is well within the industry benchmarks and we report on SHEQ performance regularly. We consider the waste hierarchy and circular economy increasingly through all of our operations, collaborating with leading academic bodies such as University of West England (UWE) to support best-practice. However, we must not rest on our laurels and the aims of our SHEQ strategy are to achieve a 10% year-on-year reduction in LTI / LTIF and RIDDOR reported accident rates and, zero deaths. This will be delivered through five key themes that are totally in-line with the WISH forum and Environmental Service Agency (ESA) best practice guidelines.



## Section 4 - Our Plan of Action



“The challenge for the next 12 - 36 months is for BWC to maintain the momentum of change and success, to achieve a demanding set of key targets.”

### Forging Links

**BWC relies on co-operation with numerous organisations and enterprises in Bristol to operate effectively.**

For BWC to succeed as a business entity it needs to rigorously pursue a culture of collaboration at every level. Collaboration is central to our day-to-day tasks – to seek improvements to our methods and at the same time deliver a high quality of service to all of our customers. Some of the new key links that we intend to forge over the next 12 months include:

- Corporate memberships of Waste Industry Health & Safety Forum (WISH)
- Local business networks and forums
- Environmental Services Association (ESA)
- Chartered Institute of Waste Management (CIWM)
- Other BCC Departments

### Opportunities and Challenges

**The environment in which BWC operates is undergoing a process of continual change as new initiatives, legislation and global market pressures are introduced throughout the sector.**

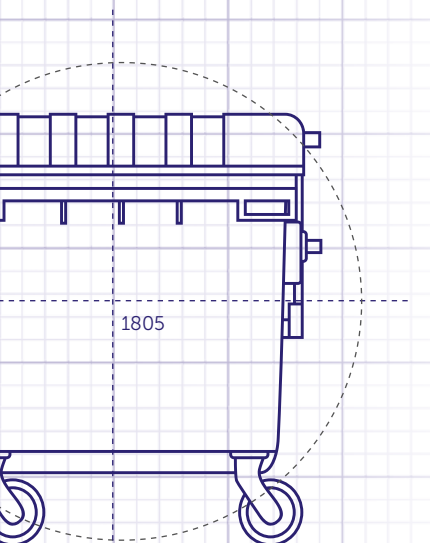
**There are opportunities and challenges to overcome:**

The impact of recycling rates driven by the Asian markets broadens the need for BWC to find innovative alternatives and to improve the quality of recycled materials, the need to maintain competitive pay rates from within a heavily unionised environment, the need to modernise legacy ways of working and service delivery in a way never before experienced, through to creating a robust commercial enterprise. In addition, the impact of emerging legislative initiatives such as the Deposit Return Scheme are yet to be determined.

The outcome of some of these processes is not possible to predict with any degree of certainty. But, BWC must not relax in its search for efficiency, nor will it. The task before BWC is to show its shareholders and customers that it can continue to improve performance and deliver high-quality integrated services and waste management for Bristol, at best cost; despite the uncertainties which abound.

The opportunities that the City Leap programme and our business development ambitions provide are hugely exciting and in our gift to drive; from the potential City Leap collaborations through to providing integrated facilities management services to a range of commercial partners in the Bristol region.

The challenge for the next 12 - 36 months is for BWC to maintain the momentum of change and success, to achieve a demanding set of key targets. Our critical success factors are identified in the following section.





**BRISTOL**  
waste

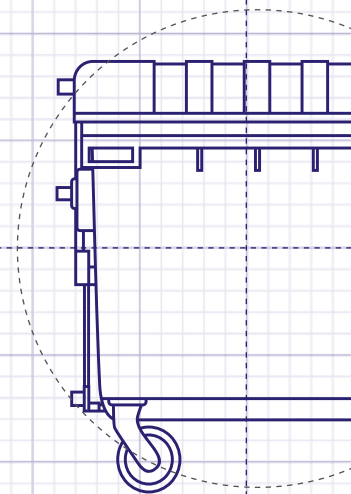




Section 5

**Our Critical  
Success Factor  
(CSF) Dashboard**

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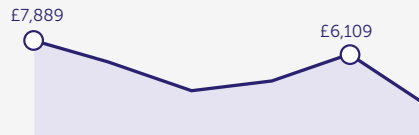
# Section 5 - Our Critical Success Factor (CSF) Dashboard

## CSF 1 - Service Delivery



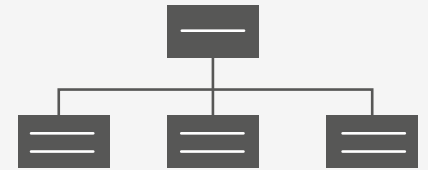
Dealing with the increasing cost of waste collection and treatment. Absorbing the housing and population increase. Continuous improvement in quality and quantity of recyclables. Developing new collection methods / initiatives. Driving further reduction in residual waste. Impact of Deposit Return Scheme.

## CSF 2 - Financial



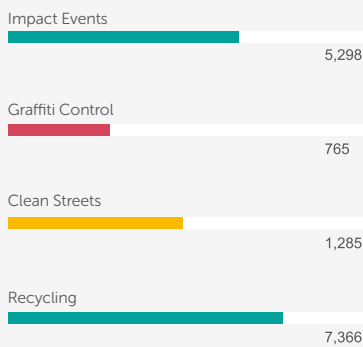
Introducing efficiency gains to offset costs of new investments. Performing to contract KPIs and new pricing mechanism. Managing pay awards effectively. Developing annual cost-down programmes and smart procurement initiatives.

## CSF 3 - Organisation



Creating an environment with the right people, in the right places doing the right jobs. Embracing a change culture for continuous improvement. Building a robust leadership team. Linking sustained good performance with rewards. Creating an enterprise with continuous career opportunities and not just a job-for-life.

## CSF 4 - Behaviours

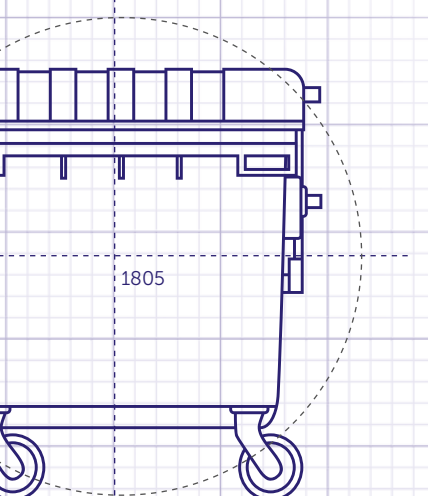


Working together to influence resident behaviour change; particularly with hot-spots like Stapleton road, graffiti control, improved re-cycling etc... Managing a programme of controlled marketing and PR. Enabling closer neighbourhood partnerships. Supporting strategic initiatives such as clean streets and the One City Plan. Helping to Develop and implement waste enforcement regimes.

## CSF 5 - Facilities

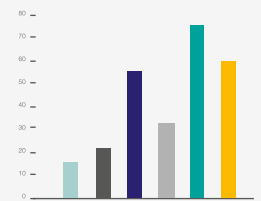


Redevelopment of Hartcliffe facilities. HWRC upgrade at Avonmouth and potential 3rd site (with re-use centres).



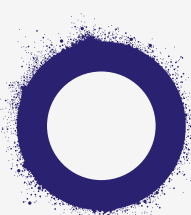
## CSF 6 - Commercial

Delivery of a structured commercial enterprise that is geared to exceed the 10 year business plan commitment.



## CSF 7 - Alignment

How we align Bristol Waste with BCC strategic vision / targets.



## CSF 8 - SHEQ

Sustained delivery of the SHEQ plan, work-based welfare programme and improvements.



## CSF 9 - Relationships

Building and managing key relationships and management interfaces.





helping **Bristol Waste** nothing

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**BRISTOL**  
waste

## **Appendix B – Details of Consultation**

### Description of the Business Planning Process

1. At the Companies' AGM's in July 2018, the companies' boards met the Shareholder Group to discuss high level business plan strategies, and since September, the companies have been devising their business plans for 2019/2020.
2. The business plans contained in the appendix have been through an iterative process of design which have included:
  - a. Discussion and challenge at subsidiary board level by Independent Non-Executive Directors
  - b. Discussion and challenge at an informal Shareholder officer workshop.
  - c. Discussion and challenge by statutory officers as well as discussion and review by the Shareholder Group.
  - d. Overview and Scrutiny Management Board (OSM) were briefed at a meeting of 27<sup>th</sup> November 2018, in exempt session, with the Shareholders representative in attendance.

### Bristol Waste Company Business Plan Consultation

3. A sub-set of Shareholder group advisors, including the Interim Shareholder Liaison Director, Shareholder Client Manager, Waste Client Manager and Finance Business Partner have met with BWC to conduct an in depth workshop.
4. The Cabinet member for Waste has been consulted on 15<sup>th</sup> November 2018 and the Waste Client team have been party to the creation of the business plan and consulted with throughout this process. Having reviewed the Waste Business Plan, the waste client have the following comments:
  - The Business Plan and its delivery are in line with all statutory, strategic and contractual requirements of Bristol City Council and its delivery in part or full, has no detrimental impacts onto these requirements.
  - As well as the service, administrative and commercial aims and aspirations contained within the Plan, BWC also seek to achieve some of Bristol City Council's strategic and policy aims and objectives with particular regard to 'healthy, safe and sustainable communities and places' as detailed within the Health and Wellbeing Strategy. Included in the strategy are the low-carbon objectives of the Global City Strategy, the sustainable improvements in the management of wastes set out in the Waste and Resource Management Strategy and the key commitments detailed with the Environmental Policy namely;
    - Continually improving our performance, meeting our compliance obligations, preventing pollution and protecting the environment.
    - Managing risks and reducing our direct environmental impacts in energy, travel, waste, water, food, biodiversity and land use.
    - Using our resources efficiently and working with our suppliers to reduce the impact of the goods and services we buy.

- Particularly welcomed is the ongoing commitment from BWC to build upon the improved relationships it has with all internal and external stakeholders for the mutual benefit to the residents, businesses and visitors of Bristol.
5. In addition on the 12<sup>th</sup> November, the Managing Director of BWC met with the newly formed 'Waste Client Management group' which is made up of managerial representatives from the Parks, Clean Streets, Highways, Housing, Customer Services and Waste teams among others to discuss the business plan. The group was supportive of the business plan and recognised opportunities to align BCC objectives with items within the business plan.
  6. As part of the consultation on this Cabinet report the business plan was presented to the Overview and Scrutiny Management Board, the group was supportive of the business plan, commenting on a number of the developments within the company, including the replacement of the fleet, and the continued emphasis on re-use which should be highlighted more clearly within the plan.

## Bristol City Council Equality Impact Relevance Check



This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required. Please read the guidance prior to completing this relevance check.

| <b>What is the proposal?</b>             |   |
|--|---|
| Name of proposal                         | <b>Business Planning Update: the Bristol Waste Company Ltd 2019/20 – 2021/22.</b>   |
| Please outline the proposal.             | <p>The purpose of this report is to recommend for approval the business plans of Bristol Waste Company Ltd.</p> <p>The Bristol Waste Company Business Plan sets out its plan to:</p> <ul style="list-style-type: none"> <li>- Deliver a cost-effective professional service in support of BCC shareholders and residents</li> <li>- Ensure safe working practices are ingrained in the business</li> <li>- To deliver a successful and growing commercial enterprise</li> <li>- Invest in employee training and development and restructure/refocus the business</li> <li>- Behaviour change campaigns to reduce residual waste production and increase recycling incorporating smart waste projects</li> <li>- Finalise Avonmouth HWRC and develop third HWRC</li> <li>- Implement effective marketing and lead generation campaigns to support</li> <li>- commercial growth objectives</li> </ul> |
| What savings will this proposal achieve? | The BWC Plan includes a number of areas for investment, and driving cost efficiencies from the delivery of waste services.  |
| Name of Lead Officer                     | David Lawrence, Interim Shareholder Liaison Director  |

| <b>Could your proposal impact citizens with protected characteristics?</b><br>(This includes service users and the wider community)  |
|--|
| Please outline where there may be significant opportunities or positive impacts, and for whom.   |
| <p>BWC's social mission has the following strands:</p> <ul style="list-style-type: none"> <li>- Tackling homeless issues</li> <li>- Career development for young people</li> <li>- Diversity programmes</li> <li>- Engagement with elderly people</li> </ul> |

The plan also includes the launch of a Learning Academy, work-based welfare programme, enhanced management support to the areas where it is most needed and outline involvement through participation in an improvement team network. This includes for example working with ex-offender training programmes.

BWC is currently recruiting for a third Non-Executive director to join the company and applications are being welcomed in particular from women from diverse backgrounds and other industries than the Waste sector.

The Waste Company serves every resident in Bristol, and therefore its workforce, board and Directors should be representative of Bristol demographics. We do not have exact data on the workforce but we know it to be predominantly male and white.

The Diversity data for the company directors across the group are.

- 0 women and 5 men
- 4 White British, 1 unknown.  
Sexual orientation unknown, religion unknown, disability unknown

The diversity data for the company's shareholders and advisors are

- 4 men, 3 women
- 1 BME, 1 White other, 5 White British
- Sexual orientation unknown, religion unknown, disability unknown.

**Please outline where there may be significant negative impacts, and for whom.**

None identified.

**Could your proposal impact staff with protected characteristics?**

(i.e. reduction in posts, changes to working hours or locations, changes in pay)

Please outline where there may be significant opportunities or positive impacts, and for whom.

Please outline where there may be negative impacts, and for whom.

None identified.

**Is a full Equality Impact Assessment required?**


Does the proposal have the potential to impact on people with protected characteristics in the following ways:

- access to or participation in a service,
- levels of representation in our workforce, or
- reducing quality of life (i.e. health, education, standard of living) ?

Please indicate yes or no. If the answer is yes then a full impact assessment must be carried out. If the answer is no, please provide a justification.

No. It would be prudent to ensure that all arm's length companies the council set up in the future have a plan in place to ensure diversity of its Board, Director and workforce at inception so that the Council's vision that



|                                     |   |
|-------------------------------------|---|
|                                     | everybody should share in the cities success is realised.   |
| Service Director sign-off and date: | Equalities Officer sign-off and date:<br><br>Duncan Fleming 14/12/2018 |

## Eco Impact Checklist

**Title of report: Business Planning Update: the Bristol Waste Company Ltd 2019/20 – 2021/22.**

**Report author: David Lawrence, Interim Shareholder Liaison Director**

**Anticipated date of key decision 22/01/2019**

**Summary of proposals:** The purpose of this report is to recommend for approval the business plans of Bristol Waste Company Ltd.

| Will the proposal impact on...                         | Yes/No | +ive or -ive | If Yes...   |   |
|--|--------|--------------|---|---|
|  |        |              | Briefly describe impact   | Briefly describe Mitigation measures  |
| Emission of Climate Changing Gases?                    | Yes    | Both         | <p>BWC highlight a desire to actively participate and collaborate on the City Leap programme 'We would welcome advice, guidance and support from our shareholder / BCC in enabling us to deliver this (City Leap aspirations) ambition.' And their strategy includes the ambition to 'Be the preferred integrated service and waste management partner for.... Programmes such as City Leap'</p> <p>Commitment to continued certification of the ISO 14001 standard</p> <p>The collection of waste and operation emits climate changing gases</p> | <p>City Leap will develop projects to take action on climate change, support to this will help with these projects and have a positive impact</p> <p>This shows a commitment to continual environmental improvement</p> |
| Bristol's resilience to the effects of climate change? | Yes    | Both         | Develop third HWRC – Location may be vulnerable to flooding   | Developments will go through the planning process. Project has been through a separate Eco IA process and Eco comments have been made   |

|  |     |      |  |   |
|--|-----|------|--|---|
|  |     |      | Commitment to continued certification of the ISO 14001 standard  | This shows a commitment to continual environmental improvement and emergency preparedness   |
| Consumption of non-renewable resources?    |     |      | Construction of HWRC will use resources<br><br>Fuel used for fleet   | Construction activities will be subject to the planning process,<br><br>Vehicle fleet replacement project has been through a separate Eco IA process  |
| Production, recycling or disposal of waste | Yes | Both | Strategies within the business include :<br>'Behaviour change campaigns to reduce residual waste production and increase recycling incorporating smart waste projects'<br><br>There will be KPIs around (Amongst other areas) - % Municipal and Household recycling, Residual waste per household, Reuse strategy (including pop up reuse/ repair shops/ WEEE repair and reuse<br><br>Improved plastic sort line and mini transfer station | The continuation of behaviour change campaigns will help to increase recycling and reuse<br><br>Encouragement of reuse reduces waste and resource use. KPIs need to be linked to environmental improvement and show improvement intentions, would recommend looking at BCC targets when developing KPI targets<br><br>Will improve quality of recycling materials |
| The appearance of the city?                | Yes | Both | Develop third HWRC<br><br>There will be KPIs around (Amongst other areas) - street   | Developments will go through the planning process<br><br>Awareness campaigns around fly tipping in badly  |

|                                   |     |      |  |  |
|-----------------------------------|-----|------|--|--|
|                                   |     |      | cleansing standards, removal of fly tipped waste within 48hrs (Including engagement campaigns in heavily affected areas)   | affected areas should reduce instances of fly tipping. KPIs need to be linked to environmental improvement and show improvement intentions, would recommend looking at BCC targets when developing KPI targets   |
| Pollution to land, water, or air? | Yes | Both | <p>Fleet replacement – Vehicle fleet emits pollution to air</p> <p>Develop third HWRC – Development activities and operation could lead to pollution in emergency event</p> <p>A desire to use increased technological innovation/ automation to improve navigation/ route planning amongst other areas (Such as customer service). Linked to this a new operational control hub</p> | <p>Fleet replacement has been through a separate Eco IA process and Eco comments have been made</p> <p>Development activity will create emissions, operational HWRC will also reduce fly tipping pollution and effect consumer travel, this project has been assessed in a separate Eco IA and eco comments have been made</p> <p>Route planning improvements may decrease miles travelled and emissions in relation to this</p> |
| Wildlife and habitats?            | Yes | Both | Develop third HWRC   | Developments may have an effect on wildlife, this project has been assessed in a separate Eco IA and eco comments have been made   |

**Consulted with: Board of Bristol Waste Company, Shareholder Group, Waste Client Team, Statutory Officers, Overview and Scrutiny Management board.**

**Summary of impacts and Mitigation - to go into the main Cabinet/ Council Report**

The significant impacts of this proposal are...

Bristol Waste is proposing business objectives including:

- Replacing the recycling, black bin, and small vehicle fleet.
- Improvements to Avonmouth Household waste recycling centre
- Design of a third Household waste recycling centre
- Improvements to the mini transfer station.
- Introducing a plastic sort line to improve the quality of recycling
- Initiatives to reduce the number of collection vehicles in the city centre
- Further reduction in waste to landfill
- Implementation of waste data collection
- Implementing a revised Safety, Health, Environmental and Quality (SHEQ) strategy and responsible officer.
- These proposals provide for improvements in waste reduction, re-use, recycling and recovery, in line with BCC long-term waste strategy.
- Some of the proposals will consume resources, for example through construction or purchase of new vehicles

The proposals include the following measures to mitigate the impacts...

- The fleet renewal was subject to a separate Cabinet report, which included its own eco impact assessment. (Agreed on 4<sup>th</sup> December 2018)
- Development of new infrastructure, for example a new HWRC, is subject to planning controls and has been assessed from an Eco IA perspective
- BWC have secured ISO14001 and 9000 for environmental and quality management respectively and, have committed to maintaining these standards across the operation, ensuring that there will be continual environmental improvement.

The net effect of these proposals is mixed however there are many positive aspects to this proposal.

**Checklist completed by:**

|   |   |
|---|---|
| Name:   | Helen Davis                                     |
| Dept.:  | Shareholder function                            |
| Extension:                                    | 0117 357417                                     |
| Date:   | 13/12/2018                                      |
| Verified by<br>Environmental Performance Team | Nicola Hares – Environmental Project<br>Manager |

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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of the Local Government Act 1972.

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# Decision Pathway

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**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|  |  |                                 |                                |
|--|--|---------------------------------|--------------------------------|
| <b>TITLE</b>   | <b>Procurement of contract for Avon Coroner deceased transport</b> |                                 |                                |
| <b>Ward(s)</b>   | All  |                                 |                                |
| <b>Author:</b>   | Yvonne Dawes   | <b>Job title:</b>               | Head of Statutory Registration |
| <b>Cabinet lead:</b>   | Craig Cheney   | <b>Executive Director lead:</b> | Mike Jackson                   |
| <b>Proposal origin:</b> <i>BCC Staff</i>   |  |                                 |                                |
| <b>Decision maker:</b> Cabinet Member  |  |                                 |                                |
| <b>Decision forum:</b> <i>Cabinet</i>  |  |                                 |                                |
| <b>Purpose of Report:</b>  |  |                                 |                                |
| <ol style="list-style-type: none"> <li>1. To seek approval for the procurement of a contract for a Coroner Funeral Director to transport all deceased under the jurisdiction of the Avon Coroner.</li> <li>2. To delegate the decision to award the contract to the Director of Legal and Democratic Services.</li> </ol>  |  |                                 |                                |
| <b>Evidence Base:</b>  |  |                                 |                                |
| <p>This is a request for Statutory spend in order to fulfil HM Senior Coroner and BCC's obligations under The Coroners and Justice Act (2009). Coroners have the responsibility to examine the cause when there is a sudden or unexplained death. The HM Coroner for Avon removes bodies from the place of death to the Flax Bourton mortuary.</p> <p>HM Coroner costs are met by the local authorities with Bristol the lead authority for the Avon area. Costs are shared on a population basis, with Bristol responsible for 40% of Avon costs.</p> <p>The HM Coroner for Avon covers the four unitary authorities of Bath and North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council. Bristol City Council is the lead local authority supporting the administration, court service and public mortuary for HM Coroner and is authorised by the other authorities to undertake the procurement on behalf of HM Coroner.</p> <p>A contract for Avon Coroner deceased transport has been in place for over four years, and the intention is to continue to contract this service for the Avon Coroner.</p> <p>Without a procured contract, it would be necessary to engage individual funeral directors on a case by case basis, probably under their terms and conditions and with the likelihood of varying rates. Compliance with Procurement Regulations would be difficult to evidence and runs the risk of delays or lack of availability at necessary times leaving deceased uncollected at their place of death. Even if it were to operate in this way, it would take more staff time to organise and could be more expensive. The Councils do not have the necessary resources to step-in in the event the market is unable to provide this service due to the specialist equipment, vehicles and expertise required to deliver this service.</p> <p>Options have been considered and a further tender procurement is planned in January/February 2019 following a pre tender market engagement and development event and there will then follow a tender process to contract for three years with the option of a 12 month extension (to a maximum of four years).</p> |  |                                 |                                |
| <b>Cabinet Member / Officer Recommendations:</b>   |  |                                 |                                |
| <ol style="list-style-type: none"> <li>1. To authorise the procurement of a transport contract for the HM Avon Coroner.</li> <li>2. To delegate authority to approve the award of the contract to the Director of Legal and Democratic Services in</li> </ol>  |  |                                 |                                |

consultation with the Designated Deputy Mayor with responsibility for Finance, Governance and Performance.

**Corporate Strategy alignment:** The Corporate Strategy commits the council to meeting statutory obligations, so this proposal is fully aligned and this contract forms part of BCC civil contingencies planning and critical service plans.

**City Benefits:** The rapid transport of the deceased to an appropriate mortuary is a vital statutory public health matter.

**Consultation Details:** This is not a matter for public consultation. A fully compliant procurement process will be followed if this proposal is authorised

|   |            |                                  |  |
|---|------------|----------------------------------|--|
| <b>Revenue Cost</b>   | £0.2m p.a. | <b>Source of Revenue Funding</b> | Contributions by Authority:<br>Bristol: 40%<br>Other Avon Authorities: 60% |
| <b>Capital Cost</b>   | £NIL       | <b>Source of Capital Funding</b> | N/A  |
| <b>One off cost</b> <input type="checkbox"/> <b>Ongoing cost</b> <input checked="" type="checkbox"/> <b>Saving Proposal</b> <input type="checkbox"/> <b>Income generation proposal</b> <input type="checkbox"/> |            |                                  |  |

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The annual value of this contract is likely to be just under £0.200m, of which 40% relates to service for Bristol City Council, the remaining cost is funded from contributions from partner authorities across HM Coroner for Avon region. The total value of the contract (assuming extensions are utilised) would be £0.7m, of which £0.2m is estimated to be Bristol's contribution.

The actual contract cost is based on the actual activity, so the estimated contract volumes are based on recent activity across the region and will be monitored monthly against budget through the length of the contract. Any variations to contract cost will be reported through regular budget monitoring processes and any cost or volume pressures managed through that process.

The proposed procurement process of an open competitive tender for this service is in line with procurement regulations to give assurance best value is being achieved.

**Finance Business Partner:** Michael Pilcher, Finance Business Partner, 05/12/2018

**2. Legal Advice:**

The Council's procurement process must be conducted in line with the Public Contract Regulations 2015 and the Council's own procurement rules. Legal services will advise and assist officers with regard to the conduct of the procurement process and the resulting contractual arrangements.

There are no particular equalities issues arising from the proposals in this report. Should any be identified they will be brought to client officers' attention to be addressed as appropriate.

There are no public consultation issues associated with this proposal.

**Legal Team Leader:** Husinara Jones, Team Leader/Solicitor 06/12/2018

**3. Implications on ICT:** There are no identifiable IT implications in this initiative.

**ICT Team Leader:** Ian Gale, Head of IT, 03/11/2018

**4. HR Advice:** Consideration will need to be given as to whether TUPE Regulations apply. If TUPE applies then the Council will need to comply with the requirement to provide staffing information as part of the procurement process. Requirements to consult with staff and trade unions are the responsibility of current employers.

**HR Partner:** James Brereton, HR Business Partner 03/12/2018

|                                |              |                  |
|--------------------------------|--------------|------------------|
| <b>EDM Sign-off</b>            | Mike Jackson | 21 November 2018 |
| <b>Cabinet Member sign-off</b> | Craig Cheney | 29 November 2018 |

|  |                |                  |
|--|----------------|------------------|
| <b>CLB Sign-off</b>                                | Mike Jackson   | 11 December 2018 |
| <b>For Key Decisions - Mayor's Office sign-off</b> | Mayor's Office | 21 December 2018 |

|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b>       | <b>NO</b>  |
| <b>Appendix B – Details of consultation carried out - internal and external</b> | <b>NO</b>  |
| <b>Appendix C – Summary of any engagement with scrutiny</b>                     | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>   | <b>YES</b> |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>        | <b>YES</b> |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>         | <b>YES</b> |
| <b>Appendix G – Financial Advice</b>  | <b>NO</b>  |
| <b>Appendix H – Legal Advice</b>  | <b>NO</b>  |
| <b>Appendix I – Combined Background papers</b>                                  | <b>NO</b>  |
| <b>Appendix J – Exempt Information</b>  | <b>YES</b> |
| <b>Appendix K – HR advice</b>   | <b>NO</b>  |
| <b>Appendix L – ICT</b>   | <b>NO</b>  |

## Appendix D: Risk Register

|              |  |
|--------------|--|
| <b>TITLE</b> | <b>Removal of deceased on behalf of HM Senior Coroner for Avon</b> |
|--------------|--|

### **Risk assessment**

**MEETING: Cabinet**      **DATE:** 22 January 2019

This is a statutory service essential for public health, and the deceased must be transported.

Bristol runs the Coroner administration on behalf of three other councils of the former Avon area, North Somerset, South Gloucestershire and Bath and North East Somerset. Bristol is responsible for 40% of the costs and the other three councils 60%. The impact of any cost increase will impact from next financial year 2019/20.

This service is currently operating on a waiver and needs to be back in a contractual position as soon as possible to ensure procurement compliance.

Currently if there is supply failure contractor bears the primary responsibility not BCC. Companies tendering are required to have business continuity plans to mitigate any adverse conditions such as weather disruption or other potential service disruption (fuel shortage, flu pandemic leading to staff shortage, etc).

This contract with an external provider increases resilience for mortuary and mass facility incidents and could provide:

- Additional deceased storage capacity where delayed mortuary admissions are needed.
- Contingency viewing suite if Flax Bourton mortuary out of action.
- The use of multiple vehicles.

## Bristol City Council Equality Impact Assessment Form

(Please refer to the Equality Impact Assessment guidance when completing this form)



|                              |   |
|------------------------------|---|
| Name of proposal             | Removal of deceased on behalf of HM Senior Coroner for Avon |
| Directorate and Service Area | Legal   |
| Name of Lead Officer         | Yvonne Dawes  |

### Step 1: What is the proposal?

Please explain your proposal in Plain English, avoiding acronyms and jargon. This section should explain how the proposal will impact service users, staff and/or the wider community.

|   |
|---|
| 1.1 What is the proposal?   |
| This is a 're-buy' of existing previously commissioned services.<br><br>A new contract will be a continuation to contract this service for the Avon Coroner.<br><br>Coroners have the responsibility to examine the cause when there is a sudden or unexplained death. The HM Coroner for Avon removes bodies from the place of death to a mortuary to the Flax Bourton mortuary. |

### Step 2: What information do we have?

Decisions must be evidence-based, and involve people with protected characteristics that could be affected. Please use this section to demonstrate understanding of who could be affected by the proposal.

|   |
|---|
| 2.1 What data or evidence is there which tells us who is, or could be affected?   |
| The treatment of the deceased is a key element of many religious beliefs such as the need for rapid burial within the Muslim and Jewish faiths. |
| 2.2 Who is missing? Are there any gaps in the data?   |
| No  |
| 2.3 How have we involved, or will we involve, communities and groups that could be affected?  |
| Not directly.   |

### Step 3: Who might the proposal impact?



Analysis of impacts on people with protected characteristics must be rigorous. Please demonstrate your analysis of any impacts in this section, referring to all of the equalities groups as defined in the Equality Act 2010.

|   |
|---|
| 3.1 Does the proposal have any potentially adverse impacts on people with protected characteristics?  |
| No.   |
| 3.2 Can these impacts be mitigated or justified? If so, how?  |
|   |
| 3.3 Does the proposal create any benefits for people with protected characteristics?  |
| Religion. A contracted efficient service ensures that the deceased will be speedily picked up from the place to death and transported to the appropriate mortuary, in line with religious beliefs of key communities.<br>A single contractor ensures that the deceased are treated appropriately and with respect at all times. |
| 3.4 Can they be maximised? If so, how?  |
| Performance indicators being part of the contract for the timings for the deceased to be picked up and transported. The contract service level for the collection of the deceased for transport is less than 60 mins for a forensic case and 90 mins for a non-forensic case anywhere within the community.                     |

### Step 4: So what?

The Equality Impact Assessment must be able to influence the proposal and decision. This section asks how your understanding of impacts on people with protected characteristics has influenced your proposal, and how the findings of your Equality Impact Assessment can be measured going forward.

|   |
|---|
| 4.1 How has the equality impact assessment informed or changed the proposal?  |
| To inform decision makers that this proposal would have positive benefits for people with the protected characteristic related to their religion. |
| 4.2 What actions have been identified going forward?  |
| Ongoing monitoring of performance indicators  |
| 4.3 How will the impact of your proposal and actions be measured moving forward?  |
| To ensure that the new contract maintains the performance indicators for the timings for collection of the deceased.                              |

|   |   |
|---|---|
| Service Director Sign-Off:<br> | Equalities Officer Sign Off:<br><br>Duncan Fleming |
| Date:<br>6/12/2018  | Date:<br>5/12/2018  |

## Eco Impact Checklist

**Title of report:** Removal of deceased on behalf of HM Senior Coroner for Avon

**Report author:** Yvonne Dawes

**Anticipated date of key decision:** 22<sup>nd</sup> January 2019

### Summary of proposals:

- The rapid transport of the deceased from place of death to an appropriate mortuary is public health matter.
- HM Senior Coroner for Avon's area covers the four unitary authorities of Bath & North East Somerset, Bristol City, North Somerset and South Gloucestershire Councils. The intention is to continue to contract this service for the Avon Coroner.
- All HM Coroner referred deaths must to be removed from either the hospital or the community to a mortuary, which in the Avon area is to the public mortuary at Flax Bourton, North Somerset, pending post mortem examination. Occasionally the deceased may need to be moved to another mortuary eg contingency partner in Gloucester or for deceased children to specialist units at Great Ormond Street, London.
- The contract service level for the collection of the deceased for transport is less than 60 mins for a forensic case and 90 mins for a non-forensic case anywhere within the community.

| Will the proposal impact on...                         | Yes/No | +ive or -ive | If Yes...                                     |   |
|--|--------|--------------|---|---|
|  |        |              | Briefly describe impact                       | Briefly describe mitigation measures  |
| Emission of Climate Changing Gases?                    | YES    | -ive         | Carbon dioxide from car emissions.            | Utilise the shortest routes to the given mortuary.  |
| Bristol's resilience to the effects of climate change? | YES    | -ive         | Carbon dioxide from car emissions.            | Utilise the shortest routes to the given mortuary.  |
| Consumption of non-renewable resources?                | YES    | -ive         | Diesel or petrol                              | Utilise the shortest routes to the given mortuary.  |
| Production, recycling or disposal of waste             | No     |              | N/A   | N/A   |
| The appearance of the city?                            | NO     |              | N/A   | N/A   |
| Pollution to land, water, or air?                      | YES    | -ive         | Carbon dioxide from car emissions will affect | Utilise the shortest routes to the given mortuary. Request within the contract that the vehicles used are |



|  |    |  |                   |  |
|--|----|--|-------------------|--|
|  |    |  | local air quality | modern, regularly serviced and ideally not diesel vehicles. Here is a hierarchy of the least to most polluting vehicle: <ul style="list-style-type: none"> <li>• Electric Vehicles</li> <li>• Plug in Petrol Hybrid</li> <li>• Petrol hybrid</li> <li>• Gas or petrol</li> <li>• Plug in Diesel Hybrid</li> <li>• Diesel Hybrid</li> <li>• Diesel</li> </ul> |
| Wildlife and habitats?   | NO |  | N/A               | N/A  |
| <b>Consulted with:</b><br>Nicola Hares – Environmental Project Manager   |    |  |                   |  |
| <b>Summary of impacts and Mitigation - <u>to go into the main Cabinet/ Council Report</u></b>  |    |  |                   |  |
| <ul style="list-style-type: none"> <li>• For environmental considerations, the movement of deceased must utilise the shortest routes to the given mortuary, where practicable.</li> <li>• The vehicles must be regularly serviced and maintained as appropriate. Ideally look for the fleet to not be made up of diesel vehicles and look for alternatives such as petrol/ hybrid or electric.</li> <li>• The council may inspect at any time, without prior notice to the contractor, any vehicle used in the pursuance of this contract for the purpose of inspecting the condition and fitness for purpose of the vehicle.</li> </ul> |    |  |                   |  |
| <b>Checklist completed by:</b>   |    |  |                   |  |
| Name: Yvonne Dawes   |    |  |                   |  |
| Dept.: Statutory Registration  |    |  |                   |  |
| Extension: x 23488   |    |  |                   |  |
| Date: 5 December 2018  |    |  |                   |  |
| Verified by<br>Environmental Performance Team – Nicola Hares   |    |  |                   |  |

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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# Decision Pathway – Report

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**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|  |  |  |  |
|--|--|--|--|
| <b>TITLE</b>   | <b>APR 15 Cattle Market Road Site Demolition</b>     |  |  |
| <b>Ward(s)</b>   | <i>Lawrence Hill</i>                                 |  |  |
| <b>Author:</b> Richard Marsh   | <b>Job title:</b> Programme Director, Temple Quarter |  |  |
| <b>Cabinet lead:</b> Cllr Cheney   | <b>Executive Director lead:</b> Colin Molton         |  |  |
| <b>Proposal origin:</b> <i>BCC Staff</i>   |  |  |  |
| <b>Decision maker:</b> Cabinet Member<br><b>Decision forum:</b> <i>Cabinet</i>   |  |  |  |
| <b>Purpose of Report:</b>  |  |  |  |
| <ol style="list-style-type: none"> <li>1. To seek delegated authority to the Executive Director Growth and Regeneration, in consultation with the Deputy Mayor for Finance Governance &amp; Performance, to revise the allocations of existing approved funding (£11.25m) between budget lines in order to progress the demolition of the former post office sorting office building to ground level. And;</li> <li>2. To provide an update on progress on the demolition of the former Post Office sorting office building</li> </ol>   |  |  |  |
| <b>Evidence Base:</b>  |  |  |  |
| <p>On 7<sup>th</sup> March 2017, Cabinet;</p> <ol style="list-style-type: none"> <li>1. Approved the sale of the Council’s freehold interest in land comprising all of the Cattle Market Road site and the part of Arena Island site not required for the Arena development to the University of Bristol (note that the Arena island site is now known as Temple Island);</li> <li>2. Authorised the Strategic Director: Place, in conjunction with the Cabinet Member for Place, to approve the contract for the sale where the overall terms accorded with the Cabinet report. And;</li> <li>3. Approved delivery of the individual project obligations, described in the report, which the Council would commit to in the sale contract.</li> </ol> <p>The conditional Sale Agreement relating to the sale of the Cattle Market Road site places obligations upon both parties (BCC and the UoB) to commit to certain works and/or activities in order to support the redevelopment of the Cattle Market Road site. In the case of the City Council, obligations exist for the Council to;</p> <ul style="list-style-type: none"> <li>• Demolish existing buildings and complete asbestos removal;</li> <li>• Relocate or clear, as appropriate, the Cholera burial site on the Cattle Market Road site;</li> <li>• Secure the adjoining Network Rail structures, where not the responsibility of Network Rail;</li> <li>• Complete the Harbour Walkway and subsequent maintenance;</li> <li>• Complete improvements to Cattle Market Road and subsequent maintenance;</li> <li>• Continue to hold responsibility and maintenance of public roadways and supports for public roadways adjacent to the properties</li> <li>• Use best endeavours to secure with Network Rail a ‘ticketed’ route through the station to the Cattle Market Road property at no cost to UoB;</li> <li>• Use reasonable endeavours to secure with Network Rail a more fundamental un-ticketed public route through the station to the Cattle Market Road site. And;</li> <li>• Provide adequate emergency access to the Cattle Market Site.</li> </ul> <p>Since the previous Cabinet report, considerable progress has been made by both the University of Bristol and Bristol</p> |  |  |  |

City Council with the Cattle Market Road site. This has included the University submitting a planning application for the site and securing outline planning consent for a new Enterprise Campus in July 2018. The City Council has also completed enabling works on site and is completing detailed site investigation works in preparation for the demolition of the sorting office building and associated site works.

In undertaking these enabling and investigative works, a thorough understanding of the site has been gained and a more detailed understanding developed of the various costs of undertaking the works required of the City Council under the Sale Agreement. The investigations and analysis have revealed that whilst some required works will cost less than anticipated, other works will cost more than originally foreseen.

In order to maintain progress and not delay the project any further, revisions between existing approved budget lines are necessary to ensure that funds are available in order to allow the Council to proceed with the demolition of the sorting office building as obligated under the Sale Agreement with the University of Bristol. The scope of these works, to demolish the building to ground level, has been agreed with the University of Bristol and the contract and costs agreed with the incumbent contractor, Kier.

Authorising the Executive Director of Growth and Regeneration, in consultation with the Deputy Mayor for Finance Governance & Performance, to revise the existing approved budget lines will allow the project to proceed at this time and facilitate the demolition of the former sorting office building to ground level.

If the demolition does not proceed at this time, significant costs will be incurred in demobilising machinery and in standing down the contractor.

Work undertaken on the project to date (and since the original 2017 Cabinet approval) has also revealed that the total cost of enabling the redevelopment of the site, as obligated under the Sale Agreement with the University of Bristol, is likely to exceed the currently approved budget (£11.25m).

Work is currently underway to confirm the likely level of further expenditure required in order to discharge the city council's contractual obligations under the Sale Agreement. Discussions are ongoing with the University in order to identify ways of ensuring cost effective and mutually satisfactory solutions to deliver the site for redevelopment for the Temple Quarter Enterprise Campus.

An indication of the likely range of costs for fulfilling the Council's obligations is set out in Exempt Appendix J in order to support decision making at this time.

The existing approved funds, once budget line allocations are revised, would be utilised to progress works to demolish the existing sorting office building to ground level, whilst further discussions with the University are underway and approvals for further capital expenditure are sought to both discharge the city councils obligations under the Sale Agreement and realise the joint ambitions of the University of Bristol and City Council in the delivery of the Temple Quarter Enterprise Campus.

Demolition of the sorting office building will represent a significant milestone in progressing the redevelopment of this landmark site and will signal the city's intention for the future regeneration of the wider Temple Quarter – supporting other proposals such as the refurbishment and improvement of Bristol Temple Meads station.

A further Cabinet report will therefore follow seeking approval for additional capital expenditure once the Council's obligations and costs are fully determined. It is anticipated that this report will be brought to Cabinet in April 2019.

**Cabinet Member / Officer Recommendations:**

1. To authorise the Executive Director Growth and Regeneration, in consultation with the Deputy Mayor for Finance Governance & Performance, to revise the allocations of existing approved funding (£11.25m) between budget lines in order to progress the demolition of the former post office sorting office building to ground level and associated works.

**Corporate Strategy alignment:**

The proposals align with a number of corporate priorities, including:

- Develop a diverse economy that offers opportunity to all;
- Make progress towards being the UK's best digitally connected city, and;
- Reduce social and economic isolation and help connect people to people, people to jobs and people to opportunity.

**City Benefits:**

Significant city benefits will accrue through the redevelopment of the former sorting office site and delivery of the Temple Quarter Enterprise Campus – in line with the basis set out within the original March 2017 Cabinet paper. Progression of the project at this time will assist in realising the city benefits. Furthermore, since the original Cabinet approval, the likelihood of the realisation of these city benefits has been significantly boosted by the University of Bristol securing outline consent for the development of the Temple Quarter Enterprise Campus. This has already in turn also seen further development promoted within the wider Temple Quarter Enterprise Zone – including the promotion of a new school within the TQEZ by the Oasis academy. Realisation of the TQEC will also support in other city ambitions – including the refurbishment of Temple Meads station and the creation of a new Eastern entrance to service future development within the wider Temple Quarter and St Philips areas.

**Consultation Details:**

Significant consultation has taken place in support of this project. The City Council has undertaken considerable consultation with statutory consultees, whilst the University of Bristol has also undertaken its own consultation as part of the process of securing the outline planning consent for the redevelopment of the site to deliver the new Temple Quarter Enterprise Campus.

|   |  |   |  |
|---|--|---|--|
| <b>Revenue Cost</b>                                     | £  | <b>Source of Revenue Funding</b>                | <i>Insert specific service budget</i>                      |
| <b>Capital Cost</b>                                     | £11.25m                                      | <b>Source of Capital Funding</b>                | <b>Corporate borrowing</b>                                 |
| <b>One off cost</b> <input checked="" type="checkbox"/> | <b>Ongoing cost</b> <input type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input type="checkbox"/> |

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:**

- The scheme has funding of £3.5m to cover the costs of Demolition, remediation work on the cholera site, and work required to secure the adjoining Network Rail structures. As a result of asbestos and other hazardous materials subsequently discovered on site (for which no original budget provision was made), £3.5m has already been committed and the latest projections including the unforeseen additional works will take the scheme over the existing approved funding envelop for those specific works (£7.5m – 115% above the originally anticipated costs), although not over the overall approved cost of £11.25m. Appendix J has the breakdown approved. While these costs can be covered within the existing overall funding envelope, it is necessary to note that the demolition work is only to ground level, and additional costs are still anticipated for sub-ground levels. The cost of these works will be influenced by the ability to negotiate a different approach to the remaining work with UOB. Separate authorisation will be sought once the details are known, and at that point BCC will be able to consider all options available to it.
- Approval is being sought to re-allocate the already approved budget of £11.25m to enable the demolition work to go ahead. This approval will reprioritises the existing funding as outlined in Appendix J.
- Reasons for the cost increases have been outlined in a separate report

**Finance Business Partner:** Kayode Olagundoye, Interim Finance Business Partner, Growth & Regeneration, 11<sup>th</sup> January 2019

**2. Legal Advice:** The Council entered in to a conditional sale agreement with the University of Bristol on 7th July 2017 for the disposal of the Cattlemarket Road site and former Post Office depot. A pre-condition to the disposal placed an obligation on the Council to demolish the former Post Office depot. Failure to comply with this contractual obligation would defeat the contract with the University

**Legal Team Leader:** Andrew Jones, Team Leader – Property Planning and Transport, Legal Services, Bristol City

|   |                   |            |
|---|-------------------|------------|
| Council, 3rd January 2019   |                   |            |
| <b>3. Implications on IT:</b> There are no IT implications arising from this paper                    |                   |            |
| <b>IT Team Leader:</b> Ian Gale, Head of IT, Bristol City Council – Resources (IT), 2nd January 2019. |                   |            |
| <b>4. HR Advice:</b> No anticipated HR implications   |                   |            |
| <b>HR Partner:</b> Celia Williams, HR Business Partner – Growth and Regeneration, 3rd January 2019.   |                   |            |
| <b>EDM Sign-off</b>   |                   | 17/10/2018 |
| <b>Cabinet Member sign-off</b>  | Cllr Craig Cheney | 14/01/2019 |
| <b>CLB Sign-off</b>   | Colin Molton      | 09/01/2019 |
| <b>For Key Decisions - Mayor's Office sign-off</b>  |                   | 14/01/2019 |

|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b>       | <b>NO</b>  |
| <b>Appendix B – Details of consultation carried out - internal and external</b> | <b>NO</b>  |
| <b>Appendix C – Summary of any engagement with scrutiny</b>                     | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>   | <b>NO</b>  |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>        | <b>NO</b>  |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>         | <b>NO</b>  |
| <b>Appendix G – Financial Advice</b>  | <b>NO</b>  |
| <b>Appendix H – Legal Advice</b>  | <b>NO</b>  |
| <b>Appendix I – Combined Background papers</b>                                  | <b>NO</b>  |
| <b>Appendix J – Exempt Information</b>  | <b>YES</b> |
| <b>Appendix K – HR advice</b>   | <b>NO</b>  |
| <b>Appendix L – ICT</b>   | <b>NO</b>  |

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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**PURPOSE:** For reference

**MEETING:** Cabinet

**DATE:** 22 January 2019

|  |   |  |
|--|---|--|
| <b>TITLE</b>   | <b>Risk Management Assurance Policy</b> |  |
| <b>Ward(s)</b>   | City Wide                               |  |
| <b>Author:</b>   | Jan Cadby                               | <b>Job title:</b> Risk and Insurance Manager               |
| <b>Cabinet lead:</b>   | Councillor. Cheney                      | <b>Executive Director lead:</b> Mike Jackson/Denise Murray |
| <b>Proposal origin:</b> BCC Staff  |   |  |
| <b>Decision maker:</b> Cabinet Member  |   |  |
| <b>Decision forum:</b> Cabinet   |   |  |
| <b>Purpose of Report:</b>  |   |  |
| <p>The purpose of the report is to present the revised and Risk Management Assurance Policy for Bristol City Council and seek endorsement from Cabinet.</p> <p>The Council's existing Risk Management Policy document was last approved by Cabinet in December 2017. The revised Risk Management Assurance Policy is attached as Appendix A.</p> <p>We seek for Cabinet to note the contents of this report and to endorse the revised and refreshed Risk Management Assurance Policy for January 2019.</p>  |   |  |
| <b>Evidence Base:</b>  |   |  |
| <p>The Accounts and Audit Regulations 2015 require the council to have in place effective arrangements for the management of risk. These arrangements are reviewed each year and reported as part of the Annual Governance Statement (AGS).</p> <p>Risk Management is an integral part of good governance to which the Council is committed. Risk Management provides the framework and processes that enables the Council to manage uncertainty in a systematic way. As part of the Risk Management arrangements the Council reviews the Risk Management Assurance Policy on an annual basis.</p> <p>It is considered good practice to regularly review and update the Risk Management Assurance Policy to ensure it strengthens the Council's approach to its risk management and assurance arrangements.</p> <p>The policy has been reviewed and refreshed with the addition of introducing escalation of risks scoring 20 to 28 and core risks onto the Corporate Risk Report (the Corporate Risk Register), a Corporate Risk Management Group (CRMG), a three lines of defence assurance model for the management of risk, maturity of risk management and other relevant detail to enhance its robustness; however the policy has remained consistent in terms of its approach with the previous version and the risk appetite agreed by Cabinet in December 2017.</p> |   |  |
| <b>Cabinet Member / Officer Recommendations:</b>   |   |  |
| <ul style="list-style-type: none"> <li>• Cabinet notes the contents of this report.</li> <li>• That Cabinet endorses the revised Risk Management Assurance Policy.</li> </ul>  |   |  |



- Officers will provide a copy of this report to Members of the Audit Committee and Scrutiny Committee (Resources) for information.

**Corporate Strategy alignment:** Good risk management underpins everything we do, particularly delivery of the Key Commitments, organisation principles and organisation aims set out in the Corporate Strategy. This policy forms part of the policy framework which underpins the Corporate Strategy.

**City Benefits:** Risk Management aims to maximise achievement of the council's aims and objectives.

**Consultation Details:** The Risk Management Assurance Policy has been presented to Cllr. C. Cheney, Corporate Leadership Board, All Executive Director Management Boards and key officers.

|  |    |  |      |
|--|----|--|------|
| <b>Revenue Cost</b>                          | £0 | <b>Source of Revenue Funding</b>                           | N/A  |
| <b>Capital Cost</b>                          | £0 | <b>Source of Capital Funding</b>                           | N/A. |
| <b>One off cost</b> <input type="checkbox"/> |    | <b>Ongoing cost</b> <input type="checkbox"/>               |      |
|  |    | <b>Saving Proposal</b> <input type="checkbox"/>            |      |
|  |    | <b>Income generation proposal</b> <input type="checkbox"/> |      |

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The Council works to ensure risk management features as part of the organisations proper administration to protect the authority from financial and reputational risk and that appropriate strategies to manage risk are in place to ensure risks both threats and opportunities are managed within agreed tolerances. The annual budget report also sets out the measures to ensure appropriate financial provision is made through the budget planning process and reserves.

**Finance Business Partner:** Kayode Olagundoye, Interim Finance Business Partner. 10<sup>th</sup> January 2019.

**2. Legal Advice:** The Accounts and Audit Regulations 2015 place various requirements upon local authorities with regard to risk management. The attached policy forms part of the overall framework of corporate governance that facilitates compliance with legislation and in particular the requirement in that a local authority has 'a sound system of internal control which includes effective arrangements for the management of risk.'

**Legal:** Nancy Rollason, Head of Legal Service and Deputy Monitoring Officer. 19<sup>th</sup> December 2018.

**3. Implications on IT:** There are no particular IT implications in this report beyond those to be expected of any council department in managing risk factors. There is no specific mention of supporting IT systems; however, it is anticipated that implementation of the policy would be supported by the introduction of specialist applications. Requirements for any such system(s) should be considered within the Service Area(s) planning round.

**IT:** Ian Gale, Acting Head of IT. 17<sup>th</sup> December 2018.

**4. HR Advice:** It is essential that an appropriate programme of learning and development is developed and put in place to support the implementation of the new policy. A training programme is being developed. This will be targeted at employees who have risk management and assurance responsibilities.

**HR Partner:** Mark Williams, Head of Human Resources. Finance. 3<sup>rd</sup> January 2019.

|  |                   |                                |
|--|-------------------|--------------------------------|
| <b>EDM Sign-off</b>                                | Denise Murray     | 21 <sup>st</sup> November 2018 |
| <b>Cabinet Member sign-off</b>                     | Councillor Cheney | 5 <sup>th</sup> December 2018  |
| <b>CLB Sign-off</b>                                | Denise Murray     | 11 <sup>th</sup> December 2018 |
| <b>For Key Decisions - Mayor's Office sign-off</b> | Mayor Office      | 21 <sup>st</sup> December 2018 |

|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b>       | <b>YES</b> |
| <b>Appendix B – Details of consultation carried out - internal and external</b> | <b>NO</b>  |
| <b>Appendix C – Summary of any engagement with scrutiny</b>                     | <b>NO</b>  |

|  |             |
|--|-------------|
| <b>Appendix D – Risk assessment</b>                                      | <b>NO</b>   |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b> | <b>NO</b>   |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>  | <b>NO</b>   |
| <b>Appendix G – Financial Advice</b>                                     | <b>NO</b>   |
| <b>Appendix H – Legal Advice</b>   | <b>NO</b>   |
| <b>Appendix I – Combined Background papers</b>                           | <b>None</b> |
| <b>Appendix J – Exempt Information</b>                                   | <b>NO</b>   |
| <b>Appendix K – HR advice</b>  | <b>NO</b>   |
| <b>Appendix L – ICT</b>  | <b>NO</b>   |



# Risk Management Assurance Policy





# Contents

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|   |    |
|---|----|
| Introduction                            | 3  |
| Policy Statement of Commitment          | 4  |
| Principles and Culture                  | 5  |
| Risk Management Framework               | 6  |
| Roles and Responsibilities              | 7  |
| Risk Appetite and Tolerance             | 8  |
| Risk Registers                          | 9  |
| Risk Management Process                 | 10 |
| Risk Matrix                             | 11 |
| Governance Reporting and Escalation     | 12 |
| Support Guidance and Tools              | 14 |
| Risk Governance, Assurance and Maturity | 15 |
| Complementary functions                 | 24 |

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# Introduction

**Risk management helps us to understand the risks associated with delivering Bristol City Council's services. It makes us think about the decisions we take, and how we manage everyday service delivery, projects and our work with partners.**

Risk management is often primarily concerned with the adverse potential of risk. However, not all risk is bad. Some opportunities can only be unlocked by taking risks. The key to success in these situations is to take risks knowingly and manage them appropriately.

The purpose of this policy is to set out the council's approach for the systematic management of risk, the culture, expectations/ responsibilities on all managers and decision makers with regard to considering and managing risk in pursuit of achieving the council's priorities and objectives.

The benefits from an effective risk management framework are:

- Improve the assessment and response for both opportunities and threats
- Establish a reliable basis for better decision making and planning
- Improved customer service, and better outcomes
- Increase the likelihood of achieving its goals and delivering outcomes
- Improved strategic, operational and financial management and value for money
- Enhanced reputation, and securing confidence, trust from our stakeholders
- Effectively allocate and use resources for risk treatment
- Improve organisational resilience
- Continuity of knowledge

- Improved governance and compliance

**Through this policy we aim to:**

- Identify the scope of risk management
- Embed and integrate risk management in the culture of the council
- Assign of roles, responsibilities and accountability for risk management activities within the council
- Raise awareness of the need for risk management by all those connected with the council's delivery of services
- Contribute to the prevention of injury, damage and losses to reduce the cost of risk
- Ensure we identify and realise opportunities and their resulting benefits
- Ensure consistency throughout the council in the management of risk

**These aims will be achieved with a clear and evidenced approach consistently applied across the organisation that embeds consideration of risk in policy formulation, planning and decision making at all levels by:**

- Incorporating risk management considerations into all levels of business planning
- Incorporating risk management considerations into all levels of programme, project and partnership arrangements
- Skills training and development for all relevant managers, staff and Members in the effective management of risk
- Regular monitoring and reporting of risk to identify trends and likely direction of risks for Members and Senior Managers to be aware of when making decisions

# Policy Statement of Commitment

**The Mayor, Cabinet and Corporate Leadership Board view risk management as an integral part of good internal control and corporate governance.**

The way in which we manage our risks directly impacts our success in achieving our objectives, and in delivering services to the communities to which we are accountable. Bristol City Council is committed to adopting best practice in its management of risk to ensure retained risk is of an acceptable and tolerable level in order to maximise opportunities and demonstrate it has made full consideration of the implications of risk to the delivery and achievement of outcomes, strategic aims and priorities.

The council is, within the above context, committed to the management of risk in order to:

- Ensure that statutory obligations and policy objectives are met
- Prioritise areas for improvement in service provision and encourage meeting or exceeding customer and stakeholder expectations
- Safeguard its employees, clients or service users, Members, pupils, tenants and all other stakeholders to whom the council has a duty of care
- Protect its property including buildings, equipment, vehicles, knowledge and all other assets and resources
- Identify and manage potential liabilities
- Maintain effective control of public funds and efficient deployment and use of resources achieving value for money
- Preserve and promote the reputation of the council
- Support the quality of the environment

- Learn from previous threats, opportunities, successes and failures to inform future management of risks

These aims will be addressed by systematically identifying, analysing and evaluating, cost effectively controlling and monitoring risks at strategic, programme, project, and operational levels. The council acknowledges that risk cannot be eliminated and may sometimes need to be embraced as part of an innovative approach to problem solving. It is the responsibility of Senior Leadership to ensure that risk management strategies and processes are implemented and brought to the attention of relevant staff in their Directorate. Every employee has a responsibility to support the council's policy in managing risk. The council strives to have an open approach to risk and not be perceived as risk averse whilst ensuring that the most vulnerable are protected and there is increased collaboration with our partners, communities and residents.

Risk management strategies and processes are to be reviewed for efficiency and effectiveness as part of the annual management review cycle.

The council's risk management objectives are a long-term commitment, inherent to good governance practices and fully supported by the Mayor and the Corporate Leadership Board.

This Risk Management Assurance Policy complements and supports the strategic aims and priorities that are set out in the Bristol City Council Corporate Strategy 2018-2023.

**Executive Director of Resources  
and Head of Paid Services Mike Jackson**

**Deputy Mayor Cllr. Cheney**

# Principles and Culture

As a modern local authority, the council is committed to delivering quality services to the citizens and communities of Bristol. In doing so, our over-riding attitude to risk is that it should be identified and managed rather than avoided with an organisational culture that embraces and embeds consideration of risk in its day to day operations at every level. A risk culture that emanates throughout the organisation to ensure all levels of buy in to the corporate risk process.

Risk Management is about understanding and evaluating opportunities and threats and making informed decisions about how these are to be managed in order to achieve our aims and deliver beneficial outcomes.

The council recognises it needs to take risks but must do so in a controlled manner to reduce its exposure to the level acceptable by the Mayor, Cabinet and relevant regulators and inspectors.

Innovative solutions are encouraged, and while they often involve risk, they can be implemented with awareness, authority and management of the risks that each respective case carries.

At Bristol City Council, we are committed to ensuring risk management is embedded across the whole organisation. To do this, we have mapped the councils core values, risk management principles and the core attitudes and behaviours required to deliver a strong culture and appetite for managing risk. The risk management principles are based on the OGC’s Management of Risk Framework and in accordance with the International Risk Management Standard (ISO:31000).

The risk management assurance policy is designed with these principles at their core. *Figure 1* below shows BCC’s Risk Management Assurance Culture Model for managing and assuring risk.

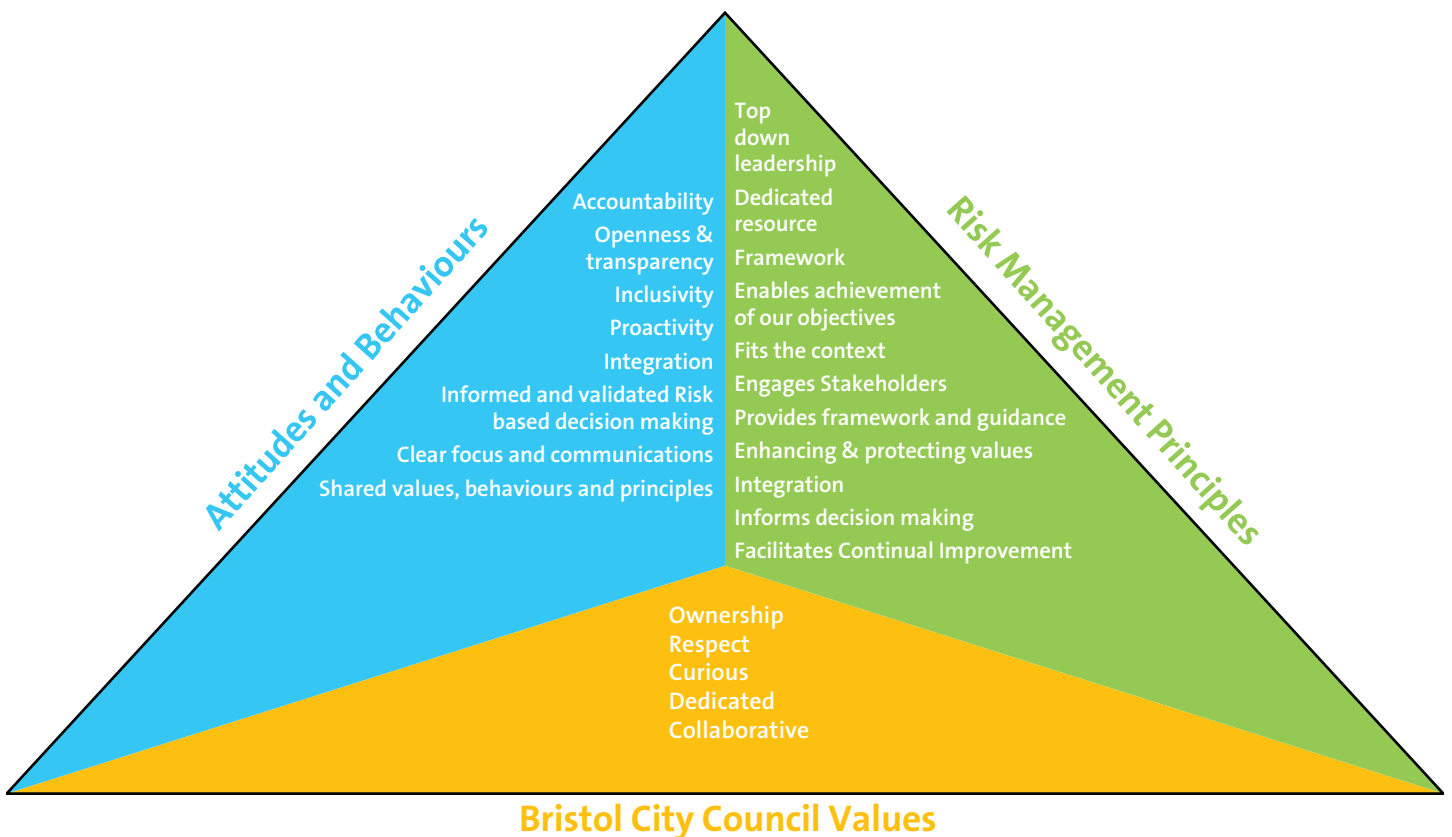


Figure 1. BCC’s Risk Management Assurance Culture Model

# Risk Management Framework

**Risk Management** is the planned and systematic approach to the identification, analysis, evaluation, prioritisation and control of risks and opportunities facing the council.

**Risk** is the **chance** of something happening that will have an impact on achievement of objectives. Risk can be both Positive Opportunities and Negative Threats.

At Bristol City Council, we are committed to ensuring risk management is embedded across the whole organisation. Risk Management needs to be an integral part of how services are developed and delivered every day. It is imperative that there is a single flexible approach for the management of business risk, adopted through all levels of the organisation.

Bristol City’s Risk Management Assurance Policy gives an outline on how risks are managed across the council by everyone. To effectively

manage risk, the framework is integrated across the organisation involving all key stakeholders including - but not limited to - officers, leaders, Members, partners and suppliers.

For risk management to be successful, it is essential that there is a single yet flexible approach for the management of risk, adopted through all levels of the council. This Policy is one part of the overall risk framework; the key elements are set out in *Figure 2* below.

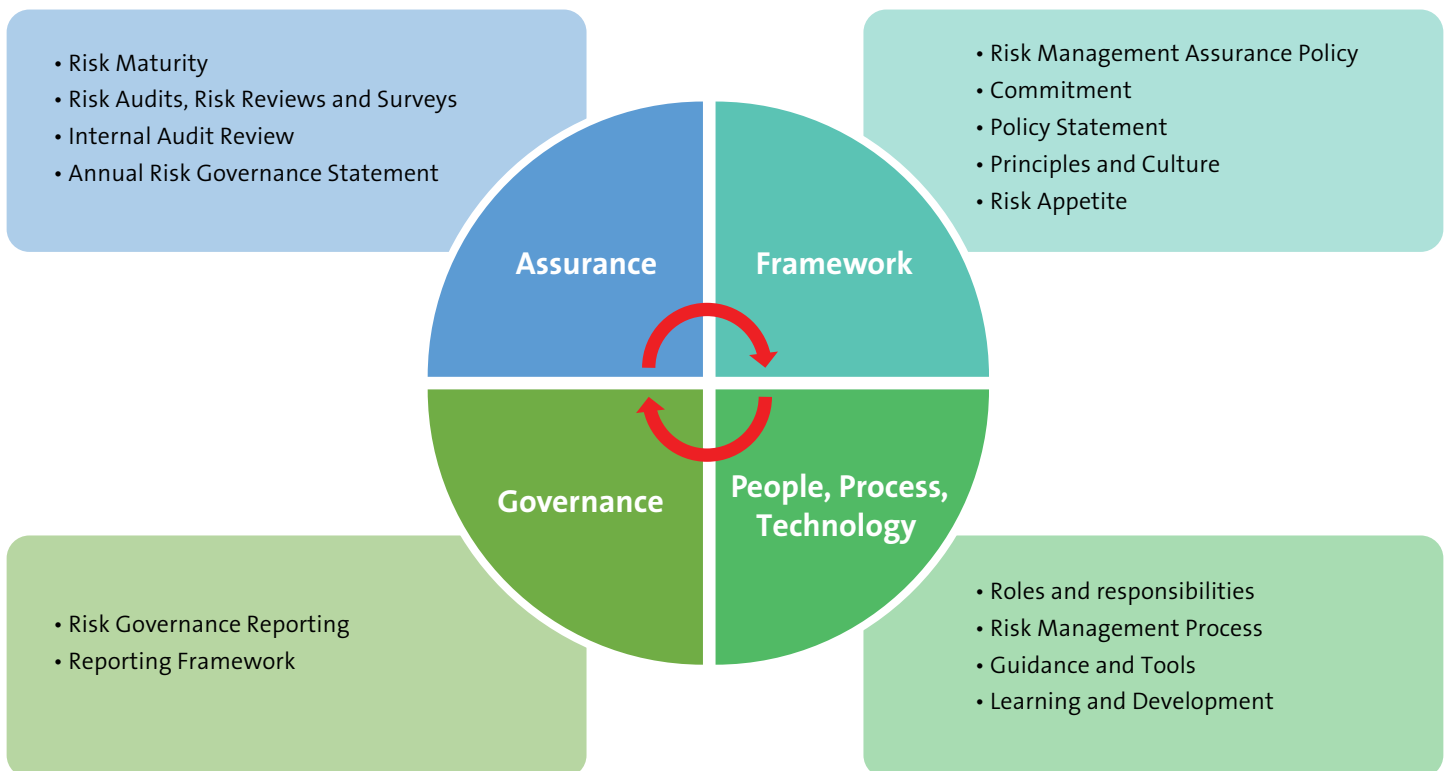


Figure 2. Risk Management Assurance Framework



When risks are identified, it is important that we ascertain both the opportunities as well as what might go wrong, what the potential impacts may be, what could trigger the occurrence and deciding how best to **minimise** or **maximise** the risk materialising.

There are times when things will go wrong despite our attempts to prevent them, which could result in 'issues' that need resolution. Proactive risk management of these will ensure that threat impacts are kept to a minimum and opportunities are maximised. The council's approach provides for threats, opportunities and issues management.

Management and maintenance of risks and issues are on the risk / issue registers and supporting reports which undergo regular review, monitoring and reporting in line with this policy.

As well as instinctively managing risk on a day to day basis, consideration and recording of risk is

required in the following management processes (see Annex B for Complimentary processes):

- Strategic, service planning and resourcing
- Policy and decision making
- Project or Programme delivery
- Partnership working
- Business continuity planning
- Performance management
- Budget planning and monitoring cycle
- Planning when implementing change
- Commissioning and procurement activity
- Health and safety arrangements
- Civil Protection

## Roles and Responsibilities

Effective Risk Management requires that there is clarity of the responsibilities for risk, and ownership of the risks identified. This policy requires that the elected Mayor, Members and managers at all levels assist in, and take responsibility for, identifying, considering and controlling risk and opportunities (and the better use of resources) in all their activities and areas of responsibility.

All Members, senior leaders, employees and partner organisations have a role to play in ensuring that risk is effectively managed. We acknowledge that this is not always under the council's direct control but we will take all reasonable steps to encourage and embed risk management wherever we have a stake. To be effective, the risk management framework must be fully endorsed and supported by the officer and political leadership of the council, who set the organisational tone for risk management and champion the benefits through all levels of the business.

Risk management is only considered to be truly embedded when it functions as part of the council's day to day operations. Effective Risk Management requires that there is clarity of the responsibilities for risk, and ownership of the risks identified. This policy requires that the elected Mayor, Members and managers at all levels assist in, and take responsibility for, identifying, considering and controlling risk and opportunities (and the better use of resources) in all their activities and areas of responsibility.

Recognition from Senior Management of the importance of risk management to the effective operation of the council is resonated through the appropriate allocation of resources to deliver the risk management framework across Bristol City Council. The key responsibilities for each group/stakeholder roles and responsibilities are set out in Annex A.

# Risk Appetite and Tolerance

Bristol City Council aims to be risk aware, but not overly risk averse and to actively manage business risks to protect and grow the organisation. To deliver its strategic aims, the organisation recognises that it will have to take and manage certain business risks. Intolerable risks are those that could negatively affect the safety of employees or our customers/clients, have a damaging impact on our reputation, lead to breaches of laws and regulations and / or endanger the future operations of the council.

## Risk Appetite

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Risk appetite is best summarised as “the amount of risk an organisation is willing to accept to secure its objectives”. The risk appetite of Bristol City Council is reflected in the scoring schemes used for risk and opportunity assessment, and the recommended handling strategies for identified risks and opportunities. The scoring schemes describe what constitutes a significant risk or opportunity, and these in turn inform the approach to their management.

## Risk Tolerance

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Culture, Policy and competitive position all influence our tolerance to risk and defining it can be challenging as every case will be different. The diversity of the services delivered by the council and nature of the risks it faces, means it is not possible to set a ‘one size fits all’ risk tolerance that managers and Members alike can apply and embed in strategic and operational decision making. The council’s approach is to record risk tolerance on a case by case basis within the councils Risk Registers and the Risk Reports.



# Risk Registers

As part of good governance, the council manages and maintains a working register of its key strategic and operational business risks at various levels - assigning named individuals as responsible officers for ensuring the risks and their control measures are monitored and effectively managed.

Service Risk Registers are the working live tool for the detailed capturing of risk information to enable reporting on risk activity and the organisations risk profile. The working risk register is a live data record where new risks are captured, others are managed to elimination and some require close and regular monitoring. The Corporate and Directorate Risk Reports are generated from the working risk registers for publication. All key council decisions will be supported by a supporting Risk Report.

Standard templates are to be used for recording risk. The councils risk register and report template includes provision for recording threats and opportunities as well as those risks that have occurred which are now 'issues' to be addressed. Where more detailed plans are in place, the risk register need not duplicate these but simply cross refer to them.

The Corporate Risk Report (CRR) contains risks that, should they occur, could have a fundamental impact on the council's ability to operate, achieve its strategic objectives or successful delivery of outcomes.

The Corporate Risk Report is the means by which Members and leaders of the organisation will be focussed on the strategic and business critical risks and review the effectiveness of risk management arrangements in place to monitor and manage these risks. The CRR is 'owned' by the Corporate Leadership Board (CLB) and used by them and Cabinet to ensure the most critical / significant risks are being managed effectively within an agreed risk tolerance.

The Directorate Risk Reports (DRR) details the key risks faced by each Directorate in delivering their Directorate Plan. They also include significant issues that have impacted the Directorate objectives. These reports are owned by the relevant Executive Directors and are reviewed at least quarterly by Directorate Leadership Teams (DLT) and Cabinet Members in line with their portfolio. Scrutiny and the Audit Committee will receive the Corporate and Directorate Risk Reports at period end following the quarterly Cabinet Risk Report.

The process in use is administered by the Risk and Insurance Team. The Risk and Insurance Team promote self-service approach by providing guidance, support and delivering training across all services.

# Risk Management Process

Carrying out an assessment of the risks against business objectives is primary to business & service planning, core decision-making processes influencing policy, financial planning & spending, agenda management, change management, project management and performance management.

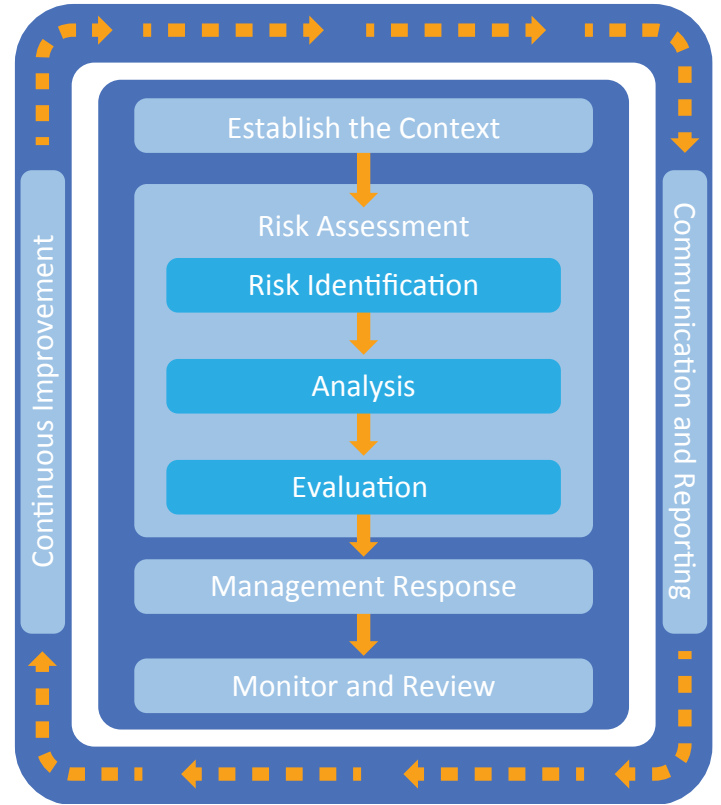
The risk assessment methodology is designed to assist managers in focusing on the key risks and ensuring that actions are in place to effectively manage these risks.

The Risk Management Process (see *Figure 3* opposite) is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk. The process is cyclical and it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the risks to the activity/ outcome being assessed.

The risk management process begins by establishing the context around which you want to identify and assess risks. This could relate to an activity, objective or outcome. Risk identification sets out to identify an organisation's exposure to uncertainty. This requires knowledge of the organisation, the market in which it operates, the legal, social, political and cultural environment in which it exists, as well as the development of a sound understanding of its strategic and operational objectives, including factors critical to its success and the threats and opportunities related to the achievement of these objectives.

Once identified, the risks need to be assessed and assigned a score for both their impact and probability – the combined outcome of this produces the risk rating.

Risk identification should be forward looking and focus on both potential threats to, and opportunities that may present in achievement of objectives. The assessment will identify whether the matter is a risk (an event in the future) or an issue (an event that is already happening).



*Figure 3. Risk Management Process*

To ensure consistency and the ability to compare and report on the various levels of risk; Bristol City Council has adopted a risk matrix to be used when determining the risk rating. This is detailed in *Figure 4* on the next page.

Following identification and assessment, a decision must be taken on how best to respond to the risk and if accepted then strategies to manage the risk need to be determined. There should be communication and consultation throughout the process and the need for continual monitoring and review of the risk(s) throughout the lifecycle of the activity/objective/outcome.

Each risk should have a clear link to one or more of the strategic of the council. The relevant strategic aim is included as part of the captured risk information providing increased assurance that there is effective identification and management of risk.

The risk matrix is used to evaluate the risks and there is an understanding of the risk exposure faced, the level of risk will influence the type of management response and management action we choose to manage the risk see diagram *Figure 4* below.

For each risk, consideration should be given to the impact under each category and the highest impact category used in assessing the impact level measures that should be used in making this assessment. The scoring categories for the likelihood and impact are set out in the risk management process guidance.

The current level of risk needs then to be considered against the risk tolerance for each risk (the level of risk the council is prepared to accept). This will vary according to the nature of the risk and must be agreed by Executive Director Management if not in the green / light blue area of the matrix. Where the current level of risk is higher than the risk tolerance, an action plan is required that will result in the risk level reducing. Where current risk levels are lower than the risk tolerance, removal of some controls is permitted to release costs to other risk management priorities.

Where issues are identified, these can be assessed against the impact guidelines within the Risk Management Process, to judge whether the issue needs to be addressed, whether a contingency plan had already been developed or if a plan of further action is needed. There will also be a need to assess whether this means that a risk has ceased to exist, or whether there is a possibility that it may recur.

Ensuring that all business risks are assessed and managed through the adopted risk management process drives consistency through the risk management framework and enables risks to be compared and reported on against a like for like basis. It also provides the council with the ability to map its collective risk exposure of an activity, objective, outcome, function(s) or indeed whole council operation to support its Strategic Aims. The risk tolerance for each risk is also recorded together with further actions required to ensure the current level of risks is in line with the agreed risk tolerance as identified in the risk register.

|                   |                | Threat Impact<br>(Negative risks) |            |                |                | Opportunity Impact<br>(Positive Risk) |                     |                |                |            |   |                |
|-------------------|----------------|-----------------------------------|------------|----------------|----------------|---------------------------------------|---------------------|----------------|----------------|------------|---|----------------|
| Threat Likelihood | Almost certain | 4                                 | 4<br>(Low) | 12<br>(Medium) | 20<br>(High)   | 28<br>(Critical)                      | 28<br>(Significant) | 20<br>(High)   | 12<br>(Medium) | 4<br>(Low) | 4 | Almost certain |
|                   | Likely         | 3                                 | 3<br>(Low) | 9<br>(Medium)  | 15<br>(High)   | 21<br>(High)                          | 21<br>(High)        | 15<br>(High)   | 9<br>(Medium)  | 3<br>(Low) | 3 | Likely         |
|                   | Unlikely       | 2                                 | 2<br>(Low) | 3<br>(Low)     | 10<br>(Medium) | 14<br>(High)                          | 14<br>(High)        | 10<br>(Medium) | 6<br>(Medium)  | 2<br>(Low) | 2 | Unlikely       |
|                   | Rare           | 1                                 | 1<br>(Low) | 3<br>(Low)     | 12<br>(Medium) | 12<br>(Medium)                        | 7<br>(Medium)       | 5<br>(Medium)  | 3<br>(Low)     | 1<br>(Low) | 1 | Rare           |
|                   |                |                                   | 1          | 3              | 5              | 7                                     | 7                   | 5              | 3              | 1          |   |                |
|                   |                |                                   | Minor      | Moderate       | Major          | Critical                              | Exceptional         | Significant    | Modest         | Slight     |   |                |

Figure 4. Risk Matrix

# Governance Reporting and Escalation

The Corporate Risk Report (CRR) is subject to quarterly review by the Corporate Leadership Board and Cabinet and is subject to the call-in procedure following Cabinet. The Directorate Risk Reports are subject to quarterly review by Executive Director Management meetings and Member Portfolio holders. The Risk Management Action Table (Figure 5) below shows the action levels to be taken in the management and reporting of risk.

Audit Committee are provided with the Corporate Risk Report quarterly each year to provide independent challenge and assure themselves that risk management arrangements are effective. They can request additional information as necessary.

An overview of the effectiveness of the risk management process is also provided annually by the Internal Audit Team to give them the relevant assurance that the whole process is working effectively.

The Corporate Risk Report and Directorate Risk Reports will be made available to Scrutiny Task and Finish Groups on following period end and Cabinet reporting. Individual Risk Reports based on the

information contained within the DRR's for areas in line with their roles may be requested as set out in the reporting process guide. Other registers are maintained and reviewed monthly as part of core management processes such as service planning and performance and project management processes.

The council's Risk Management Assurance Policy relies on escalation of risks from service/operation level through to strategic Corporate Risk Report to ensure CLB and Members are aware of the most significant risks. The escalation process is shown in Figure 6 on the following page. As part of this process consideration can be given to the actions proposed to manage the risk, whether the tolerance level recorded is appropriate and whether it is aligned to the correct service area. Additionally, in reviewing the Corporate Risk Report both the Corporate Leadership and Cabinet may identify risks to which the assessment may need to be revised or risk transferred.

Risks with a current risk score of 14 to 28 (high and critical/significant risk) need to be escalated at Executive Directorate Management meetings for consideration for inclusion in the Corporate Risk Report.

| Threat Level | Opportunity Level | Level of risk | Action Required   |
|--------------|-------------------|---------------|---|
| 1-4          | 1-4               | Low           | May not need any further action/monitor at service level.   |
| 5-12         | 5-12              | Medium        | Action required, manage and monitor at the Directorate Level.   |
| 14-20        | 14-20             | High          | Must be addressed - If Directorate level risk consider escalating to the Corporate Risk Report, if Corporate consider escalating to the Cabinet Lead.                       |
| 28           | 28                | Significant   | Action required - escalate (if Directorate level risk, escalate to the Corporate Level, if Corporate bring to attention of the Cabinet Lead to confirm actions to be taken. |

Figure 5. Risk Management Action Table



Figure 6. Risk Governance Reporting Framework

**All risks scoring 20 to 28 (high, critical / significant risk) will automatically be escalated to the Corporate Risk Report. Issues that have arisen that are significantly impacting on the council are recorded within CRR report.**

The Executive Director Management will determine where risks are monitored via the Directorate Risk Report and Service Risk Registers. Escalations must be flagged in a timely manner to enable discussion prior to the next quarterly Executive Team Risk meeting.

Directorate Management Teams will consider what core risks need to be escalated to the Corporate Risk Report and if so, the Strategic Director must ensure this escalation occurs through the reporting process.

Where a significant and urgent risk emerges outside of the reporting period which you believe needs to be discussed as soon as possible complete a Risk Escalation Report to the appropriate manager for discussion and action.

**A risk may need to be escalated to a higher level if:**

- the risk becomes too unwieldy to manage at the current level
- the risk rating cannot be controlled/contained

within its current level

- the risk remains very high even after mitigations are implemented
- the risk will impact on more than one service/ project or function if the risk event materialises
- the risk moves outside the appetite boundaries / comfort zone

**A risk may need to be moved to a lower level if:**

- the risk can be controlled / managed at a lower level
- the risk rating decreases significantly
- the risk event will only affect one team / service area / team and the impact will be limited then this should be controlled more locally at a lower level

There should be communication and consultation throughout the process and the need for continual monitoring and review of the risk(s) throughout the lifecycle of the activity / objective / outcome.

The process is cyclical, and it is often necessary to revisit steps and carry them out regularly to ensure you have a complete picture of the risks to the activity/outcome being assessed as part of continuous improvement in the management of risk.

# Support Guidance and Tools

All staff have a role to play in risk management and the Corporate Risk Management Group (CRMG) have responsibility for helping to deliver the Risk Management Assurance Policy and for developing the necessary training or advice to enable the council to implement the measures contained in this Policy throughout the council.

The Risk and Insurance Team is responsible for developing workforce risk management capability across the organisation, through the provision of guidance, education, training and support. Risk management forms part of the corporate learning and programme at various levels to provide the right level of training and support for Members and managers and effective tools and methodology for identifying, assessing and prioritising risks. Areas of support include:

- Corporate induction
- Induction for new managers
- Risk management is also included in the generic skills set in the workforce plan for all employees and will be supported by a suite of corporate training
- More advanced training needs will be identified through the 'Leadership and Management Development Framework'

Guidance materials are under regular review to ensure they reflect the needs of the organisation and are compatible with the organisations structure having the flexibility to adapt to new and changing structures. New ways to engage with officers and leaders to help with the understanding and embedding of effective risk management is under regular review, with the options for digital learning and development high on the agenda.

The risk management Policy, guidance and training materials are reviewed on a regular basis to ensure they continue to meet the needs of the organisation and incorporate the very latest industry best practice.

Training on risk management is also offered to all staff and members periodically either on specific subjects or as identified through Personalised Development Plans.

The risk management intranet pages are continually being improved. Outlining what risk management is, and how all employees can play their part in reporting and managing risks. It will also contain CRMG guidance notes and other useful information. New training and guidance will continually be developed and rolled out. Risk management records will be managed via SharePoint. The Risk Management Policy and supporting arrangements will be available and communicated.



# Risk Governance, Assurance and Maturity

The Audit & Accounts Regulations 2015 requires the council to have effective arrangements for the management of risk and each year, in the council's Annual Governance Statement, the council is required to comment on the effectiveness of its arrangements in this regard. The statement must also identify any significant governance issues that may have resulted from failures in governance and risk management. Legal requirements aside, effective risk management is required to ensure the continued financial and organisational well-being of the council and council - wide ownership and accountability for managing risk is critical to the success of delivering the organisations priorities and objectives. Management of risk is inseparable from effective management of the councils performance.

The Risk Management Assurance Policy complements Bristol City Council's internal control environment, alongside other financial, operational and compliance controls. Assurance provides confidence, based on enough evidence, that internal controls are in place and operating effectively and that objectives are being achieved.

Members and senior management are responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. They maintain a sound risk management and internal control systems.

Annex A of this Policy outlines the roles and responsibilities, and the governance reporting framework for Risk Management within Bristol City Council (*page 13*), demonstrating our arrangements for dispersing accountability and responsibility for risk management throughout the organisation. With focus on internal control, the Audit Committee are the organisation's oversight body for risk management, providing check and challenge to

the risk management assurance policy, process and delivery. The Roles and responsibility of the Audit Committee are set out in Annex A.

The Risk and Insurance Team work closely with internal audit and governance colleagues to ensure the principles of good governance are adopted. Auditing of the Risk Management Assurance Policy is undertaken by the council's internal audit team in accordance with their audit plan and recommendations arising are fed back through the risk management annual plan to ensure continual improvement.

Bristol City Council adopts the three-line defence model for effective risk management and control as shown in the *Figure 7 Risk Management Assurance Model* on the following page. The Risk Assurance Model clarifies response at both an operational and strategic level of the organisation. Within this model, management control is seen as the first line of assurance; this shows how each service area complies with risk management sources of assurance. The second line of assurance shows the oversight functions of Assurance Services. The third line of assurance provides Internal Audit's assessment of the risk management sources of assurance. Assurance is also offered from external sources such as external audit and regulators. This model provides active scrutiny and challenge to ensure assurance is achieved.

At the end of each year, the Executive Team assures the Audit Committee that significant risks have been adequately managed. Internal Audit performs an independent audit of Risk Management at the council each year, which they report to the Audit Committee. The Audit Committee then provide a statement of assurance to the Cabinet that our major risks are adequately managed.

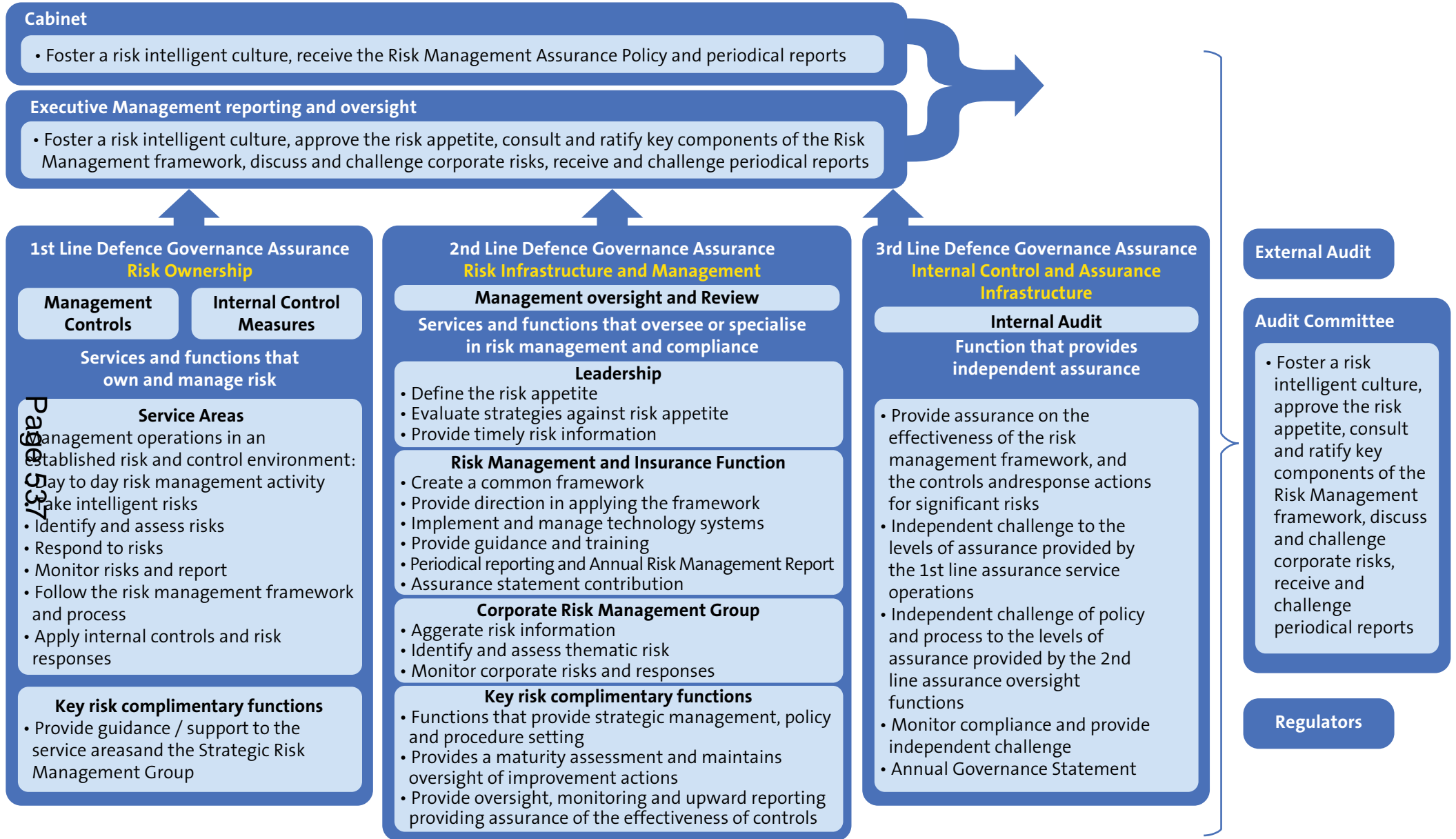


Figure 7. Risk Management Assurance Model

## Risk Management Maturity

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All organisations, including Bristol City Council, are on a risk management journey. Risk maturity refers to where the business is on that journey and how well-established risk management is as a discipline across the organisation. There is increasing complexity of risks facing public service organisations and our senior leaders recognise and actively support the driving forward of the risk management agenda. Through self-assessment and bench marketing we will continue to review our current risk management capability to help us direct our resources to areas that need improvement and further development, ensuring that risk management arrangements remain fit for purpose in this changing environment.

We network and share information with other councils which enables us to benchmark ourselves against similar organisations. The council regularly engages with external risk management bodies such as Alarm (the Public Risk Management Association), and the Institute of Risk Management. These provide additional opportunities for Bristol City Council to compare itself with industry best practice and ensure that it continues to move forward on the risk management journey.

Annually a maturity assessment will be undertaken including self-assessment, performance metrics and stakeholder opinions which will inform the risk management compliance and performance. The council will additionally carry out an annual benchmarking exercise. The diagram below shows the maturity levels adopted by CIPFA.



## Risk Management Review and Audit

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To ensure the Risk Management Assurance Policy, guidance and associated tools remain fit for purpose, we continually seek to review and improve our risk management methodology and embrace new initiatives, new legislation, government guidance or internal changes in practice are captured and reflected. We adapt to our changing operating environment and economic conditions and have a framework with enough flexibility to cope with these changes. We aim to improvise, innovate and experiment in addressing challenges and exploiting opportunities learning from both success and failure, which strengthens the organisation and its dependent networks.

Risk management is subject to the councils internal audit practices and as such is audited in line with the timetabling set by the Internal Audit Plan. Any recommendations arising from audit activity is channelled back through our annual work plans to ensure they are addressed. The council is also subject to Peer Reviews and External Audit.

| Group / Individual                                      | Responsibilities   |
|---|--|
| <b>MEMBERS</b>  |  |
| <b>Elected Mayor and Cabinet</b>                        | <ul style="list-style-type: none"> <li>● Oversee delivery of the Risk Management Assurance Policy</li> <li>● Determine overall risk appetite and tolerance for the council</li> <li>● Ensure consideration of risk in decision making</li> <li>● Review progress of the management of strategic risks</li> <li>● Quarterly review of Corporate Risk and Issues Registers</li> <li>● Mayor to sign the Annual Governance Statement</li> <li>● Approve the Risk Management Assurance Policy</li> </ul>   |
| <b>Cabinet Member Leads</b>                             | <ul style="list-style-type: none"> <li>● Oversee risks relating to their portfolio</li> <li>● Oversee risk management policy (Cabinet Member Resources)</li> </ul>   |
| <b>Directorate Scrutiny Commissions</b>                 | <ul style="list-style-type: none"> <li>● Challenge decisions made by Cabinet where risks have not been properly considered.</li> <li>● Task and finish groups can request risk report information for areas in line with their portfolios</li> </ul>   |
| <b>Audit Committee</b>                                  | <ul style="list-style-type: none"> <li>● Provide independent assurance to the council on the effectiveness of risk management and internal control by: <ul style="list-style-type: none"> <li>• Reviewing the Corporate Risk Report to ensure it is reflective of the strategic risks to the delivery of the council's objectives and management of risks is effective</li> <li>• Scrutinising the Annual Governance Statement to ensure it is a correct reflection of internal control, risk management and governance</li> <li>• Receiving reports from Internal Audit, External Audit and other inspection bodies indicating strengths and weaknesses in internal control, risk management or governance</li> </ul> </li> <li>● Review the effectiveness of risk management arrangements</li> <li>● Provide comment and challenge on risk management activity and progress</li> </ul>   |
| <b>Leadership</b>                                       |  |
| <b>Head of Paid Service/ Corporate Leadership Board</b> | <p>Overall responsibility to:</p> <ul style="list-style-type: none"> <li>● Ensure the Annual Governance Statement is an accurate reflection of internal control, risk management and governance (Head of Paid Service to sign)</li> <li>● Oversee corporate and cross cutting risks and resolve conflicts and competing demands for resources</li> </ul>   |
| <b>Director Finance</b>                                 | <p>Overall leadership for the effective delivery of the organisation's risk management service in accordance with industry best practice.</p> <ul style="list-style-type: none"> <li>● Ensure risk management features as part of the organisations proper administration to protect the authority from financial and reputational risk</li> <li>● Lead a quarterly review of Corporate Risks with the Strategic Leadership Team, and Cabinet</li> <li>● Arrange for the annual review of the Risk Management Assurance Policy</li> <li>● Support the roll-out of a Risk Management Assurance Policy across the council, including advice and training, including to Members</li> <li>● Report progress with risk management to Members, particularly the Audit Committee, and to Executive Directors</li> <li>● Identify and monitor key revenue budget and capital programme risks</li> <li>● Ensure appropriate external insurance cover, and as S151 Officer provides assurances regarding overall financial risk management of the council for the Annual Governance Statement</li> </ul> |

| <b>Group / Individual</b>  | <b>Responsibilities</b>  |
|--|--|
| <b>Corporate Leadership Board (CLB)</b>                                    | <ul style="list-style-type: none"> <li>● Overall accountability for risk management across the business including ensuring the corporate risk information is a live and up to date record of the current risk exposure</li> <li>● Set the tone for risk management, promote the benefits of effective risk management and lead by example in embedding the Risk Management Assurance Policy</li> <li>● Establish a control environment and culture where risk can be effectively assessed and managed</li> <li>● Regularly discuss and review the Corporate Risk Report and associated risk reports</li> </ul>   |
| <b>Executive Director Management Team</b>                                  | <ul style="list-style-type: none"> <li>● Ensure risk is appropriately considered in items that require political and management direction</li> <li>● Regularly review Corporate and Directorate Risk information</li> <li>● Sign of risk information</li> <li>● Attend Audit Committee when requested to further explain their strategies to manage risk both threats and opportunities and issues</li> <li>● Ensure that working risk register entries are maintained and up to date</li> <li>● Submit periodical updated risk registers and reports to the Risk and Insurance Team in line with reporting timelines</li> </ul>   |
| <b>OFFICERS</b>  |  |
| <b>Risk and Insurance Manager supported by the Risk and Insurance Team</b> | <ul style="list-style-type: none"> <li>● The Risk and Insurance Manager supported by the Risk and Insurance and Team, complimentary services have a key role to play in supporting the operating principles of the council and helping to achieve the strategic aims and priorities by providing oversight, challenge and assurance that risk is being effectively managed across the organisation; whilst delivering a high performing, customer focused service</li> <li>● The team develops and delivers the Risk Management Assurance Policy for the council and is responsible for developing workforce risk management capability across the organisation, through the provision of guidance, education, training, and support to enable the organisation to take control of the risks that threaten or optimise delivery and to embed the risk management principles and practices across the business ensuring that this adds value and is in line with the industry standards and requirements</li> </ul> |
| <b>Corporate Risk Management Group (CRMG)</b>                              | <p>The CRMG has a role to further embedded risk management as part of the council's culture of governance, with members, managers and partners at all levels recognising that risk management is part of their job and held accountable for managing risks by:</p> <ul style="list-style-type: none"> <li>● Embedding the processes across the council as part of the risk management arrangements</li> <li>● Establishing a robust and systematic approach for identifying, managing and responding to risk including evaluation, review, development, consultation and communication to support well thought through risk taking and decision making</li> <li>● Developing appropriate training and awareness arrangements for Members, Senior Officers, Staff, Partners and the Community</li> <li>● Promoting good corporate governance and contribute to the annual governance statement</li> </ul>   |

| <b>Group / Individual</b>                        | <b>Responsibilities</b>   |
|--|---|
| <b>Executive Directors (All)</b>                 | <ul style="list-style-type: none"> <li>● Ensure there are effective risk management arrangements in their directorate in line with this policy and ensure adherence with the Risk Management Assurance Policy</li> <li>● Champion the benefits of effective risk management</li> <li>● To appoint a risk coordinator to drive forwards the risk management arrangements within their Service</li> <li>● Hold workshops for the assessment of risk</li> <li>● Maintain the working Directorate Risk Reports, ensure they are reviewed at least quarterly by the Directorate Management Team and that risks are escalated to the Corporate Risk Report where appropriate</li> <li>● Approve actions/plans with residually high risk i.e. those outside the City Council's risk tolerance and where necessary are escalated to CLB</li> <li>● Take ownership for risks within their service and ensure risk registers, risk assessments including project registers are regularly discussed, reviewed, updated and escalated as appropriate</li> <li>● Ensure key decision reports contain balanced and considered risk assessments</li> </ul> |
| <b>Monitoring Officer</b>                        | <ul style="list-style-type: none"> <li>● Provide assurances regarding overall legal risk management of the council for the Annual Governance Statement and input to risk reports and registers as required</li> <li>● Ensure the Annual Governance Statement is an accurate reflection of internal control, risk management and governance to sign off</li> </ul>   |
| <b>Directors, third and fourth tier managers</b> | <ul style="list-style-type: none"> <li>● Here ensure that risks to services are properly recorded on risk reports and registers and manage risks effectively in their service area, in accordance with the risk management arrangements ensuring that: <ul style="list-style-type: none"> <li>• Service working risk registers are maintained as needed and reviewed regularly</li> <li>• Any significant new risks identified through the business planning process are fed through to the line manager and escalated for consideration by the Directorate Management Team</li> <li>• The risk management arrangements are embedded in their service areas, and that staff are aware of the underlying risk management principles.</li> <li>• Where necessary escalate risks to Management Teams</li> <li>• Ensure their staff have appropriate understanding and training on risk management</li> <li>• Champion the benefits of risk management across their service and communicate the corporate approach to managing risk</li> </ul> </li> </ul>  |
| <b>Councillor(s) Support Officers</b>            | <ul style="list-style-type: none"> <li>● Monitor inclusion of risk assessment in all reports to Cabinet requiring a decision</li> </ul>   |
| <b>Corporate Safety Team</b>                     | <ul style="list-style-type: none"> <li>● Provide technical and advisory assistance to Strategic Directors, Managers and staff to promote and maintain effective safety, health, and welfare services</li> <li>● Conduct audits of health and safety arrangements, including the completion of Health and Safety risk assessments</li> </ul>   |

| <b>Group / Individual</b>                               | <b>Responsibilities</b>  |
|---|--|
| <b>Civil Contingency Manager/ Civil Protection Unit</b> | <ul style="list-style-type: none"> <li>● Ensure:               <ul style="list-style-type: none"> <li>• Services have the templates and support to ensure service continuity risks affecting a critical service are can be addressed in a Business Continuity Plan and reflected in the Directorate Business Continuity Plan</li> <li>• The Directorate Management Teams are aware of emerging new high risks to business continuity planning</li> <li>• Ensure Corporate Continuity Planning takes account of risks in the Corporate, Directorate and Service Planning working Risk Registers, as well as external risks in the Local Resilience Form (LRF) - Community Risk Register</li> <li>• Promote and assist contingency planning and business continuity at Corporate, Directorate and Service Delivery level to mitigate risks outside the council's risk tolerance</li> </ul> </li> </ul> |
| <b>Strategic Intelligence &amp; Performance Team</b>    | <ul style="list-style-type: none"> <li>● Support the development of strategic and service planning which ensures robust consideration of risk in achievement of objectives</li> </ul>  |
| <b>Internal Audit</b>                                   | <ul style="list-style-type: none"> <li>● Plan audit work to take into account key risks, and how effectively they are managed providing assurances for the Annual Governance Statement, the Corporate Risk Register and Audit Committee</li> <li>● Undertake periodic reviews of the effectiveness of risk management</li> <li>● Undertake proactive fraud prevention and detection work based on an assessment of fraud risk to the council</li> <li>● Prepare, on behalf of the Mayor and Head of Paid Service, the Annual Governance Statement</li> </ul>   |
| <b>All Staff</b>  | <ul style="list-style-type: none"> <li>● Manage risk as part of their role and report risks to their managers by:               <ul style="list-style-type: none"> <li>• Develop understanding and become familiar with the Risk Management and Assurance Policy</li> <li>• Maintain awareness of risks, their impact, including costs, and feed these through the adopted risk management process including alerting management to:                   <ul style="list-style-type: none"> <li>• Risks which are not effectively managed, or the level of current risk is unacceptably high (amber or above)</li> <li>• Issues that arise or near misses</li> </ul> </li> </ul> </li> </ul>   |

# Complementary functions

There are several complimentary functions linked to the management of risk including:

Business Planning, Health & Safety, Business Continuity and Performance Management. All have significant risks associated with them which may have a major impact across the council. It is vitally important that risks in these areas are identified, assessed and prioritised. Representatives of the below teams attend the Corporate Risk Management Group as and when needed.

## Risk management in Business Planning, budget planning and decision making

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The risk management process, practices and the hierarchy of risk registers helps us to manage the risks that the council and City faces. The council is committed to using risk information to inform decision making and planning:

- Strategic and operational service planning guidelines require that all service plans include relevant risk information (e.g. from risk registers) within their action plans
- Departments are required to use information on significant risks, contained in risk registers to inform decisions on budget re-alignments and investments
- All proposed budget reductions must include a detailed analysis of the risk surrounding the delivery of such reductions as well as the additional risks presented by their successful implementation
- All efficiency improvements must be accompanied by a detailed analysis, including proposed strategies to manage risk. Of the risks that threaten the delivery of the savings, whether they are cashable or non-cashable

- All projects and partnerships must be planned in recognition of the risks that threaten their effective operation and the delivery of their outcomes
- All Decision Pathway reports should be supported by a risk assessment

## Risk management in project management

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The Council's approach to project risk management identifies and prioritises the priorities of the project so that the most significant risks are managed proportionately. Project risk management is an important aspect of project management. Project risk is defined as, "an uncertain event or condition that, if it occurs, has a positive or negative effect on a project's objectives." All managers are expected to manage risks in accordance to the Council policy and guidance and ensure that the risk management is proportionate to the complexity and significance of the project. Risk Management is a critical and continuous process and appropriate Risk Assessments where appropriate will be undertaken, reviewed and managed throughout the life of a project.

## Risk management in partnerships and stakeholder engagement

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The council's approach to partnership risk management identifies and prioritises the priorities of the partnership so that the most critical risks are managed proportionately. Partnership governance bodies should ensure that partnerships (including their constituent projects and/or partnerships) are risk managed according to the council policy and guidance and ensure that the risk management is proportionate to the complexity and significance



of the partnership. Risk management for the partnerships must be designed to work across the appropriate organisational boundaries and accommodate and engage the different stakeholders involved. Large and or complex stakeholder communities can introduce their own risk and need to be explicitly managed. Where the council is not the 'leading partner' that 'sets' the management culture, it is the responsibility of council colleagues in the partnership to ensure that the potentially different risk management approaches work together harmoniously to the benefit of all partners.

## **Risk management in procurement**

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The council's approach to procurement management of risk includes the identification, management and prioritisation for contracts award so that the risks can be managed proportionately. All managers are expected to manage risks in accordance to the council policy and guidance and ensure that the risk management is proportionate to the complexity and significance of the contract. Risk Management is a critical and continuous process, and appropriate Risk Assessments where appropriate will be undertaken, reviewed and managed throughout the Procurement Journey. It is important to engage with the marketplace in terms of identifying the desired outcomes, risks and issues.

## **Health, Safety and Wellbeing**

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The council has responsibilities under health and safety legislation to ensure the health, safety and welfare at work of employees and other people affected by the council's business. Managing health and safety risks is an integral part of business risk management and the management of such risks should not be taken in isolation. Poor health and safety management can have a negative impact on

other business risks such as reputation, insurance, business continuity and financial resources.

Health and safety risks vary across the council due to the diversity of work activities. The effective management of the risks, as with all significant corporate risks, is an essential part of the role of the relevant managers. The organisation and arrangements for managing health and safety within the council are detailed in the council and Directorate / Directorate's Health and Safety Policy documents.

The health and safety management system in Bristol City Council is based on the model detailed in the Health and Safety Executive publication "Successful Health and Safety.

Management" (HSG65) and takes into account the Institute of Directors / Health and Safety Commission guidance "Leading Health and Safety at Work – Leadership Actions for Directors and Board Members".

## **Business Continuity**

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Business Continuity Management (BCM) is complementary to a risk management framework that sets out to understand the risks to the council, and the consequences of those risks seeking to manage risk around the key services that the council delivers, service delivery can be disrupted by a wide variety of incidents, many of which are difficult to predict or analyse by cause. By focusing on the impact of disruption, BCM identifies the services which the council must deliver, and can identify what is required for the council to continue to meet its obligations.

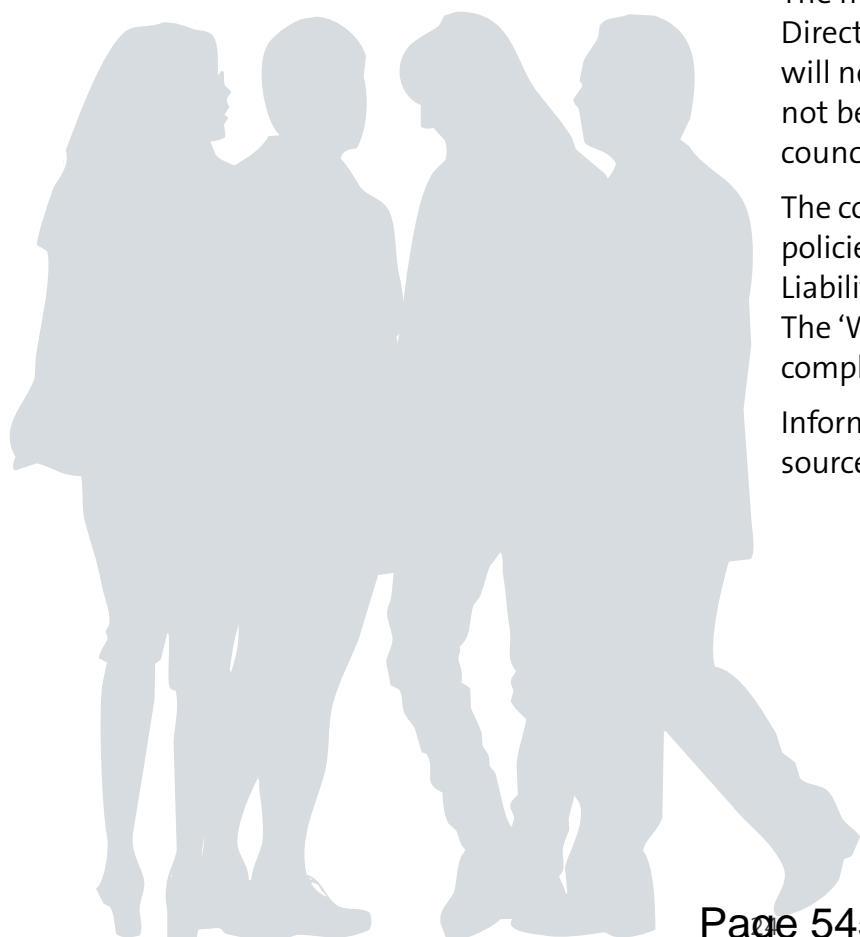
Through BCM, the council can recognise what needs to be done before an incident occurs to protect its people, premises, technology, information, supply chain, stakeholders, reputation and importantly the services that the council delivers to the people of Bristol.

With that recognition, the council can then take a realistic view on the responses that are likely to be needed as and when a disruption occurs, so that it can be confident that it will manage any consequences without unacceptable delay in delivering its services.

## **Risk management and performance management**

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The council acknowledges the crucial links between risk and performance management. Risk management is an integral part of the business performance management framework. Performance cannot be reviewed or reported on without an accompanying review and report on the risks in play, whether they are a direct threat to progress or arise from an initiative to achieve new and critical benefits.



## **Insurance**

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Insurance acts as a risk transfer mechanism which reduces the financial risk to the council. The council transfers the insurable risks to an insurance company by contributing a premium.

In the event of a financial loss, the council is entitled to indemnity, subject to the terms and conditions that are in place. The administration of the council's insurance arrangements is undertaken by the Risk Management and Insurance Section, within Resources. The section provides a comprehensive and professional Insurance service including insurance provisions and other related insurance activities as well as processing new and outstanding claims.

The council is required to provide Insurance Cover or alternative funding for a variety of possible or probable events and liabilities that could arise. The majority of risks identified through Corporate, Directorate, Programme or Project risk registers will not be insurable and some, on balance, may not be financially viable or of benefit to the council to insure.

The council currently have multiple insurance policies in place, the main policies being Public Liability, Employers' Liability, Motor and Property. The 'What Is Insured?' document provides a complete overview of insurance

Information and Guidance is provided via the source.

# Decision Pathway – Report

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**PURPOSE:** For reference

**MEETING:** Cabinet

**DATE:** 22 January 2019

|  |  |  |  |
|--|--|--|--|
| <b>TITLE</b>   | <b>Corporate Risk Management Report and Corporate Risk Register (CRR) Report</b> |  |  |
| <b>Ward(s)</b>   | City Wide  |  |  |
| <b>Author:</b> Jan Cadby   | <b>Job title:</b> Risk and Insurance Manager                                     |  |  |
| <b>Cabinet lead:</b> Councillor Cheney   | <b>Executive Director lead:</b> Mike Jackson / Denise Murray                     |  |  |
| <b>Proposal origin:</b> BCC Staff  |  |  |  |
| <b>Decision maker:</b> Cabinet Member<br><b>Decision forum:</b> Cabinet  |  |  |  |
| <p><b>Purpose of Report:</b> Managing risks are an integral element to the achievement of the Bristol City Council's (BCC) Corporate Strategy (CS) deliverables. The report provides an update on work completed to improve risk management at BCC and sets out the council's current significant risks and summarises progress in managing the risks as at Quarter 3 2018-19.</p> <p>The Corporate Risk Register (CRR) is a key document in the council's approach to the management of risk; it captures strategic risks set out in the Corporate Strategy 2018-2023 and Business Plan 2018-2019. It also provides a context through which Directorates construct their own high level risk assessments and is used to inform decision making about business planning, transformation and service delivery.</p> <p>The CRR provides assurance to management and Members that Bristol City Council's significant risks have been identified and arrangements are in place to manage those risks within the tolerance levels agreed. It should be noted that 'risk' by definition includes both threats and opportunities, which is reflected in the CRR.</p> <p>The CRR attached to this report at Appendix A is the latest formal iteration following a review by members of the council's Corporate Leadership Board (CLB) on 4<sup>th</sup> December 2018.</p> |  |  |  |
| <p><b>Evidence Base:</b> The Accounts and Audit Regulations 2015 require the council to have in place effective arrangements for the management of risk. These arrangements are reviewed each year and reported as part of the Annual Governance Statement (AGS).</p> <p>Ensuring that the CRR is soundly based will help the council to ensure it is anticipating and managing key risks to optimise the achievement of the council's objectives and prioritise actions for managing those risks.</p> <p>The CRR is a management tool and needs regular review to ensure that the occurrence of obstacles or events that may put individual's safety at harm, impact upon service delivery and the council's reputation are minimised, opportunities are maximised and when risks happen, they are managed and communicated to minimise the impact.</p> <p>The Risk Management Policy will be subject to an annual review and reported in 2018-19.</p>  |  |  |  |
| <b>Cabinet Member / Officer Recommendations:</b> Cabinet are requested to receive and note the Corporate Risk Report.  |  |  |  |
| <b>Corporate Strategy alignment:</b> Managing risks are an integral element to the achievement of the BCC Corporate Strategy (CS) deliverables.  |  |  |  |
| <b>City Benefits:</b> Risk Management aims to maximise achievement of the council's aims and objectives.   |  |  |  |

## Consultation Details:

### Risk Management Framework

Risk management is the culture, process and structure that are directed towards effective management of potential opportunities and threats to the council achieving its priorities and objectives and a key element of the council's governance framework.

During the last quarter we have been increasing the level of engagement and ownership by Service Managers through a series of risk management awareness sessions and workshops to review existing risks and identify new and to refresh the Corporate and Directorate Risk Registers Reports maintaining the focus to help reduce the risk against the council's Corporate Plan objectives 2018-23.

### The Corporate Risk Register (CRR)

The Corporate Leadership Board (CLB) has reviewed the CRR in December 2018 and accepts it as a working register which will need continued improvement as it embeds.

The CRR sets out the significant critical and high rated risks both threats and opportunities. All other business risks reside on the Directorate Risk Reports and Service Risk Registers.

During Q4 2018/19 there has been one significant issue to report:

- The External Auditors were unable to sign off the Council's Annual Statement of Accounts for 2017/18 within the revised statutory deadline of 31st July 2018. Officers continue to work closely with the auditors to ensure speedy resolution of all outstanding matters to enable publication of audited accounts as soon as possible. This reputational risk has been escalated for 2019, with early ongoing engagement with the new external auditors, and improvements to pre-audit planning arrangements are in progress to mitigate the risk.

The Corporate Risk Report (CRR) as December 2018 contains:

| Threats   | Opportunities   | External / Contingency Risks   |
|---|---|--|
| <ul style="list-style-type: none"><li>• No critical threats</li><li>• 17 high rated</li><li>• 6 medium</li><li>• 4 new</li><li>• 3 improving</li><li>• 2 deteriorating</li><li>• 2 closed</li></ul> | <ul style="list-style-type: none"><li>• 1 significant opportunity</li><li>• 2 high</li><li>• 1 medium</li><li>• 2 improving</li></ul> | <ul style="list-style-type: none"><li>• 2 high threats</li><li>• 1 deteriorating</li></ul> |

A summary of the progress of new and closed risks for this reporting period are set out below.

#### **There are four new threat risks this quarter:**

- **CRR23 – Better Lives Programme** – The risk of failing to deliver the required outcome and savings from the Better Lives Programme. The risk rating being 2x7 (14) high risk. This risk is managed and monitored on the Adults, Children and Education Risk Register.
- **CRR23 – Procurement and contract Management Compliance.** Failure in the awarding and management of contracts with key suppliers of the Council leads to poor service performance and increased costs. The risk rating being 3x5 (15) high risk. This risk is managed and monitored on the Resources Risk Register.
- **CRR24: Suitability of Line of Business (LOB) systems:** The Councils reliance on legacy systems. The risk rating being 3x5 (15) high risk. This risk is managed and monitored on the Resources Risk Register.
- **CRR26 – ICT Resilience:** The Councils ability to deliver critical and key services in the event of ICT outages, and be able to recover in the event of system and/or data loss. The risk rating being 3x7 (21) high risk. This risk is managed and monitored on the Resources Risk Register.

### There are three improving threat risks:

- **CRR5: Business Continuity and Councils Service Resilience.** If the council has a Business Continuity disruption and is unable to ensure the resilience of key BCC operations and business activities, then the impact of the event maybe increased with a greater impact on people and council Services. The risk rating being 3x5 (15) high risk. This risk is managed and monitored on the Resources Risk Register.
- **CRR8 - Service Review.** The risk that the organisation is not able to redesign its leadership team quickly enough, which may result in a reduction in staffing levels. The loss of experienced and skilled staff will have an impact on service delivery, and on remaining staff. The risk rating being 2x5 (10) medium risk. This risk is managed and monitored on the Resources Risk Register.
- **CRR15: Financial Deficit.** 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. The risk rating being 1x5 (5) medium risk. This risk is managed and monitored on the Resources Risk Register.

### There are two improving opportunity risks:

- **OPP1 – One City:** The One City Approach will offer a new way to plan strategically with partners as part of a wider city system. The risk rating being 4x5 (20) high risk. This risk is managed and monitored on the Resources Risk Register.
- **OPP2 – Corporate Strategy:** The approved Corporate Strategy presents an opportunity to fundamentally refresh and strengthen our business planning, leadership and performance frameworks. The risk rating being 4x7 (28) Significant risk. This risk is managed and monitored on the Resources Risk Register.

### There is two closed risks:

- **CRR2: IT Infrastructure:** IT Infrastructure does not meet service delivery requirements then there could be serious implications for the organisation and the people it serves. The risk has been replaced with 2 new risks CRR25: Suitability of Line of Business (LOB) systems and CRR26 ICT Resilience.
- **CRR20: Housing IT Programme 2018:** There is a risk that the Housing IT programme could be further delayed beyond the current go-live date of the September 2018. The risk rating improved to a 2x5 (10) medium risk. This risk is managed and monitored on the Growth and Regeneration Risk Register.

### There are two deteriorating threat risks :

- **CRR7: Cyber-Security:** The Council's risk level in regards to Cyber-security is higher than should be expected. The risk rating being 3x7 (21) high risk. This risk is managed and monitored on the Resources Risk Register.
- **CRR21 – Information Governance:** If the Council fails to maintain a defensible and compliant response to the Data Protection Act 2018 and General Data Protection Regulation (GDPR) then it will fail to fully comply with its statutory requirements. The risk rating being 3x5 (15) high risk. This risk is managed and monitored on the Resources Risk Register.

### There is one deteriorating external risk :

- **BCCC2 – Brexit:** The risk that Brexit (and any resulting 'deal' or 'no deal') will impact the local economy, local funding and delivery of council services, and that uncertainty around Brexit could impact our ability to accurately assess or plan for potential positive or negative outcomes. The risk rating being 4x5 (20) high risk. This risk is managed and monitored on the Resources Risk Register.

All risks on the CRR have management actions in place. The CRR continues to be subject to a refresh during 2019.

As with all risks, it is not possible to eliminate the potential of failure entirely without significant financial and social costs. The challenge is to make every reasonable effort to mitigate and manage risks effectively, and where failure occurs, to learn and improve.

Further details are contained in Appendix A: The summary of the threat risks are set out on pages 1 to 23, opportunity risks pages 24 to 25, and external and civil contingency risks on page 26 and 27 all including controls and management actions. A summary of risk performance on pages 28 to 29 by level of risk, the risk matrix on page 30 and the risk scoring criteria on page 31. A more in-depth risk register is available on request.

|   |  |   |  |
|---|--|---|--|
| <b>Revenue Cost</b>   | £0   | <b>Source of Revenue Funding</b>                | NA   |
| <b>Capital Cost</b>   | £0   | <b>Source of Capital Funding</b>                | NA   |
| <b>One off cost</b> <input type="checkbox"/>  | <b>Ongoing cost</b> <input type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input type="checkbox"/> |
| <b>Required information to be completed by Financial/Legal/IT/ HR partners:</b>   |  |   |  |
| <b>1. Finance Advice:</b> The CRR is a live document refreshed regularly following consultation across the organisation, and aims to provide assurance that the council's main risks have been identified and appropriate mitigations are in place to ensure they are managed within agreed tolerances. This includes, as set out in the annual budget report, measures to ensure appropriate financial provision is made through the budget planning process and reserves. |  |   |  |
| <b>Finance Business Partner:</b> Chris Holme, Interim Service Manager Corporate Finance. 21 <sup>st</sup> November 2018.  |  |   |  |
| <b>2. Legal Advice:</b> There are no specific legal implications in the report. The Corporate risk register and report assists the council to monitor and ensure good governance and compliance with its Statutory duties.  |  |   |  |
| <b>Legal Team Leader:</b> Nancy Rollason, Head of Legal Service and Deputy Monitoring Officer. 21 <sup>st</sup> November 2018.  |  |   |  |
| <b>3. Implications on IT:</b> The production of this report, in itself, carries no direct IT implications. Clearly, there are IT implications identified within it and these are being addressed in line with the comments contained in the relevant sections.  |  |   |  |
| <b>IT Team Leader:</b> Ian Gale, Acting Head of IT. 21 <sup>st</sup> November 2018.   |  |   |  |
| <b>4. HR Advice:</b> It is essential that staffing resources are appropriately deployed to manage these risks that are highlighted. There are no HR implications arising from the CRR update report.  |  |   |  |
| <b>HR Partner:</b> Mark Williams, Head of Human Resources. 21 <sup>st</sup> November 2018.  |  |   |  |
| <b>EDM Sign-off</b>   | Denise Murray                                | 11 November 2018                                |  |
| <b>Cabinet Member sign-off</b>  | Cllr. C. Cheney                              | 26 November 2018                                |  |
| <b>CLB Sign-off</b>   | Denise Murray                                | 4 December 2018                                 |  |
| <b>For Key Decisions - Mayor's Office sign-off</b>  | Mayor's Office                               | 21 December 2018                                |  |
| <b>Appendix A – Further essential background / detail on the proposal</b><br>Appendix A: The Corporate Risk Register Summary Report Pages (1 to27), the Performance Risk Summary (page 28 to 29), the Risk Rating Matrix and Scoring Criteria (pages 30 to 31).   |  |   | <b>YES</b>   |
| <b>Appendix B – Details of consultation carried out - internal and external</b>   |  |   | <b>NO</b>  |
| <b>Appendix C – Summary of any engagement with scrutiny</b>   |  |   | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>   |  |   | <b>NO</b>  |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>  |  |   | <b>NO</b>  |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>   |  |   | <b>NO</b>  |
| <b>Appendix G – Financial Advice</b>  |  |   | <b>NO</b>  |
| <b>Appendix H – Legal Advice</b>  |  |   | <b>NO</b>  |
| <b>Appendix I – Combined Background papers</b>  |  |   | <b>NONE</b>  |
| <b>Appendix J – Exempt Information</b>  |  |   | <b>NO</b>  |
| <b>Appendix K – HR advice</b>   |  |   | <b>NO</b>  |
| <b>Appendix L – IT</b>  |  |   | <b>NO</b>  |

Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.

| Risk title and description   | What we have done  | Performance   | Current Risk Level   |        |             | What we are doing  | Tolerance Risk Level |        |             |
|--|--|---|--|--------|-------------|--|----------------------|--------|-------------|
|  |  |   | Likelihood   | Impact | Risk Rating |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR1: Long term commercial investments and major projects capital investment.</b></p> <p>BCC'S long-term commercial investments and major projects may require greater than anticipated capital investment.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>The cost is higher than expected.</li> <li>The project is delivered later than planned.</li> <li>The operating and maintenance cost of the asset exceeds expectations.</li> <li>The demand for the asset is less than budgeted driving down income.</li> <li>Strategic, geographic, social, financial and economic conditions changing over time.</li> <li>Oversight of Project Interdependencies not well managed.</li> </ul> | <p>We have reviewed Capital Governance arrangements and have established the Growth and Regeneration Board in order to improve capital programme governance and accountability arrangements. The Board is overseen by the Delivery Executive to make improvements to capital project business cases, taking account of whole life costing principles and improving capital monitoring arrangements.</p> <p>We are understanding, monitoring and reporting the cost-determining factors, and seeking relevant professional advice to ensure Value for Money (VfM) by undertaking due diligence which covers the economic, financial, social and environmental case. This is ongoing.</p> <p>Governance arrangements are in place for the council as a Company Shareholder.</p> <p>The Growth and Regeneration Directorate is responsible for delivery of major infrastructure projects. Some of the key projects include:</p> <p><u>Harbour Strategy</u></p> <ul style="list-style-type: none"> <li>We are looking to secure capital funding to commence in 2018/19 through a robust capital business case to make commercial improvements across areas such as new pontoons, and boaters facilities, both of which will generate income and make the area more attractive economically.</li> <li>We have completed a commercial benchmarking exercise in terms of charges and commercial offering using similar marina sites across the UK.</li> <li>We are constructing a plan around our commercial offering, fees &amp; charges, leases etc. to ensure we are maximising income that can be used to invest in the area.</li> <li>Carrying out condition surveys to assist with the development of a robust maintenance schedule.</li> </ul> <p><u>Arena</u></p> <ul style="list-style-type: none"> <li>We commissioned consultants to carry out Value for Money (VfM) studies for the Arena at Temple Meads, alternative use of the site plus an alternative scheme at Filton.</li> <li>Cabinet on the 4<sup>th</sup> September agreed to look to an alternative use for the Temple Quarter site.</li> </ul> <p><u>Temple Quarter</u></p> <ul style="list-style-type: none"> <li>For contracts we ensure that robust contingencies are built into the project costs, and secure consultant's advice relating to appropriate risk allocation and reward, and other contractual arrangements.</li> </ul> <p><u>Colston Hall</u></p> <ul style="list-style-type: none"> <li>Consultants were engaged last year to undertake an options appraisal to verify the project in its current format i.e. the scope of the works and ensuring that the correct option has been chosen to make the hall financially sustainable. Cabinet has approved the underwriting of the project to a maximum of £48.8m. The project is progressed through the Southern Construction Framework (administered by Devon County Council).</li> </ul> <p><u>Energy</u></p> <ul style="list-style-type: none"> <li>In the last 2 years Bristol Energy has grown significantly however the energy market is extremely complex with strong competition from new and existing energy retailers with high volatility in wholesale prices and the industry is currently subject to price scrutiny from industry regulators.</li> </ul> | ↔   | 3  | 7      | 21          | <p>The Capital Strategy will be developed by February 2019.</p> <p>Improvements to capital programme governance and accountability arrangements through Housing, Property and Growth &amp; Regeneration Board, with tracking and delivery are overseen by Delivery Executive (Ongoing).</p> <p>The Executive Director for Growth and Regeneration has instigated a series of ongoing 'Deep Dives' with a focus on key programmes and project deliverables feedback being reviewed by the Growth and Regeneration Board and further detailed review of the capital programme to be undertaken as part of the budget process (Ongoing).</p> <p>The Growth and Regeneration Board meets monthly to continue to improve project, programme and portfolio risk management to ensure robust arrangements are in place and challenge against deliverables. We will maintain a balanced portfolio of investment assets so that exposure to particular classes of risk can be minimised (Ongoing.)</p> <p>We continue to strengthen client-side arrangements for companies around the:</p> <p><u>Harbour Strategy</u></p> <ul style="list-style-type: none"> <li>We are working with colleagues across the Growth &amp; Regeneration and Communities Directorates to ensure we have a joined up approach to delivering a new Harbour Strategy. This falls in to three main work streams Assets, Design and Harbour/Marina activity. Whilst these 3 pieces of work are in differing project stages, an umbrella group to act as a steering and governance forum is being established by September 2018.</li> <li>As part of a robust asset management planning framework we are carrying out condition surveys on the dock's walls to produce a future maintenance schedule as part of the BCC Asset Management Plan by end spring 2019.</li> </ul> <p><u>Temple Quarter</u></p> <ul style="list-style-type: none"> <li>Cabinet on the 4th September agreed not to pursue the development of the Bristol Arena on the former diesel depot site at Temple Meads.</li> </ul> <p><u>Colston Hall</u></p> <ul style="list-style-type: none"> <li>We have engaged a consultant under a Pre-Construction Services Agreement (PCSA). We have set up a 10 point plan to address any issues by September 2018 to enable us to meet budget constraints. To assist in the process we have engaged the help of the Southern Construction Framework (SCF) administrator.</li> </ul> <p><u>Energy</u></p> <ul style="list-style-type: none"> <li>Like all business in this field we continue to work with the company consultants to explore opportunities to ensure we have the right operating model to deliver our objectives. Ongoing</li> <li>We are currently exploring opportunities for smart energy initiatives which include City Leap.</li> </ul> | 1                    | 7      | 7           |
| <p>Risk Owner: Interim Executive Director Growth and Regeneration, Executive Director Resources and S151 Officer.</p>  | <p>Action Owner: Interim Executive Director Growth and Regeneration, Director Finance.</p>   | <p>Portfolio Flag: Finance, Governance and Performance.</p> | <p>Strategy Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing.</p> |        |             |  |                      |        |             |

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.   |  |   |                    |        |  |   |                      |        |             |
|--|--|---|--------------------|--------|--|---|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance   | Current Risk Level |        |  | What we are doing   | Tolerance Risk Level |        |             |
|  |  |   | Likelihood         | Impact | Risk Rating                              |   | Likelihood           | Impact | Risk Rating |
| <p><b>CRR3: Failure to Manage Asbestos.</b></p> <p>Failure to manage the asbestos management plan for properties.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Staff availability to carry out work plans in a safe way.</li> <li>• Lack of appropriate training.</li> <li>• Lack of oversight and control by local management.</li> <li>• Lack of information on the potential or known risks.</li> <li>• Inadequate contract management arrangements.</li> <li>• Lack of effective processes and systems consistently being applied.</li> <li>• Policies are not kept up to date.</li> <li>• Budget pressures.</li> </ul> | <p>We have an ongoing plan for properties to be surveyed prior to any work being undertaken by Asbestos Consultants plus an ongoing programme of surveys is being carried out.</p> <p>Funding for Contractor training was agreed in February 2018.</p> <p>There is a process for reporting Asbestos exposure incidents to the HSE via F2508 form. Asbestos incidents are reported via the Corporate health and safety accident/incident process. Asbestos incidents are investigated in-house and appropriate actions taken. Significant asbestos issues are reported to the appropriate Health &amp; Safety Committees, senior management and executive. Ongoing.</p> <p>Corporate Asbestos arrangements have been reviewed and published on the Source, 12th June 2018.</p> <p>A corporate review of Asbestos arrangements is being carried out by end Q2 2018/19.</p> <p>Property Services have reviewed their asbestos arrangements.</p> <p>We are holding regular 'Asbestos working group' meetings to progress the management of Asbestos across the authority. Ongoing.</p> | <p>←</p>  | 3                  | 7      | 21                                       | <p>All managers will be informed of reviewed Asbestos arrangements by use of CHaSMS This was originally planned for September 2018.</p> <p>Housing are reviewing and updating the service area Asbestos arrangements, as part of a wider action plan to improve the management of Asbestos, following a Corporate Safety review of the Service.</p> <p>Contractor training to inform of BCC's expectations of standards, whilst on our sites, arrangements are being carried out by end March 2019.</p> | 1                    | 7      | 7           |
| <p>Risk Owner: Head of Paid Service and Corporate Leadership Board (CLB).</p>  | <p>Action Owner: Director of Commercialisation (for Corporate Estate) and Director of Housing and Landlord Services (for Social Housing).</p>  | <p>Portfolio Flag: Finance, Governance and Performance.</p> |                    |        | <p>Strategy Theme: Our Organisation.</p> |   |                      |        |             |



| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |   |  |        |             |                      |        |             |
|--|---|---|--|--------|-------------|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance   | Current Risk Level                       |        |             | Tolerance Risk Level |        |             |
|  |   |   | Likelihood                               | Impact | Risk Rating | Likelihood           | Impact | Risk Rating |
| <p><b>CRR4: Corporate Health, Safety and Wellbeing.</b></p> <p>If the City Council does not meet its wide range of Health &amp; Safety requirements then there could be a risk to the safety of citizens.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• If services do not have sufficient staff numbers to carry out work plans in a safe way.</li> <li>• If services are not able to order appropriate equipment required for staff safety.</li> <li>• Lack of appropriate equipment.</li> <li>• Lack of appropriate training.</li> <li>• Lack of oversight and control by local management.</li> <li>• Lack of information on the potential or known risks.</li> <li>• Inadequate contract management arrangements.</li> <li>• Lack of effective processes and systems consistently being applied.</li> <li>• Policies are not kept up to date.</li> <li>• Budget pressures.</li> </ul> | <p>The Corporate Health &amp; Wellbeing (HS&amp;W) team is in place to support the council and provide advice and guidance. The Corporate Policy Statement, service specific policies, procedures and systems of work and safety arrangements are in place and routinely reviewed.</p> <p>BCC has a Corporate Health and Safety Management System (CHaSMS) to identify and monitor hazards, risks and appropriate actions. Each manager (with staff and /or premises responsibilities) have an action plan which is completed by all Managers on a quarterly basis. Once completed the (HS&amp;W) team check the returns and give relevant feedback to the individual Managers and report the overall results to Senior Management.</p> <p>The accident/incident reporting procedure is in place to monitor injury to colleagues and is communicated. All incidents are subject to the investigation procedure to reduce the potential for any recurrences.</p> <p>Corporate procedures and a risk assessment pro-forma exist for core safety functions including arrangements for fire risk assessment of all workplaces. A register is in place for potential asbestos exposures. We have reviewed and further invested in statutory health surveillance equipment and training and a programme of work in place within council housing post Grenfell.</p> <p>BCC has a programme of e-learning and personal face to face course delivery available to all staff and members. Ongoing specific training on H&amp;S and excessive pressure/ personal resilience is also available. Stress management training and stress risk assessment training is available for managers and employees.</p> <p>An independent occupational health support (NHS Avon Partnership Occupational Health Service) is in place to provide advice, employee support, management medical opinion and advice to support managers dealing with employee ill-health and absence. A pre-employment health screening service is in place to ensure reasonable adjustments are identified to support employees and also an HGV driver medical support service. A confidential Employee Assistance Programme, Wellbeing telephone helpline operates (24hrs / 7 days a week); this programme also includes a range of Wellbeing information via a website. Partnerships with external providers of counselling and physiotherapy services are in place to provide fast-track access to these services. The council is routinely monitoring these services.</p> <p>The Intelligence network including the Corporate Safety Information System is in place to share details of the addresses to the Citizens of Bristol considered to present risks to staff.</p> <p>Corporate Health and Safety is reported to the Leadership team quarterly using the CHaSMS to help monitor compliance.</p> <p>BCC also has a system of Trade Union Consultation with Health and Safety trained Representatives.</p> <p>Benchmarking and annual reports are provided to BCC along with the annual performance report.</p> <p>All contracts set up with external providers include checking their relevant Health and Safety competency.</p> <p>The council's audit programme monitors compliance with statutory duty and best practices.</p> | ↔   | 3  | 7      | 21          |                      |        |             |
| <p>Risk Owner: Head of Paid Service and Corporate Leadership Board (CLB).</p>  | <p>Action Owner: Director of Workforce Change.</p>  | <p>Portfolio Flag: Finance, Governance and Performance.</p> | <p>Strategy Theme: Our Organisation.</p> |        |             |                      |        |             |

Page 552

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |   |   |        |             |   |                      |        |             |
|---|---|---|---|--------|-------------|---|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance   | Current Risk Level                                  |        |             | What we are doing   | Tolerance Risk Level |        |             |
|   |   |   | Likelihood  | Impact | Risk Rating |   | Likelihood           | Impact | Risk Rating |
| <p><b>CRR5: Business Continuity and Councils Service Resilience.</b></p> <p>If the council has a Business Continuity disruption and is unable to ensure the resilience of key BCC operations and business activities, then the impact of the event maybe increased with a greater impact on people and council Services.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Strikes (People, Fuel).</li> <li>• Loss of key staff (communicable diseases and influenza epidemics).</li> <li>• Loss of suppliers.</li> <li>• Loss of accommodation to deliver key services.</li> <li>• Loss of equipment.</li> <li>• Any event which may cause major disruption.</li> <li>• Unavailability of IT and/or Telecoms.</li> <li>• Loss of staff /staff availability.</li> <li>• Knowledge loss.</li> <li>• Reduced chances of preventing/ responding to incidents due to a lack of forward planning or investment.</li> </ul> | <p>The council has a Corporate Resilience Group (CRG) supported by directorate representatives who meet quarterly to oversee the council’s Business Continuity arrangements and to receive significant risks outside council’s Control which are reflected on the Local Resilience Forum Community Risk Register.</p> <p>A number of Policies and procedures are in place including the Business Continuity Policy (September2016) which was communicated to relevant staff. The Incident Response Plan updated in July 2017.</p> <p>Service Business Continuity Plans were in place for January 2018, the plans are undergoing a refresh in 2018.</p> <p>An Incident Management Team training session is planned for September 2018.</p> <p>A Senior Management on-call rota has been devised agreed and is regularly monitored.</p> <p>A successful annual recovery exercise Day Two was carried out 25th May 2018 and relevant improvements are being built into the wider council arrangements and will be briefed to the CRG.</p> <p>CLB accepted growth bid for extra staff on CPU team.</p> <p>(See CRR24 for Line of Business page 22, CRR25 for IT Resilience page 23 and CRR7 for Cyber-attack page 6.)</p> | <p>↑</p>  | 3   | 5      | 15          | <p>The Business Continuity Policy is planned to be reviewed in November 2018.</p> <p>The Corporate Business Continuity Plan will be reviewed in December 2018.</p> <p>A review of Service Level Business Continuity Plans will be carried out by January 2019. We are introducing a quality assurance approach for our business continuity plans to emphasise service accountability.</p> <p>The Businesses Continuity Working Group will be refreshed within the year and we are currently drafting a plan for future exercises to test different elements of BCC Business Continuity arrangements with partners.</p> <p>Business Continuity refresher training is planned for November/December 2018.</p> | 1                    | 3      | 3           |
| <p>Risk Owner: Head of Paid Service and CLB.</p>  | <p>Action Owner: Civil Protection Manager.</p>  | <p>Portfolio Flag: Finance, Governance and Performance.</p> | <p>Strategy Theme: Our Organisation, Wellbeing.</p> |        |             |   |                      |        |             |

Page 553

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |  |                    |        |                                   |  |                      |        |             |
|---|---|--|--------------------|--------|-----------------------------------|--|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|   |   |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR6: Fraud and Corruption.</b></p> <p>Failure to prevent or detect acts of significant fraud or corruption against the council from either internal or external sources.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Failure of management to implement a sound system of internal control and/or to demonstrate commitment to it at all times.</li> <li>Not keeping up to date with developments, in new areas of fraud.</li> <li>Insufficient risk assessment of new emerging fraud issues.</li> </ul> <p>Lack of clear management control of responsibility, authorities and / or delegation.</p> <p>Lack of resources to undertake the depth of work required to minimise the risks of fraud / avoidance.</p> <p>Under investment in fraud prevention and detection technology and resource.</p> | <p>We are continually improving the comprehensive system of control which aims to prevent fraud and increase the likelihood of detection. This includes a strong and robust policy on anti-fraud, corruption and bribery.</p> <p>We take a strong stance when fraud is found and seek financial recovery through a strong and effective counter fraud team.</p> <p>The team concentrates on areas of high fraud risk, investigates fraud promptly where suspected and sanctions appropriately. By, investing in specialist fraud prevention and detection software and utilising cross organisation data will minimise the council's exposure to fraud risk and aid early detection / prevention. An accessible route to report suspected fraud is available to both the public and employees via a Whistleblowing Policy Anti-Fraud, Bribery and Corruption Policy and web page. This ensures that the council's financial systems accurately record the financial transactions and robust control processes which are in place to maximise the opportunity to prevent and detect fraud or inaccuracies.</p> <p>Employees are aware of probity standards expected of them via an Employee Code of Conduct, improving awareness of fraud and compliance through a process of reminders about ethics and conduct, fraud awareness training and other publicity, continual maintenance of Counter Fraud information on Web pages and monitoring and review of the effectiveness of the Counter Fraud Arrangements.</p> <p>Key Counter Fraud Objectives were defined for 2018/19.</p> <p>Counter Fraud Performance is monitored by Audit Committee via the Annual Counter Fraud Update, periodic Internal Audit Updates and the Annual review of arrangements against CIPFA Count Fraud Assessment Tool. Improvements are highlighted in an action plan which is monitored by Audit Committee.</p> | ↔  | 3                  | 5      | 15                                | <p>We are monitoring fraud indicators (warning signs and fraud alerts) to ensure anti-fraud approach is correctly targeted (Ongoing).</p> <p>Capacity and priorities within Internal Audit have been re-considered. The scale of whistleblowing/fraud referrals received is impacting on the team's ability to deliver preventative work and proactive fraud work which returns savings and other benefits to the council. The implementation of the restructure of the Counter fraud service is ongoing and in part dependent upon funding streams being confirmed / clarified. March 2019.</p> <p>Legal and financial support arrangements for Counter Fraud work are to be reviewed to ensure recoveries are maximised (Ongoing).</p> <p>The availability, costs and benefits of fraud prevention technology will be reviewed for potential future investment decision March 2019.</p> <p>Council wide fraud and avoidance initiatives are in development by improved use of data. We should start to see the delivery of the savings March 2019.</p> <p>We will review bribery and corruption fraud controls March 2019.</p> | 2                    | 5      | 10          |
| Risk Owner: Executive Director Resources and Director of Finance (\$151 Officer).   | Action Owner: Director of Finance and Chief Internal Auditor.   | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

Page 554

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|--|---|--|--------------------|--------|-----------------------------------|--|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|  |   |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR7: Cyber-Security.</b></p> <p>The Council's risk level in regards to Cyber-security is higher than should be expected.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Lack of investment in appropriate technologies.</li> <li>Reliance on in-house expertise, and self-assessments (PSN).</li> <li>Lack of formal approach to risk management (ISO27001).</li> <li>Historic lack of focus.</li> </ul> | <p>The Council has secured a new Public Services Network (PSN) Certificate (issued 9<sup>th</sup> November 2018).</p> <p>A PSN Remedial Action Plan is in place.</p> <p>Budget provision for Cyber Security was allocated within the Future State Assessment Plan (FSA) as approved by Cabinet June 2018.</p> <p>Independent full security assessments have been carried out November 2018.</p> <p>Increased training - Phishing attacks November 2018.</p> | ↓  | 3                  | 7      | 21                                | <p>The Council has secured a new PSN Certificate as the assessor was confident that the Council had sufficiently completed much of the PSN Action Plan. However, there is still remaining a number of key activities which are being prioritised alongside other priority activity due to the current capacity of key skills/resources. The resourcing issue is being addressed within the current capability and capacity assessments which are a prerequisite to the ICT Restructure being delivered within the FSA Transformation Programme. Q4 2018, Q1 2019.</p> <p>Procurement for an independent assessment of the Cyber-Security risks, which is wider in breadth and deeper in discovery than the test currently undertaken for PSN compliance is underway; there have been delays in the procurement process which mean that the original Nov18 target has been missed. This will review all aspects of IT Security from both outside and within the network. This assessment will form the basis of the mitigation activity which will be undertaken within the FSA Programme. The audit and mitigation plans should be available during February 2019, ready for review by the Council's SIRO and the FSA Transformation Programme Delivery Board.</p> <p>ICT are working closely with the Council's new SIRO to improve the approach to all aspects of Information Assurance (including adoption of ISO27001). In addition to this, ICT are working with the Resources Executive Director and colleagues to review and enhance the current policies and strategies pertaining to Information Management. This is a new initiative without a formal plan as yet.</p> <p>The FSA Programme currently has plans to implement technology platforms to move the Council from file storage to document storage platforms, increase team collaboration without use of email, implement file retention policies, introduce document marking and rights management, implement data classification and improve federated search across structured and unstructured data stores. The FSA Programme will align with the new Information Assurance approach and the strategy set by the Council's SIRO, as direction becomes clear. In the meantime, ICT has given assurances that the FSA Programme deliverables will not impact or inhibit future strategy due to the flexibility and capability within anticipated technical solutions. This will be delivered in line with the 2-3 year FSA Programme.</p> <p>As well as technical controls, the ICT team is currently undertaking a Phishing attach exercise where we are sending emails to staff to see how users react to this type of Cyber Attack. Anyone clicking on links is directed towards targeted training. We will use the outcome of this exercise to inform on how we improve non-technical controls and training in future. ICT will continue to work with the SIRO to develop appropriate targeted training. Q4 2018.</p> | 1                    | 5      | 5           |
| Risk Owner: Senior Information Risk Owner (SIRO).  | Action Owner: Director, Digital Transformation.   | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

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|---|--|--|--------------------|--------|--|---|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance  | Current Risk Level |        |  | What we are doing   | Tolerance Risk Level |        |             |
|   |  |  | Likelihood         | Impact | Risk Rating                                  |   | Likelihood           | Impact | Risk Rating |
| <p><b>CRR8: Service Review.</b></p> <p>The organisation is not able to redesign its leadership team quickly enough, which may result in a reduction in staffing levels. The loss of experienced and skilled staff will have an impact on service delivery, and on remaining staff.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Staff leaving due to service redesign, reduction/ceasing of some service areas, automation of processes, pace of change, efficiency/savings requirements.</li> <li>• Poor morale due to the impact of change and the working environment.</li> </ul> <p>Potential increased staff sickness levels.</p> | <p>A senior management restructure is almost complete which will bring permanency and stability for the leadership team.</p> <p>A new Leadership Framework sets out the leadership behaviours and qualities expected of our managers and aspiring managers. Applicants for senior leadership roles are tested against these qualities.</p> <p>An organisation-wide leadership development and engagement programme will support colleagues during the time of transition. The Leadership Framework will be rolled out to provide support to enable our staff to become confident and supportive leaders for our workforce.</p> <p>To promote a positive culture within the organisation, a set of organisation values and behaviours has been created in collaboration with staff focus groups; this will help set the tone of the organisation and assist, in conjunction with the Corporate Strategy priorities, to provide clarity of purpose. It will link directly through to a new performance framework that will provide clarity to staff about the expectations and how their work contributes to the success of the organisation. This will feature in the Workforce Plan which is currently being drafted.</p> <p>Learning and development is available to support staff to meet the expectations of the organisation.</p> <p>The Corporate Strategy and associated Business Plans will provide clarity on priorities and help our workforce focus its attention and resources on the areas that derive greatest results for our communities and residents.</p> <p>The senior leadership restructure is complete and all posts have been filled.</p> <p>The organisation values and behaviours have been adopted as part of Corporate Strategy and are being rolled out to all employees via team workshops.</p> <p>A new Leadership Framework is in place and used as the assessment framework to recruit new senior leaders against.</p> <p>Learning and development support is available to all staff to help them develop their skills and confidence in their roles.</p> | ↑  | 2                  | 5      | 10   | <p>A development programme for the new team is in the planning stages - to help the new team work effectively together.</p> <p>A leadership development programme is underway for team leaders and managers (4/5 tiers), with 148 currently on the programme and further intakes to follow. Leadership development planning is underway for third tier managers.</p> <p>A performance appraisal cycle is underway for 2018/19 with individual objectives set against business plan objectives from the Corporate Strategy. A new approach to performance and talent management is being developed for launch in April 2019.</p> <p>We continue with regular communication briefs with staff and key stakeholders to keep them up to date with organisational priorities and progress on recruitment of the senior leadership team (Ongoing).</p> <p>The developing Organisational Improvement Plan will detail the actions we will take to meet the future needs of the organisation and equip colleagues to contribute to the delivery of the corporate strategy priorities.</p> | 1                    | 5      | 5           |
| Risk Owner: Head of Paid Service.   | Action Owner: Director of Workforce Change.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation, Wellbeing. |   |                      |        |             |

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |   |  |        |             |  |                      |        |             |
|--|---|---|--|--------|-------------|--|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance                                       | Current Risk Level   |        |             | What we are doing  | Tolerance Risk Level |        |             |
|  |   |   | Likelihood   | Impact | Risk Rating |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR9: Safeguarding Vulnerable Children.</b></p> <p>The council fails to ensure that adequate safeguarding measures are in place, resulting in harm or death to a vulnerable child.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Safeguarding arrangements do not meet the requirements of the Children Act and associated legislation, guidance and regulations.</li> <li>Inadequate controls result in harm.</li> <li>Poor Management and operational practices.</li> </ul> <p>Demand for services exceeds its capacity and capability.</p> <p>Inability to recruit/retain social care staff in a competitive market.</p> <p>Poor information sharing.</p> <ul style="list-style-type: none"> <li>Strategic commissioning arrangements do not meet identified need and our ability to commission safe care for children is impaired.</li> <li>Increase in complex safeguarding risks, criminal exploitation, serious youth violence and gang affiliation.</li> </ul> | <p>We provide regular analysis of performance and reports to Cabinet Members and Directors regarding safeguarding performance and progress.</p> <p>The Safeguarding Children’s Board provides independent scrutiny of children’s safeguarding arrangements in the city and holds BCC and partner agencies to account.</p> <p>There has been a review of arrangements to meet the Prevent Duty and the Safer Bristol Board has adopted an Improvement Plan to deliver better outcomes in service provision quality and safety.</p> <p>BCC works with partners to effectively identify victims and perpetrators of CSE and take action to disrupt and protect.</p> <p>Multi Agency Public Protection Arrangements are in place (MAPPA) with BCC contributors at every level to support family safeguarding.</p> <p>The Safeguarding and Quality Assurance Service has been remodelled to secure additional capacity (Independent reviewing officer and Child Protection Chairs) and has the Local Authority Designated Officer for allegations against people who work with children.</p> <p>Comprehensive training and development offer, together with publication of Bristol’s policies and procedures and monthly professional supervision help ensure safe practice and adequate control of risks. This is monitored and tested through a performance and quality assurance framework.</p> <p>September 2018 Ofsted ILACS single inspection identified that, ‘services have improved substantially for care leavers, children in care and children in need of help and protection.’ However, there is more to do to ensure <i>all</i> children and families receive a good service. Based on this and self-evaluation, we are refreshing our transformation and improvement plan to address areas identified for improvement (these incorporate actions in response to learning from other Inspections, Peer Review, Serious Case Review, complaints and other feedback received).</p> <p>Bristol’s Strengthening Families transformation programme is taking a whole system approach to meeting the needs of children and families at the earliest point. In this way we aim to manage demand and maintain capacity within the system. Universal services may be supported by early help and targeted services, including a team around the school offer.</p> <p>Bristol has an active workforce strategy in place to attract, recruit and retain social workers with a particular emphasis on recruiting and retaining excellent, experienced social workers. The Management Team monitors social work vacancies and agrees strategies for urgent situations. Competent agency social workers and managers are used on temporary basis to fill vacancies. A number of further measures are being progressed with the aim of improving the retention of social workers. A robust social worker caseload monitoring framework is in place.</p> <p>Information sharing protocols are in place with services taking action to comply with GDPR where sensitive data is stored/processed.</p> <p>Children’s strategic commissioning team have a work plan in place.</p> <p>BCC commissioners work closely with operational services to identify need and ensure appropriate service commissioning.</p> <p>Due diligence and quality checks of all commissioned services for vulnerable children are in place.</p> | ↔   | 2  | 7      | 14          | <p>Safeguarding Board and related arrangements are under review, with the aim of improving efficiency and effectiveness, and ensuring robust governance arrangements continue to hold multiagency partners (inc. BCC) to account.</p> <p>Ongoing action is being taken to extend information sharing arrangements and improve response to children at risk of criminal exploitation and going missing following CSE/Missing National Working Group recommendations.</p> <p>Under the delivering of Strengthening Families Programme we have an ongoing plan to:</p> <ul style="list-style-type: none"> <li>Reduce caseloads of social care practitioners.</li> <li>Ensure purposeful practice that supports children to live safely within their families and provide local authority care for those who need it.</li> <li>Ensure effective management oversight is evident on all children’s records.</li> </ul> <p>Measures to improve recruitment and retention of Social Workers will be presented through the Decision Pathway in September 2018.</p> <p>This should allow us to work proactively where poor practice is identified.</p> <p>In response to an identified and increasing risk of serious youth violence, criminal exploitation a multiagency plan is being developed and implemented, focussing on primary, secondary and tertiary prevention.</p> | 1                    | 7      | 7           |
| <p>Risk Owner: Executive Director, Adults, Children and Education.</p>   | <p>Action Owner: Director for Children’s and Families Services.</p>   | <p>Portfolio Flag: Children and Young People.</p> | <p>Strategy Theme: Our Organisation, Empowering and Caring, Wellbeing.</p> |        |             |  |                      |        |             |

Page 557

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.   |  |   |   |        |             |   |                      |        |             |
|--|--|---|---|--------|-------------|---|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance                               | Current Risk Level  |        |             | What we are doing   | Tolerance Risk Level |        |             |
|  |  |   | Likelihood  | Impact | Risk Rating |   | Likelihood           | Impact | Risk Rating |
| <p><b>CRR10: Safeguarding Vulnerable Adults.</b></p> <p>The council fails to ensure adequate safeguarding measures are in place, resulting in harm or death to a vulnerable Adult.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Adequacy of its controls.</li> <li>• Management and operational practices.</li> <li>• Demand for its services exceeded its capacity and capability.</li> <li>• Poor information sharing.</li> <li>• Lack of capacity or resources to deliver safe practice.</li> <li>• Failure to commission safe care for vulnerable adults and the elderly.</li> <li>• Failure to meet the requirements of the "Prevent Duty" placed on Local Authorities.</li> </ul> | <p>The Safeguarding Vulnerable Adults Board is an independent scrutiny board led by BCC working in partnership with key agencies. There has been a multi-agency led review of existing arrangements led by BCC in light of the new Prevent Duty and the Board has adopted an Improvement plan to deliver better outcomes in service provision quality and safety. The Board is now on a statutory footing following implementation of the Care Act 2014. The Multi Agency Public Protection arrangements are in place (MAPPAs) and BCC and the multi-agency Board work is in conjunction with the Learning Disability and Mental Health services.</p> <p>The Bristol Safeguarding Adults Board Learning and Development Competence Framework has been reviewed and will be reviewed on an annually basis to ensure continued best practice.</p> <p>Safeguarding improvement plans are in place for Older People, Physical Disability and Disabled Children and the Capacity framework for safeguarding and the mental capacity act have been introduced. The Adult Change Programme 'Better Lives' - Transforming Care Programme has been established to implement policy objectives of moving people into more suitable care settings.</p> <p>We have an active strategy in place to attract, recruit and retain social workers through a variety of routes with particular emphasis on experienced social workers. The Adult South West Recruitment and Retention Strategy has been drafted, the risks and costs identified. The strategy will be presented through the Decision Pathway. Regular strategies and campaigns support the recruitment and retention of high calibre social workers and managers, with competent agency social workers and managers used on temporary basis to fill vacancies.</p> <p>All key staff working with people directly at risk are trained in the essentials of safeguarding and BCC has an ongoing awareness-raising 'Prevent' training programme.</p> <p>Regular reporting on safeguarding is taking place quarterly for Directors and Cabinet Members, with an annual report for elected Members to allow for scrutiny of progress. The quality assurance framework and performance framework is routinely monitored and reported on.</p> <p>The outcome of the recent Kamil Ahmad Safeguarding Adults Review has been considered in detail and all recommended actions noted and acted upon.</p> | <p>↔</p>                                  | 2   | 7      | 14          | <p>The Adults Major Change programmes (Better Lives) launched in Autumn 2017 and led by Bristol City Council involving all partners with a safeguarding responsibility will be reviewed in November 2018.</p> <p>Through the Better Lives Programme we are reducing caseloads, ensure purposeful practice that supports Adults and elderly people to have safety within their families and provide local authority care for those who need it and ensuring effective management oversight.</p> <p>We are increasing capacity this year in the commissioning team to lead on monitoring quality in the care sector.</p> <p>It is planned to make a one off retention payment to all social workers as part of the council's retention policy. A wider review of the remuneration package for social workers is planned to improve recruitment and retention.</p> | 1                    | 7      | 7           |
| <p>Risk Owner: Executive Director, Adults, Children and Education.</p>   | <p>Action Owner: Interim Director Adult Social Care.</p>   | <p>Portfolio Flag: Adult Social Care.</p> | <p>Strategy Theme: Our Organisation, Empowering others and Caring, Fair and Inclusive, Well connected, Wellbeing.</p> |        |             |   |                      |        |             |

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.   |  |             |  |                                  |             |                      |        |             |
|--|--|-------------|--|----------------------------------|-------------|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance | Current Risk Level                                   |                                  |             | Tolerance Risk Level |        |             |
|  |  |             | Likelihood   | Impact                           | Risk Rating | Likelihood           | Impact | Risk Rating |
| <p><b>CRR11: Bristol City Council (BCC) Infrastructure Delivery.</b></p> <p>If the council fails to prioritise infrastructure investment and resources, has inconsistent policies and attitudes, and has no bargaining power regionally or with central government; there is a risk that inward investment will be reduced. It makes it difficult for the council to realise its strategic priorities, ensure assets are efficient and fit for purpose in meeting current and future demand and support development of the local area.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>No clear strategic direction and objective set for the Property estate.</li> <li>Services and resources (human and financial) are not fully aligned and/ or controlled to deliver the objectives.</li> <li>Failure to deliver the level of anticipated Capital Receipts.</li> </ul> <p>Leadership capacity, engagement and capability are insufficient to drive change and transformation within the council.</p> <p>Resources are poorly managed, short term approach being adopted or are not contributing fully to council priorities; resulting in agreed outcomes and objectives not being fully achieved.</p> <ul style="list-style-type: none"> <li>Ineffective collection, integrity and use of data and information.</li> <li>Infrastructure Condition and suitability of overall asset base is not being used or managed efficiently or effectively.</li> <li>Lack of joined up planning, decision making and effective project management.</li> <li>Ineffective collection, integrity and use of data and information.</li> <li>Reduced public sector funding impacting on the resources available.</li> <li>Currently a more uncertain future due to Brexit.</li> </ul> | <p>Governance arrangements have been established through the Growth and Regeneration Board (G&amp;RB) and the Strategic Property Group (SPG) both launched in Q4. 2017/18 to enable the integration of thinking about property with financial, regeneration and other considerations and enhance reporting of asset disposal plans and progress.</p> <p>The G&amp;RB have identified a number of areas of growth and regeneration (AGR) across the City during Q4. 2017/18 to enable place shaping including contributing to regeneration activity, affordable housing, community building and the financial sustainability of the council.</p> <p>Prioritisation of AGR is underway by the G&amp;R Board.</p> <p>The Strategic Property Review Group (SPG) was established in January 2018 and meets on a monthly basis. The SPRG identified the need for an Operational Property Group in March 2018.</p> <p>The Operational Property Group (OPG) as a sub-group to the Strategic Property Group (SPG) was launched September 2018 to unlock the value of assets, seek efficiencies through joint arrangements with public sector partners and maximise private sector investment. Actions are now being progressed through the work of the SPG and (from April/May 2018) through OPG which will adopt a Corporate Landlord role to ensure the ownership of an asset and the responsibility for its management; maintenance and funding are transferred to a centralised corporate crosscutting group.</p> <p>Recruitment of Asset Management Plan specialist has commenced.</p> | ↔           | 2  | 7                                | 14          |                      |        |             |
|  | <p>Recruitment of specialist Asset Management Plan specialist resource commenced / on-going.</p> <p>The Develop strategies and Implementation plans that ensure the property portfolio remains a major asset in supporting the achievement of corporate aims and objectives will be complete by end March 2019.</p> <p>Development and implementation of a Property Asset Management Strategy - DWG decision (04/04/2018) to recruit specialist Asset Management Plan (AMP) resource to develop the outline business case by July/August 2018 and to inject pace into the production of the AMP. The current estimated timescale for completion of the AMP by end March 2019.</p> <p>We are proactively supporting the development of a local development strategy to appropriately reflect Bristol's Infrastructure needs by March 2019.</p> <p>Recruitment of sufficient resources, to ensure the capacity and skills required are available to enable the objectives from the estate to be delivered will be ongoing.</p>   |             | 1  | 5                                | 5           |                      |        |             |
| <p>Risk Owner: Interim Executive Director Growth and Regeneration.</p>   | <p>Action Owner: Interim Executive Director Growth and Regeneration.</p>   |             | Portfolio Flag: Finance, Governance and Performance. | Strategy Theme: Our Organisation |             |                      |        |             |

Page 559



| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |   |   |        |             |                      |        |             |  |
|---|---|---|---|--------|-------------|----------------------|--------|-------------|--|
| Risk title and description  | What we have done   | Performance   | Current Risk Level                                  |        |             | Tolerance Risk Level |        |             |  |
|   |   |   | Likelihood  | Impact | Risk Rating | Likelihood           | Impact | Risk Rating |  |
| <p><b>CRR12: Failure to deliver suitable planning measures, respond to and manage events when they occur.</b></p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Critical services unprepared or have ineffective emergency and business continuity plans and associated activities.</li> <li>• Lack of resilience in the supply chain hampers effective response to incidents.</li> <li>• Lack of trained and available strategic staff.</li> </ul> <p>(Previously Civil Contingencies and Council Resilience).</p> | <p>The Avon and Somerset Local Resilience Forum (LRF) is a legally required multi-agency partnership of all the organisations needed to prepare for an emergency in the LRF area. It includes the emergency services, health services, Maritime and Coastal Agency, Environment Agency, volunteer agencies, utility companies, transport providers and the five councils of Bath and North East Somerset, Bristol, North Somerset, Somerset and South Gloucestershire. The Avon and Somerset LRF to drive work identified by risk and impact based on Avon and Somerset Community Risk Register. Key roles of the group includes: Intelligence gathering and forecasting, regular training exercises and tests, Task and Finish groups addressing key issues, procedure, plan writing and capability building, and a multi-Agency recovery structure is in place.</p> <p>Bristol is working with Avon and Somerset Local Resilience Forum (LRF) together with personnel as an integrated and co-located team to deliver enhanced emergency planning and business continuity along with Avon and Somerset Local Health Resilience Partnership to ensure a coordinated health services and Public Health England and planning, response is in place.</p> <p>A system is in place for ongoing monitoring of severe weather events (SWIMS).</p> <p>Emergency planning training has been rolled and a multi-agency exercise is regularly conducted to test different elements of BCC emergency arrangements with partners. The most recent exercises being Day Two May 2018, Dark Zodiac April 2018 and Saxon Resolve November 2017.</p> <p>A senior management on-call rota has been devised, agreed and is monitored. Emergency Reservists have been recruited to aid emergency responses.</p> <p>External IT security incidents are logged and reviewed from an IT and wider Information Governance perspective.</p> <p>Local procedures have been established and are being continually reviewed and refined for when the national threat level increases to critical. This includes an update of the Corporate Business Continuity Plan.</p> <p>We tested the Bristol Operations Centre capacity to support multi-agency operations in July 2018.</p> <p>BCC took receipt the South West’s share of the National Emergency Mortuary Equipment in July 2018.</p> | ↔   | 2   | 7      | 14          | 1                    | 7      | 7           |  |
| <p>Risk Owner: Risk Owner: Head of Paid Service and CLB.</p>  | <p>Action Owner: Civil Protection Manager.</p>  | <p>Portfolio Flag: Finance, Governance and Performance.</p> | <p>Strategy Theme: Our Organisation, Wellbeing.</p> |        |             |                      |        |             |  |

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|--|--|--|-----------------------------------|--------|-------------|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance  | Current Risk Level                |        |             | Tolerance Risk Level |        |             |
|  |  |  | Likelihood                        | Impact | Risk Rating | Likelihood           | Impact | Risk Rating |
| <p><b>CRR13: Financial Framework and MTFP.</b></p> <p>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.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Economic uncertainty impact on locally generated revenues - business rates and housing growth, impacting on council tax, new homes bonus and business rate income.</li> <li>Brexit - the general uncertainty affecting the financial markets, levels of trade &amp; investment.</li> <li>Governments spending review 2019.</li> <li>Inadequate budgeting &amp; budgetary control/Financial Settlements &amp; wider fiscal policy changes:                             <ul style="list-style-type: none"> <li>The potential for new funding formulas such as fair funding, business rates retention to significantly reduce the government funding available to the council alongside possible increase in demand for council services.</li> <li>Embedding of the new national funding formula for schools and High Needs.</li> <li>Political failure to facilitate the setting of a lawful budget.</li> <li>Unable to agree a deliverable programme of propositions that enable the required savings to be achieved.</li> <li>Insufficient reserves to mitigate risks and liabilities and provide resilience.</li> <li>Rising inflation could lead to increased costs.</li> </ul> </li> <li>Judicial review.</li> </ul> | <p>BCC manages its financial risks through a range of controls including budget preparation, budget setting and a Budget Accountability Framework. Roles and responsibilities for managing, monitoring and forecasting income and expenditure against approved budgets have been updated.</p> <p>The council has developed a strong rolling Medium-term financial planning process to enable the strategic objectives and the statutory duties are met. We are working to ensure a rigorous structure exists to oversee the budgetary control process from budget setting through to monitoring, oversight and scrutiny including:</p> <ul style="list-style-type: none"> <li>The maintaining of the evolving financial model that reflects in a timely manner changes in national and local assumptions.</li> <li>The level of reserves and balances are regularly reviewed to ensure that account is taken of any financial /economic risk and the adequacy of general reserves is determined as part of this exercise.</li> <li>Financial Regulations and Financial Scheme of Delegation is in place.</li> <li>Regular in-year monitoring and reporting, review of future financial plans and assessment of financial risks and reserves are undertaken to ensure the financial plans are delivered.</li> <li>2018/19 Budget and Capital Programme agreed by Full Council in February 2018 with agreed savings programme and outline capital programme to 2023.</li> <li>Medium Term Financial Plan agreed by Cabinet / Full Council in December 2018 and will be refreshed annually detailing savings, growth, and risks.</li> <li>The Mid-Year Treasury Report for 2018/19 presented to Audit Committee and Full Council in accordance with the Council's Treasury Management Process.</li> <li>Budget deep dives to confirm delivery of pipeline savings and explore pressures and efficiencies as part of the 2019 -2023 budget process.</li> <li>A review will be ongoing to identify a programme of propositions that exceed the forecasted budget gap to provide members with options and headroom for variations in financial estimates.</li> <li>Changes to savings in year are monitored by delivery executive.</li> </ul> <p>Provisional settlement from Central Government indicating a level of funding for 2019 which is broadly in line with our MTFP.</p> | ↔  | 2                                 | 5      | 10          | 1                    | 5      | 5           |
| Risk Owner: S151 Officer and Director of Finance.  | Action Owner: Section 151 Officer, Executive Director Resources and Director of Finance.   | Portfolio Flag: Finance, Governance and Performance. | Strategy Theme: Our Organisation. |        |             |                      |        |             |

Page 561

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.  |  |  |                    |        |                                   |  |                      |        |             |
|---|--|--|--------------------|--------|-----------------------------------|--|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|   |  |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR15: Financial Deficit.</b></p> <p>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.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• A failure to appropriately plan and deliver savings unscheduled loss of material income streams.</li> <li>• Increase in demography, demand and costs for key council services.</li> <li>• The inability to generate the minimum anticipated level of capital receipts.</li> <li>• Insufficient reserves to facilitate short term mitigations, risks and liabilities.</li> <li>• Interest rate volatility impacting on the council’s debt costs.</li> </ul> <p>Impairments in our commercial Investments are realised.</p> | <p>BCC’s Financial framework ensures that we have in place sound arrangements for financial planning, management, monitoring and reporting. New spend decisions and borrowing is only supported where the source of revenue resources to meet the costs is clearly identified and availability confirmed by Finance.</p> <p>Corporate Revenue Monitoring Reports with identified risks are reported to Cabinet, overspending departments prepare action plans with responsible Directors identified.</p> <p>The ongoing review and due diligence of all budget savings by Delivery Executive, Corporate Leadership Board and the Executive. The pipeline of propositions to be incorporated into the tracker, due diligence undertaken and subject to DE governance and assurance process.</p> <p>The ongoing regular monitoring reports to Corporate Leadership Team and Cabinet. Setting out progress on delivery of savings and other risks and opportunities in addition to the forecast expenditure.</p> <p>We have continual oversight and ongoing management of the council’s financial risks.</p> <p>Internal audit also undertakes a number of reviews of our financial planning and monitoring arrangements.</p> | ↑  | 1                  | 5      | 5                                 | <p>A review of robustness of forecasting in light of YTD run rates and other associated evidence.</p> <p>Budget Improvement – The executive will review service recovery/delivery plans, options for mitigation and their viability, risk and priority outcome implications - both immediate and the wider MTFP impact.</p> <p>Where viable in year recovery/delivery plans cannot be achieved, Strategic Directors will report to the Mayor and Cabinet seeking a supplementary funding approval in accordance with the council’s delegated executive approval powers (up to £1,000,000 for an area of activity).</p> <p>Where viable in year recovery/delivery plans cannot be achieved, Strategic Directors will report to Full Council (in accordance with the Budget &amp; Policy framework) to seek agreement to a supplementary estimate (&gt; £1,000,000 for an area of activity).</p> <p>We will seek agreement from the Executive of the alternative measures held in abeyance across other General Fund services e.g. which will be offset and advise all associated Strategic Directors appropriately.</p> <p>We will carry out a re-assessment of service delivery risks and opportunities and risk and other reserves.</p> <p>Working with external advisors to undertake due diligence of commercial investments to provide the council with Assurance and further opportunities to explore.</p> <p>Ensuring we get our accounts certified is important to ensure that we have properly accounted for the resources we have used during the year.</p> | 1                    | 5      | 5           |
| Risk Owner: S151 Officer and Director of Finance.   | Action Owner: Section 151 Officer, Executive Director Resources and Acting Director of Finance.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |


| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.   |  |  |                    |        |                                   |  |                      |        |             |
|--|--|--|--------------------|--------|-----------------------------------|--|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|  |  |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR16: Leadership.</b></p> <p>If there is a lack of leadership or management skills, then this could impact on performance and the ability to deliver positive change.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Loss of experienced managers.</li> <li>• New skills sets required to meet new challenges.</li> <li>• Poor communication regarding change and new initiatives.</li> <li>• Need to make savings / increase income.</li> </ul> | <p>A senior management restructure is almost complete which will bring permanency and stability for the leadership team.</p> <p>A new Leadership Framework sets out the leadership behaviours and qualities expected of our managers and aspiring managers. Applicants for senior leadership roles are tested against these qualities.</p> <p>An organisation-wide leadership development and engagement programme will support colleagues during the time of transition. The Leadership Framework will be rolled out to provide support to enable our staff to become confident and supportive leaders for our workforce.</p> <p>To promote a positive culture within the organisation, a set of organisation values and behaviours has been created in collaboration with staff focus groups; this will help set the tone of the organisation and assist, in conjunction with the Corporate Strategy priorities to provide clarity of purpose. It will link directly through to a new performance framework that will provide clarity to staff about the expectations and how their work contributes to the success of the organisation. This will feature in the Workforce Plan which is currently being drafted.</p> <p>The Corporate Strategy and associated Business Plans will provide clarity on priorities and help our workforce focus its attention and resources on the areas that derive greatest results for our communities and residents.</p> <p>We have regular communication with staff and key stakeholders to keep them up to date with organisational priorities and progress on recruitment of the senior leadership team. A refreshed internal communication and engagement strategy was received by CLB in August 2018.</p> <p>The senior leadership restructure is complete and all posts have been filled in Quarter 3 2018.</p> | ↔  | 2                  | 5      | 10                                | <p>A new leadership Framework is in place and used as the assessment framework to recruit new senior leaders against. A development programme for the new team is in the planning stages - to help the new team work effectively together.</p> <p>A leadership development programme is underway for CLB. A leadership development programme for 2nd tiers (extended leadership board) is currently in the planning stages and due for launch in Autumn. All development is based upon the new leadership framework and organisational values.</p> <p>Organisation values and behaviours adopted as part of Corporate Strategy and are being rolled out to all employees via team workshops, embedding in My Performance appraisal forms and part of the core narrative of the internal communication strategy by January 2019.</p> <p>A performance appraisal cycle is underway for 2018/19 with individual objectives set against business plan objectives from the Corporate Strategy. A new approach to performance and talent management is being developed for launch in April 2019; this will include performance management for senior leaders.</p> <p>Learning &amp; Development support is available to all staff to help them develop their skills and confidence in their roles, with additional funding identified for 2018/2019. The provision of L&amp;D support around diversity and inclusion is currently being reviewed. L&amp;D support available to all staff to help them develop their skills and confidence in their roles, with additional funding identified for 2018/2019. The provision of L&amp;D support around diversity and inclusion is currently being reviewed.</p> <p>The Organisational Improvement Plan will detail the actions we will take to meet the future needs of the organisation and equip colleagues to contribute to the delivery of the corporate strategy priorities. It has a focus on six cross-cutting themes - organisational culture; structure, pay and policy; diversity and inclusion; health and wellbeing; performance and talent management; employer brand and recruitment. This is an ongoing 5-year plan, with individual timescales for each action.</p> | 1                    | 5      | 5           |
| Risk Owner: Head of Paid Service and CLB.  | Action Owner: Head of Paid Service and CLB.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.  |  |  |                    |        |                                   |  |                      |        |             |
|---|--|--|--------------------|--------|-----------------------------------|--|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|   |  |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR17: Bristol City Council Strategy Management.</b></p> <p>The council fails to produce or embed a Corporate Strategy with clear links through to business planning and performance management, resulting in less effective implementation of policy, use of resources and/or partnership working.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Plans, policies, budget and/or resource not aligned to the Corporate Strategy.</li> <li>Significant changes in senior management roles and personnel results in lack of knowledge or a feeling of ownership in relation to the Corporate Strategy.</li> </ul> | <p>Full Council received and approved the Corporate Strategy 2018 - 2023 in February 2018.</p> <p>Cabinet received the BCC Business Plan 2018/19 to note in May 2018. This was based on key elements of Service Plans for every department.</p> <p>We have completed and approved the Performance Framework via Statutory and Policy Board in June 2018. The refreshed Performance Framework follows through the golden thread from Corporate Strategy through to KPIs and management information.</p> <p>The Communication Plan is in place for embedding the Corporate Strategy and Business Plans, including full briefing of all Tier 1 - 3 managers and for inclusion in My Performance reviews for all colleagues.</p> <p>An ongoing review of the Medium-Term Financial Plan (MTFP) and wider policy / strategy framework to check alignment with Corporate Strategy, with revised MTFP to be presented to Cabinet in December 2018.</p> <p>Launched Business and Service Planning process for 2019/20 across the organisation, aligning service planning with annual budget.</p> <p>My Performance reviews undertaken throughout the organisation and management cascade underway to follow-up in any areas of non-compliance.</p> | ↔  | 1                  | 7      | 7                                 | <p>We are rolling out the BCC Communications Plan throughout 2018/19 using many channels, including face-to-face Management Brief sessions.</p> <p>The BCC policy and strategy framework will be reviewed in priority order with initial data collection complete. The nature of reviewing strategies across the council means it will be an ongoing process.</p> <p>My Performance reviews are being completed across the organisation and managers are briefed to link personal objectives to the outcomes set out in the Corporate Strategy and Business Plan.</p> <p>The Corporate Strategy is being explained to all new colleagues via the corporate induction process.</p> <p>The Statutory and Policy Board will receive quarterly reporting from Q2. 2018/19 on progress against the Performance Framework.</p> <p>A one-off 'good housekeeping' review of corporate partnerships is planned for Q3/4 2018/19, creating a refreshed database and reviewing partnership Terms of Reference and/or Service Level Agreements against the Corporate Strategy and emerging partnership governance model as part of the developing One City Approach.</p> | 1                    | 5      | 5           |
| Risk Owner: Head of Paid Service.   | Action Owner: Director: Policy and Strategy.   | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

Page 564

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |                          |                                     |        |             |  |                      |        |             |
|---|---|--------------------------|-------------------------------------|--------|-------------|--|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance              | Current Risk Level                  |        |             | What we are doing  | Tolerance Risk Level |        |             |
|   |   |                          | Likelihood                          | Impact | Risk Rating |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR18: Failure to deliver 2000 Homes per annum by 2020 of which 800 are affordable.</b></p> <p>The risk of failing to deliver the range of housing to meet Bristol's needs and not realise the ambition to deliver 2000 homes per annum by 2020 of which 800 are affordable.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Inability of the housebuilding industry to deliver at this level.</li> <li>• Increased costs and labour associated with Brexit.</li> <li>• Local opposition to housebuilding.</li> </ul> <p>Lack of capacity within the local market.<br/>                     Lack of resources in key Council services which support Housing Delivery (i.e. Transport, Planning and Legal).<br/>                     Lack of clear data about number of homes started on site and completed.<br/>                     Lack of agility to deliver at pace on Council land due to procurement.</p> | <p>We are progressing the Joint Spatial Plan and the Local Plan Review to identify sufficient housing sites to meet need.</p> <p>Prioritising the processing of residential planning applications.</p> <p>Established a dedicated housing delivery team.</p> <p>Planning to release circa 26 sites for development.</p> <p>Established Housing Company.</p> <p>Committed £50m to Grant Funding programme.</p> <p>Secured circa £20m of external grant funding to accelerate construction.</p> | ↔                        | 2                                   | 5      | 10          | <p>We are continually addressing all areas of affordable housing provision including: Community Led Housing (CLH), Registered Providers (RPs) and Direct Delivery, (New Council Homes).</p> <p>We are operating a significant land release programme to Registered Providers. (On-going).</p> <p>We are running series of ongoing issue busting exercises across the Housing Delivery Programme by March 2019.</p> <p>We are carrying out a service review of the Housing Delivery Service by March 2019.</p> <p>We are engaging with Homes England on their new strategic partnerships to deliver increased capacity in the sub-region and with their Accelerated Construction and Housing Infrastructure Fund (HIF) programmes to de-risk sites. (On-going).</p> <p>We are looking at how we can deliver additionally on existing sites utilising our grant to increase the number of affordable homes in 2019/20.</p> | 1                    | 5      | 5           |
| Risk Owner: Interim Executive Director Growth and Regeneration.   | Action Owner: Interim Executive Director Growth and Regeneration, Director City Growth, Investment and Infrastructure including Culture.  | Portfolio Flag: Housing. | Strategy Theme: Fair and Inclusive. |        |             |  |                      |        |             |

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.  |   |                              |                    |        |  |  |                      |        |             |
|---|---|------------------------------|--------------------|--------|--|--|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance                  | Current Risk Level |        |  | What we are doing  | Tolerance Risk Level |        |             |
|   |   |                              | Likelihood         | Impact | Risk Rating                                  |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR19: Tree Management.</b></p> <p>Risk of trees falling as a result of failure under certain weather conditions and/or due to disease</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Severe weather conditions and/or disease.</li> <li>• Lack of maintenance of trees.</li> <li>• Lack of tree inspections.</li> <li>• Reduction in budgets and fragmentation of management of trees across service areas putting pressure on the ability to adequately manage the council's trees.</li> </ul> | <p>The areas with responsibility for trees include highways, parking, housing, parks, and property.</p> <p>We have been analysing the trees that are potentially at risk and appropriate resources are being assigned to tree management.</p> <p>We have been analysing our tree claims data to identify further strategies to manage the risk.</p> <p>A budget for tree management from parks and highways has been protected for 2018-19 while this is reviewed to deal with highways and parks trees.</p> <p>There is an agreement to consolidate budgets to manage the tree portfolio and to adopt the Quantified Tree Risk Assessment (QTRA) method for the inspection and recoding of data on the Confirm system.</p> | ↔                            | 3                  | 5      | 15   | <p>We are reviewing the tree management plan to assure that all trees are within the inspection regime in readiness for the adoption of the QTRA methodology.</p> <p>Budgets will be consolidated to provide a central tree management programme.</p> <p>Consideration on the current service provision related to tree management will include best value analysis.</p> | 1                    | 5      | 5           |
| Risk Owner: Head of Paid Service.   | Action Owner: Director Place, Resources.  | Portfolio Flag: Communities. |                    |        | Strategy Theme: Our Organisation, Wellbeing. |  |                      |        |             |

| Corporate Risk Register as at December 2018 – Threat Risks to the achievement of Bristol City Councils Objectives.   |   |   |  |        |             |   |                      |        |             |
|--|---|---|--|--------|-------------|---|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance   | Current Risk Level                       |        |             | What we are doing   | Tolerance Risk Level |        |             |
|  |   |   | Likelihood                               | Impact | Risk Rating |   | Likelihood           | Impact | Risk Rating |
| <p><b>CRR21: Information Governance.</b></p> <p><b>General Data Protection Regulation (GDPR) compliance.</b></p> <p>If the Council fails to maintain a defensible and compliant response to the Data Protection Act 2018 and General Data Protection Regulation (GDPR) then it will fail to fully comply with its statutory requirements.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Failure to invest in the required systems, equipment and posts required to implement these regulations.</li> <li>• Failure to adequately train staff in the requirements of the regulations.</li> <li>• Lack of resource (capacity or expertise) to manage Subject Access Requests.</li> </ul> <p>(This risk replaces CRR14 Introduction of the General Data Protection Regulation).</p> | <p>The GDPR Project was started in November 2017 and has put in place a comprehensive council wide package of changes for the introduction of the new regulation. It included awareness training, data audits, updated contracts, retention policy and privacy notices and improved processes for responding to subject access requests and completing data protection impact assessments. Support has also been provided to elected Members, Schools and the Bristol Companies. The GDPR Project completed its objectives and deliverables and was formally closed July 2018.</p> <p>A newly formed Office of Data Protection has been established, led by a dedicated Statutory Data Protection Officer (SDPO) who was appointed August 2018 to ensure the City Council maintains and further enhances its policies and procedures and to provide ongoing advice, guidance and support to service areas. Additional Data Protection specialists have also been appointed to support the SDPO.</p> <p>A Steering Group and Working Group is in place and regular reports continue to be provided to Executive Directors Meetings (EDM's) to ensure that the high-level of engagement and buy-in across all levels of the organisation is maintained.</p> |  | 3  | 5      | 15          | <p>We have made significant progress on compliance with the General Data Protection Regulation (GDPR).</p> <p>The Office of Data Protection is working on a prioritised programme of work to fully transition from the GDPR Project and embed GDPR compliance into business as usual.</p> <p>We are currently considering the case for forming an Information Governance team, bringing together existing specialists into a central team which will be better positioned to provide advice guidance and support on all related aspects in a more coordinated manner.</p> | 2                    | 3      | 6           |
| <p>Risk Owner: Senior Information Risk Owner (SIRO).</p>   | <p>Action Owner: Senior Information Risk Owner (SIRO) and Statutory Data Protection Officer (SDPO).</p>   | <p>Portfolio Flag: Finance, Governance and Performance.</p>                         | <p>Strategy Theme: Our Organisation.</p> |        |             |   |                      |        |             |



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|--|---|---|--|--------|-------------|---|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance   | Current Risk Level                       |        |             | What we are doing   | Tolerance Risk Level |        |             |
|  |   |   | Likelihood                               | Impact | Risk Rating |   | Likelihood           | Impact | Risk Rating |
| <p><b>CRR22: Partnerships Governance</b></p> <p>If the council does not maximise (or cannot quantify) the benefits of partnership working and/or experiences negative or counter-productive results may arise from partnership working.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Failure to establish and/or manage contracts, Service Level Agreements and/or Terms of Reference in relation to partnerships.</li> <li>• Not maintaining a central register of partnerships, membership, governance arrangements and performance measures.</li> <li>• No identified lead officer to progress development of partnership working as in proposals presented to the Audit Committee in April 2016.</li> </ul> <p>Outdated partnership policy and toolkit (last iteration 2010).<br/>A broad range of partnerships with variable degrees of formality.</p> | <p>BCC has close involvement of Elected Mayor and Members in key partnerships. Regular review and evaluation of the current position by CLB.</p> <p>Leads have been defined for recommendations to develop partnership working which were received by the Audit Committee in April 2016.</p> <p>BCC has mechanisms in place for regular dialogue including formal partnerships.</p> <p>The role of Director: Policy and Strategy has been expanded to include oversight of partnerships and a permanent appointment to this post has been made.</p> | ↔   | 3  | 5      | 15          | <p>We are reviewing and refreshing the Partnership Policy and Toolkit.</p> <p>Creating a central Partnership Register including Service Level Agreements (SLAs), Terms of Reference (Terms of reference) and contracts where appropriate.</p> <p>Creating a template Terms of reference and porting existing Terms of reference to it.</p> <p>We are scoping and reviewing the need for Commercial Training for relevant managers as part of Procurement and Commercial Strategy.</p> | 2                    | 3      | 6           |
| <p>Block Owner: Head of Paid Service.</p>  | <p>Action Owner: Head of Delivery Support Unit.</p>   | <p>Portfolio Flag: Finance, Governance and Performance.</p> | <p>Strategy Theme: Our Organisation.</p> |        |             |   |                      |        |             |

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|--|--|------------------------------------|--------------------|--------|--|--|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance                        | Current Risk Level |        |  | What we are doing  | Tolerance Risk Level |        |             |
|  |  |                                    | Likelihood         | Impact | Risk Rating  |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR23: Better Lives Programme.</b></p> <p>Failure to deliver the required outcomes and savings from the Better Lives Programme.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Increased demand and complexity of Service Users' needs.</li> <li>The Provider Market is unable to meet needs in the required way and/or we suffer relationship breakdown.</li> <li>Other Directorates within the organisation are unable to support the Programme in the way required.</li> <li>Statutory requirements of Adult Social Care (ASC) mean resources have to be diverted away from Programme activity.</li> </ul> <p>Changes to the priorities of the wider health system and/or the National context, requires us to divert resources/focus away from the Programme's objectives.</p> <p>There is a lack of sufficient skills and capacity within Adult Social Care (ASC) to deliver the required change at the required pace.</p> | <p>We have a Programme Board in place that meets monthly and has a key governance role for the Programme in terms of managing risk. The Board membership contains the Cabinet Lead for Adult Social Care, The Executive Directors for ACE and Resources, the Director of Adult Social Care and representation from both Bristol Hospital Trusts and the Clinical Commissioning Group (CCG). They are provided with a verbal update and written monthly highlight report that contains key risks and issues. Any actions and decisions arising are minuted with completion tracked through a log.</p> <p>The Programme Senior Responsible Officer (SRO) regularly attends key internal governance meetings e.g. ACE Scrutiny Commission, Delivery Executive.</p> <p>We have delivered and are planning to deliver a number of key interventions to improve the diversity of provision and the Provider Market's ability to respond to changing requirements and needs e.g. Bristol Price introduced for residential and nursing care June 2018; Market Position statement provider event held .We are actively increasing opportunities to work with us in shaping the future market as well as investing in key areas such as Home Care (Cabinet approved rate rise and innovation fund July 2018).</p> <p>We are working closely with other areas of the Council we have a dependency on to help us deliver the programme outcomes e.g. Change Services, Housing, Communities, Information Communication Technology (ICT) and Procurement colleagues.</p> <p>We have a specific area of the Programme dedicated to strengthening partnership working.</p> <p>We have introduced a number of interventions that are impacting new demand e.g. the introduction of the Bristol Price (June 2018); increased capacity and investment in Home Care (July 2018); increased capacity in the Reablement Service; Introduced a new Home First Service (October 2018).</p> | New                                | 2                  | 7      | 14   | <p>We are currently developing a new phase of the Better Lives Programme, focused on delivering the programme vision at pace. This will include activities to deliver further changes which are required around Older People's services and an increased focus on Adults of Working Age and Preparing for Adulthood.</p> <p>Piloting provider reviews to increase capacity in our Reviewing Teams and further develop the Market. (November 18)</p> <p>Developing proposals for a new Assistive Technology offer.</p> <p>Delivering new technology and working practices to our Social Workers.</p> <p>Deliver new technology and ways of working to our Home First and Reablement teams. Continue to increase the capacity of the Reablement service to the required level,</p> <p>Continuing to work closely with CCG colleagues working on the Healthier Together Programme.</p> <p>Implement Phase 2 of the Integrated Care Bureau.</p> <p>Introducing a further rate increase for Home Care. April 2019.</p> <p>Opening two new Extra Care Housing sites in the City each with 60 units with BCC nomination rights (120 units in total). November 2018.</p> | 1                    | 7      | 7           |
| Risk Owner: Executive Director, Adults, Children and Education.  | Action Owner: Interim Director Adult Social Care.  | Portfolio Flag: Adult Social Care. |                    |        | Strategy Theme: Our Organisation, Empowering others and Caring, Fair and Inclusive, Well connected, Wellbeing. |  |                      |        |             |

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| Risk title and description   | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|  |   |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR24: Procurement and Contract Management Compliance</b></p> <p>Failure to ensure that BCC achieves value for money when purchasing goods and services; complies with legislation, quality, cost and social value requirements for contract awards to ensure orders for goods / services are efficiently placed and observes agreed terms.</p> <p>BCC do not take into account long term view with regards to TCO (Total Cost of Ownership) &amp; Life Cycle Costs high incidence of non-contracted spends.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Poor/weak pre procurement forward planning and tender specifications.</li> <li>• Over reliance and inappropriate use of waivers.</li> <li>• Skills, knowledge.</li> <li>• Ineffective Supply chain and markets.</li> <li>• Poor / weak contract monitoring.</li> <li>• Supplier failure and missed opportunities of warning signs.</li> </ul> | <p>In 2018/19 BCC has adopted a Category Management approach and revised the structure of the procurement team to reflect the themes and style of working.</p> <p>A PFI contract management specialist has been appointed to support the council and other stakeholders in the management of the contracts, undertake due diligence to ensure maximum value is delivered from the councils PFI contracts. Ongoing.</p> <p>Council procurement rules were revised and agreed by Full Council in May 2018 and included strengthening the Category and Contract Management. Category Plans have been developed with forward plans which align to service and business plans.</p> <p>More in-depth performance Data is being collated to give greater visibility of compliant and non-compliant procurement activity and delivery of objectives e.g. Social Value. (Ongoing).</p> <p>The Commissioning and Procurement Group are ensuring that the Councils procurement rules are adhered to.(Ongoing).</p> <p>Implemented document contract procedures and have created standard ITT templates for BCC.</p> <p>Category plans include pipeline activity for every contract and client engagement plans have been created to ensure early engagement with Procurement and better planning.</p> <p>A pilot tracker system has been developed with Social Care Commissioners within the business to monitor performance to capture early warning signs linked to supplier failure to enable early intervention and business resilience.</p> | New  | 3                  | 5      | 15                                | <p>We are currently aligning category management forward plans with 2019/20 service resource planning across the organisation. January 2019.</p> <p>We are developing an improvement action plan which will include the following:</p> <ul style="list-style-type: none"> <li>• Further development of the contract register.</li> <li>• Training and development plan for the procurement staff and the wider organisation.</li> <li>• Systems and processes to improvement and the monitoring of procurement performance.</li> <li>• Procurement efficiencies are being tracked in delivering agreed savings targets.</li> </ul> <p>Tendering processes are being reviewed to eliminate non value added activity and support the appropriate route to market.</p> <p>The early warning system pilot will be reviewed with a view to wider rollout. March 2019.</p> <p>This is not an exhaustive list and once the improvement plan has been endorsed it will inform on next steps.</p> | 1                    | 5      | 5           |
| Risk Owner: Section 151 Officer, Executive Director Resources.   | Action Owner: Director Finance (Section 151 Officer).   | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

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|---|--|---|--------------------|--------|--|---|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance   | Current Risk Level |        |  | What we are doing   | Tolerance Risk Level |        |             |
|   |  |   | Likelihood         | Impact | Risk Rating                              |   | Likelihood           | Impact | Risk Rating |
| <p><b>CRR25: Suitability of Line of Business (LOB) systems</b></p> <p>The Councils reliance on legacy systems.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Lack of desire to change; systems.</li> <li>Significant transition activity leads to systems being expensive/complex to change</li> <li>Lack of understanding of consequences of not changing systems on ICT.</li> <li>Lack of adherence to Procurement rules in relation to re-procurements.</li> </ul> | <p>The FSA Programme plans to introduce a number of enhancements in regards to being able to better manage systems in the future. This includes the provision of some core capabilities which may be used to displace legacy systems in the future. As approved by Cabinet June 2018.</p> <p>As a result of FSA Programme activity to date, c40% of redundant servers have been removed from the Corporate IT estate. Q3 2018.</p> <p>The IT CSRM Team have developed a schedule of contract end dates, and are working with service areas to ensure that they have appropriate plans in place to engage the market and start re-procurement Q3 2018.</p> <p>Through the service planning process, service areas have identified their procurement requirements and also their strategic objectives for 2019/20 which has enabled ICT and Change Management to review the options for efficiencies and to ensure resource availability. Q3 2018.</p> <p>Working with Central Procurement colleagues to ensure that we have procurement policies and strategies in place to enable effective procurement activity to take place. Q3 2018.</p> | New   | 3                  | 5      | 15                                       | <p>Ensure that Line of Business (LOB) systems that pose a Cyber Security, Procurement or Resilience/Recovery risk are identified and service areas understand the risks to their services. On-going.</p> <p>Where appropriate ensure that these risks are articulated to Risk, BCP and procurement colleagues, and also to the SIRO, as appropriate. On-going.</p> <p>Delivery of the FSA Programme remains the key ICT activity. This will be delivered in line with the 2-3 year FSA Programme.</p> | 2                    | 5      | 10          |
| <p>Risk Owner: Senior Information Risk Owner (SIRO) for Cyber Security Service Areas for BCP/DR.</p>  | <p>Action Owner: Director, Digital Transformation.</p>   | <p>Portfolio Flag: Finance, Governance and Performance.</p> |                    |        | <p>Strategy Theme: Our Organisation.</p> |   |                      |        |             |

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| Risk title and description  | What we have done  | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|   |  |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>CRR26: ICT Resilience</b></p> <p>The Councils ability to deliver critical and key services in the event of ICT outages, and be able to recover in the event of system and/or data loss.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Poor BCP planning and understanding of key system architecture.</li> <li>Untested DR arrangements including data recovery.</li> <li>Untested network reconfiguration to alleviate key location outage.</li> <li>Untested recovery schedules in terms of order and instructions</li> <li>Lack of resilience available for legacy systems (single points of failure – people and technology).</li> <li>Services undertaking their own IT arrangements outside of the corporate approach.</li> </ul> | <p>Resilience has been implemented within the Corporate Network to ensure that the network remains active and available in the event of a building becoming unavailable or a circuit being interrupted. Work to date.</p> <p>Backups are held within, and external, to the corporate network to ensure availability. Work to date.</p> <p>The FSA Programme has the movement to more resilient hosting as part of a core deliverable. Utilising cloud hosting improves resilience and recovery and enables access to key systems from outside of the corporate network, and if necessary, from non-corporate devices. As approved by Cabinet June 2018.</p> <p>The FSA Programme includes the review of future DR arrangements with the move to cloud for most services, and a move to crown hosting for remaining, servers. As approved by Cabinet June 2018.</p> <p>The FSA Programme includes work to aid with the survivability and recovery of Cyber Security Incidents which will aid the resilience of key Council systems. As approved by Cabinet June 2018.</p> | New  | 3                  | 7      | 21                                | <p>A test of current Disaster Recovery arrangements is due within Q4 2018/19.</p> <p>Ensure that Line of Business (LOB) systems that pose a Resilience/Recovery risk are identified and service areas understand the risks to their services within their BCP planning. On-going.</p> <p>Delivery of the FSA Programme remains the key ICT activity. This will be delivered in line with the 2-3 year FSA Programme.</p> | 2                    | 5      | 10          |
| Risk Owner: Head of Paid Service and Service Area Leads.  | Action Owner: Director, Digital Transformation.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

| Corporate Risk Register as at December 2018 - Opportunity Risks  |   |                        |                    |        |                                   |   |                      |        |             |
|--|---|------------------------|--------------------|--------|-----------------------------------|---|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance            | Current Risk Level |        |                                   | What we are doing   | Tolerance Risk Level |        |             |
|  |   |                        | Likelihood         | Impact | Risk Rating                       |   | Likelihood           | Impact | Risk Rating |
| <p><b>OPP1: One City Approach</b></p> <p>The One City Approach will offer a new way to plan strategically with partners as part of a wider city system.</p> <p>Key potential causes:</p> <ul style="list-style-type: none"> <li>• Mayoral aspiration and widespread partner sign-up to the principle.</li> <li>• Work to date has produced outline plan and engaged partners in the long-term vision and necessary work to complete the plan.</li> </ul> | <p>We have scoped and entered 'Phase Three' of development of the One City Approach (OCA), including catalysing One City Plan development by providing core resource from the council's Delivery Support Unit.</p> <p>Worked on draft One City Plan content with partners and internal stakeholders, with a planned launch of the first iteration in January 2019.</p> <p>Aligned internal resourcing for One City Plan development with our review of Partnership Policy (see CRR21) to ensure a joined-up approach.</p> | ↑                      | 4                  | 5      | 20                                | <p>Resource has been identified to help catalyse activity and develop the One City Plan product, with multiple offers of support from city partners. By January 2019 we will have:</p> <ul style="list-style-type: none"> <li>• Developed a 'One City Plan' in partnership with a variety of city-wide and regional organisations, including scoping the formal governance of the City Office and One City Approach.</li> <li>• Continued existing initiatives to trial and iterate the One City Approach.</li> <li>• Instigated or enabled new projects with partners where there is a strategic fit and an opportunity to further develop a working model.</li> </ul> <p>Submitted a bid for council funding to contribute (alongside partners) towards a permanent City Office structure, to be confirmed through the council's annual budget process.</p> | 4                    | 5      | 20          |
| Risk Owner: Head of Paid Service.  | Action Owner: Director: Policy, Strategy and Partnerships   | Portfolio Flag: Mayor. |                    |        | Strategy Theme: Our Organisation. |   |                      |        |             |

| Corporate Risk Register as at December 2018 - Opportunity Risks  |  |  |                    |        |                                   |  |                      |        |             |
|--|--|--|--------------------|--------|-----------------------------------|--|----------------------|--------|-------------|
| Risk title and description   | What we have done  | Performance  | Current Risk Level |        |                                   | What we are doing  | Tolerance Risk Level |        |             |
|  |  |  | Likelihood         | Impact | Risk Rating                       |  | Likelihood           | Impact | Risk Rating |
| <p><b>OPP2: Corporate Strategy</b></p> <p>The approved Corporate Strategy presents an opportunity to fundamentally refresh and strengthen our business planning, leadership and performance frameworks.</p> <p>Key potential causes:</p> <ul style="list-style-type: none"> <li>• Approved Corporate Strategy provides the foundation and direction for the organisation.</li> </ul> | <p>We have approved and adopted the Corporate Strategy, Business Plan 18/19 and Performance Framework 18/19 through appropriate Decision Pathways.</p> <p>Re-launched and completed 'My Performance' reviews for all colleagues including annual objective setting linked to the Corporate Strategy and Business Plan 18/19.</p> <p>Designed and launched an integrated business planning approach for 2019/20, linking financial planning, service planning and performance management more closely and from an earlier starting point.</p> <p>The LGA Corporate Peer Challenge completed, providing fresh learning opportunities to improve our approach.</p> <p>Leadership Framework introduced and senior management posts recruited against it.</p> | ↑  | 4                  | 7      | 28                                | <p>We are continuing to scope and procure a replacement for the 'My Performance' system.</p> <p>We are reviewing results of LGA Corporate Peer Challenge and plan how to implement any resulting measures.</p> | 4                    | 7      | 28          |
| Risk Owner: Head of Paid Service.  | Action Owner: Director: Policy, Strategy and Partnerships.   | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |  |                      |        |             |

Page 573

| Corporate Risk Register as at December 2018 - Opportunity Risks  |   |  |                    |        |                                   |   |                      |        |             |
|--|---|--|--------------------|--------|-----------------------------------|---|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing   | Tolerance Risk Level |        |             |
|  |   |  | Likelihood         | Impact | Risk Rating                       |   | Likelihood           | Impact | Risk Rating |
| <p><b>OPP3: Devolution</b></p> <p>Should the potential arise for opportunities from a region's evolving, second devolution deal that could lead to an opportunity to align the Council's corporate priorities and strengthen regional partnership working.</p> <p>Key potential causes:</p> <ul style="list-style-type: none"> <li>• Potential development of second devolution deal.</li> </ul> | <p>We have continued engagement with WECA; but with recognition that focus has been placed more on a proposed housing fund.</p> | ↔  | 3                  | 5      | 15                                | <p>We will continue to engage with WECA at strategic level.</p> <p>We will engage with HM Government following suggestion that more devolution opportunities may be available following Brexit.</p> | 3                    | 5      | 15          |
| Risk Owner: Head of Paid Service.  | Action Owner: Head of Policy and Public Affairs.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |   |                      |        |             |


| Corporate Risk Register as at December 2018 - Opportunity Risks  |   |  |                    |        |                                   |   |                      |        |             |
|--|---|--|--------------------|--------|-----------------------------------|---|----------------------|--------|-------------|
| Risk title and description   | What we have done   | Performance  | Current Risk Level |        |                                   | What we are doing   | Tolerance Risk Level |        |             |
|  |   |  | Likelihood         | Impact | Risk Rating                       |   | Likelihood           | Impact | Risk Rating |
| <p><b>OPP4: Brexit.</b></p> <p>If exiting the European Union provides benefits, such as increased domestic concentration of power, this may lead to opportunities for this to be harnessed at a local or regional level.</p> <p>Key potential causes for enhancing and exploiting:</p> <ul style="list-style-type: none"> <li>• Exiting the European Union.</li> </ul> | <p>We have:</p> <ul style="list-style-type: none"> <li>• Undertaken a draft internal assessment of threat and opportunities following an externally-provided workshop.</li> <li>• Established a city Brexit Response Group.</li> <li>• Met Michel Barnier in Brussels with the Core Cities.</li> <li>• Been monitoring the environment; including news of threats from large local employers of leaving UK.</li> <li>• Collaborated on draft Inclusive Economic Growth Strategy.</li> <li>• Announced funding of Settlement Visas for EU employees.</li> <li>• Participating in MHCLG events and national working group of local authority representatives.</li> </ul> <p>We continue to work with Core Cities and M8 leaders on concerted joint efforts.</p> | ↔  | 1                  | 5      | 5                                 | <p>We are monitoring the issue on an ongoing basis.</p> <p>We will complete and disseminate BCC threat and opportunity assessment, including links to our Business Plan 2019/20. This will include clear actions to be taken.</p> <p>Have further meetings of Bristol Brexit Response Group.</p> <p>Maintain the continued internal Brexit working group to ensure preparedness.</p> <p>Continued monitoring of external environment and government relations.</p> <p>Attend MHCLG regional preparedness workshop for Chief Officers.</p> | 1                    | 5      | 5           |
| Risk Owner: Head of Paid Service.  | Action Owner: Head of Policy and Public Affairs.  | Portfolio Flag: Finance, Governance and Performance. |                    |        | Strategy Theme: Our Organisation. |   |                      |        |             |

Page 5 of 14

## Key External Risk and Civil Contingency Risks to note - Flooding and Brexit

| Corporate Risk Register as at December 2018 - External and Civil Contingency Risks  |  |  |   |        |             |   |                      |        |             |
|---|--|--|---|--------|-------------|---|----------------------|--------|-------------|
| Risk title and description  | What we have done  | Performance  | Current Risk Level  |        |             | What we are doing   | Tolerance Risk Level |        |             |
|   |  |  | Likelihood  | Impact | Risk Rating |   | Likelihood           | Impact | Risk Rating |
| <p><b>BCCC1: Flooding.</b></p> <p>There could be a risk of damage to properties and infrastructure as well as risk to public safety from flooding which may be caused by a tidal surge, heavy rainfall and river and groundwater flood events.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>Tidal surge, heavy rainfall, river and groundwater flood events.</li> <li>Impact of climate change.</li> <li>Lack of effective flood defences and preparedness for major incidents.</li> </ul> | <p>The Avon and Somerset Local Resilience Forum (LRF) is a partnership of all the organisations needed to prepare for an emergency in the LRF area. It includes the emergency services, health services, Maritime and Coastal Agency, Environment Agency, volunteer agencies, utility companies, transport providers and the five councils of Bath and North East Somerset, Bristol, North Somerset, Somerset and South Gloucestershire.</p> <p>Bristol is working with the Avon and Somerset LRF to construct new sea defences around North Somerset, Bristol and South Gloucestershire. Working with emergency services, local authorities and other agencies to develop flood response plans and procedures, investigating instances of flooding, training specialist staff in swift water rescue techniques, communicating with housing and business developers to incorporate flood protection into new developments. It provide guidance to members of the public about flooding, including flood warnings and what people can do to help themselves, regular maintenance and clearing programs of gullies and culverts, especially in the event of storm warnings.</p> <p>Bristol has in place a local Flood Risk Management Strategy approved at Cabinet in December 2017 which comprises of 5 keys areas and 43 separate actions in line with Environment Agency's national strategy.</p> | ↔  | 3   | 5      | 15          | <p>There is sustained resourcing and delivery of all actions in LFRMS over life of strategy. Strategy includes the following key projects:</p> <ul style="list-style-type: none"> <li>Working in partnership with the Environment Agency to develop a Bristol Tidal Flood Risk Management Strategy to protect the city centre, including climate change.</li> <li>Working in partnership with South Gloucester and the Environment Agency to deliver a flood scheme to help protect Avonmouth Village and the Enterprise Area from tidal flooding, including climate change.</li> </ul> | 3                    | 3      | 9           |
| Owner: Interim Executive Director Growth and Regeneration.  | Action Owner: Director Transport, Flood Risk Engineer, Strategic City Transport.   | Portfolio Flag: Energy, Waste and Regulatory Services. | Strategy Theme: Our Organisation, Empowering and Caring, Fair and Inclusive, Well Connected, Wellbeing. |        |             |   |                      |        |             |



| Corporate Risk Register as at December 2018 - External and Civil Contingency Risks  |   |   |                    |        |                                   |   |                      |        |             |
|---|---|---|--------------------|--------|-----------------------------------|---|----------------------|--------|-------------|
| Risk title and description  | What we have done   | Performance   | Current Risk Level |        |                                   | What we are doing   | Tolerance Risk Level |        |             |
|   |   |   | Likelihood         | Impact | Risk Rating                       |   | Likelihood           | Impact | Risk Rating |
| <p><b>BCCC2: Brexit</b></p> <p>The risk that Brexit (and any resulting 'deal' or 'no deal') will impact the local economy, local funding and delivery of council services, and that uncertainty around Brexit could impact our ability to accurately assess or plan for potential positive or negative outcomes.</p> <p>Key potential causes are:</p> <ul style="list-style-type: none"> <li>• Exiting the European Union.</li> <li>• Lack of majority view on draft agreement with EU.</li> <li>• Unprecedented and complex national / international process.</li> <li>• Lack of planning by the authority.</li> </ul> | <p>Announced funding of Settlement Visas for EU employees.</p> <p>Participating in MHCLG events and national working group of local authority representatives.</p> <p>Undertaken a draft internal assessment of threat and opportunities following an externally-provided workshop.</p> |  | 4                  | 5      | 20                                | <p>We are monitoring the issue on an ongoing basis.</p> <p>We will complete and disseminate BCC threat and opportunity assessment, including links to our Business Plan 2019/20. This will include clear actions to be taken.</p> <p>Have further meetings of Bristol Brexit Response Group.</p> <p>Maintain the continued internal Brexit working group to ensure preparedness.</p> <p>Continued monitoring of external environment and government relations.</p> <p>Attend MHCLG regional preparedness workshop for Chief Officers.</p> | 3                    | 5      | 15          |
| Risk Owner: Head of Paid Service.   | Action Owner: Head of Policy and Public Affairs.  | Portfolio Flag: Finance, Governance and Performance.                                |                    |        | Strategy Theme: Our Organisation. |   |                      |        |             |

**Corporate risk performance summary for open risks**

The risks are set out by the highest risk rating first in the Quarter 3 October – December 18/19 columns.

| Page | Risk ID | Risk   | Risk Owner   | Quarter 4<br>January – March<br>17/18 |        | Quarter 1<br>April - June<br>18/19 |        | Quarter 2<br>July - September<br>18/19 |        | Quarter 3<br>October - December<br>18/19 |        | Quarter 4<br>January - March 18/19 |        |
|------|---------|--|--|---------------------------------------|--------|------------------------------------|--------|--|--------|--|--------|------------------------------------|--------|
|      |         |  |  | Rating                                | Travel | Rating                             | Travel | Rating                                 | Travel | Rating                                   | Travel | Rating                             | Travel |
| 23   | CRR26   | ICT Resilience (Previously IT infrastructure CRR2)   | Director Digital Transformation  |                                       |        |                                    |        |  |        | 3x7=21                                   | New    |                                    |        |
| 1    | CRR1    | Long Term Commercial Investments and Major projects Capital Investment   | Interim Executive Director Growth and Regeneration, Executive Director Resources and Section 151 Officer | 4x7=28                                | ↔      | 3x7=21                             | ↑      | 3x7=21                                 | ↔      | 3x7=21                                   | ↔      |                                    |        |
| 2    | CRR3    | Asbestos Management  | Head of Paid Service and CLB   | 3x7=21                                | ↔      | 3x7=21                             | ↔      | 3x7=21                                 | ↔      | 3x7=21                                   | ↔      |                                    |        |
| 3    | CRR4    | Corporate Health, Safety and Wellbeing   | Head of Paid Service and CLB   | 3x7=21                                | ↔      | 3x7=21                             | ↔      | 3x7=21                                 | ↔      | 3x7=21                                   | ↔      |                                    |        |
| 6    | CRR7    | Cyber-Security(Previously Cyber-Attack)  | Senior Information Risk Owner (SIRO)   | 3x5=15                                | ↔      | 3x5=15                             | ↔      | 3x5=15                                 | ↔      | 3x7=21                                   | ↓      |                                    |        |
| 21   | CRR24   | Procurement and contract management compliance   | Executive Director Resources and Director of Finance (Section 151 Officer)                               |                                       |        |                                    |        |  |        | 3x5=15                                   | New    |                                    |        |
| 22   | CRR25   | ICT Line of Business (LOB) (Previously IT infrastructure CRR2)   | Director Digital Transformation  |                                       |        |                                    |        |  |        | 3x5=15                                   | New    |                                    |        |
| 17   | CRR19   | Tree Management  | Head of Paid Service   |                                       |        |                                    |        | 3x5=15                                 | New    | 3x5=15                                   | ↔      |                                    |        |
| 19   | CRR21   | Partnerships Governance  | Head of Paid Service   |                                       |        |                                    |        | 3x5=15                                 | New    | 3x5=15                                   | ↔      |                                    |        |
| 4    | CRR5    | Business Continuity and Council Resilience   | Head of Paid Service and CLB   | 3x7=21                                | ↔      | 3x7=21                             | ↔      | 3x7=21                                 | ↔      | 3x5=15                                   | ↑      |                                    |        |
| 18   | CRR21   | Information Governance (Replaces CRR14)  | Senior Information Risk Owner (SIRO)   | 2x7=14                                | ↔      | 2x5=10                             | ↑      | 2x5=10                                 | ↔      | 3x5=15                                   | ↓      |                                    |        |
| 5    | CRR6    | Fraud and Corruption   | Executive Director Resources and Director of Finance (Section 151 Officer)                               | 3x5=15                                | ↔      | 3x5=15                             | ↔      | 3x5=15                                 | ↔      | 3x5=15                                   | ↔      |                                    |        |
| 20   | CRR23   | Better Lives Programme   | Executive Director, Adults, Children and Education   |                                       |        |                                    |        |  |        | 2x7=14                                   | New    |                                    |        |
| 8    | CRR9    | Safeguarding Vulnerable Children   | Executive Director, Adults, Children and Education   | 2x7=14                                | ↔      | 2x7=14                             | ↔      | 2x7=14                                 | ↔      | 2x7=14                                   | ↔      |                                    |        |
| 9    | CRR10   | Safeguarding Vulnerable Adults   | Executive Director, Adults, Children and Education   | 2x7=14                                | ↔      | 2x7=14                             | ↔      | 2x7=14                                 | ↔      | 2x7=14                                   | ↔      |                                    |        |
| 10   | CRR11   | BCC Infrastructure Delivery  | Director of Finance (Section 151 Officer) and Interim Executive Director Growth and Regeneration         | 2x7=14                                | ↔      | 2x7=14                             | ↔      | 2x7=14                                 | ↔      | 2x7=14                                   | ↔      |                                    |        |
| 11   | CRR12   | Failure to deliver suitable planning measures, respond to and manage events when they occur. (Previously Civil Contingencies and Council Resilience) | Head of Paid Service   | 3x7=21                                | ↔      | 2x7=14                             | ↑      | 2x7=14                                 | ↔      | 2x7=14                                   | ↔      |                                    |        |
| 7    | CRR8    | Service Review   | Head of Paid Service   | 4x5=20                                | ↔      | 3x5=15                             | ↑      | 3x5=15                                 | ↔      | 2x5=10                                   | ↑      |                                    |        |
| 12   | CRR13   | Financial Framework and MTFP   | Director of Finance (Section 151 Officer)  | 2x7=14                                | ↔      | 2x5=10                             | ↑      | 2x5=10                                 | ↔      | 2x5=10                                   | ↔      |                                    |        |
| 14   | CRR16   | Leadership   | Head of Paid Service and CLB   | 4x5=20                                | ↔      | 2x5=10                             | ↑      | 2x5=10                                 | ↔      | 2x5=10                                   | ↔      |                                    |        |
| 16   | CRR18   | Failure to deliver 2000 Homes per annum by 2020 of which 800 are affordable.   | Interim Executive Director Growth and Regeneration   |                                       |        |                                    |        | 2x5=10                                 | New    | 2x5=10                                   | ↔      |                                    |        |
| 15   | CRR17   | Strategy Management  | Head of Paid Service   | 2x7=14                                | ↔      | 2x7=14                             | ↔      | 1x7=7                                  | ↔      | 1x7=7                                    | ↔      |                                    |        |
| 13   | CRR15   | Financial Deficit  | Director of Finance (Section 151 Officer)  | 2x5=10                                | ↔      | 2x5=10                             | ↔      | 2x5=10                                 | ↔      | 1x5=5                                    | ↑      |                                    |        |

Page 577

**Corporate risk performance summary for closed risks**

The risks are set out by the highest risk rating first in the Quarter 3 October – December 18/19 column.

| Status | Risk ID | Risk  | Risk Owner   | Quarter 4<br>January – March<br>17/18 |        | Quarter 1<br>April - June<br>18/19 |        | Quarter 2<br>July - September<br>18/19 |        | Quarter 3<br>October - December<br>18/19 |        | Quarter 4<br>January - March<br>18/19                   |        |
|--------|---------|---|--|---------------------------------------|--------|------------------------------------|--------|--|--------|--|--------|---|--------|
|        |         |   |  | Rating                                | Travel | Rating                             | Travel | Rating                                 | Travel | Rating                                   | Travel | Rating  | Travel |
| Closed | CRR14   | Introduction of the General Data Protection Regulation (GDPR) | Senior Information Risk Owner (SIRO)               | 2x7=14                                | ↔      | 2x5=10                             | ↑      | Closed (Replaced by CRR21)             |        |  |        |   |        |
| Closed | CRR2    | IT Infrastructure   | Director Digital Transformation                    | 3x7=21                                | ↔      | 3x7=21                             | ↔      | 3x7=21                                 | ↔      | 3x7=21                                   | ↔      | Closed (Replaced by CRR24 and 25)                       |        |
| Closed | CRR20   | Housing IT Programme 2018                                     | Interim Executive Director Growth and Regeneration |                                       |        |                                    |        | 4x5=20                                 | New    | 2x5=10                                   | ↑      | De-escalated and transferred to Growth and Regeneration |        |

**Corporate Risk Performance Summary for Opportunity Risks**

The risks are set out by the highest risk rating first in the Quarter 3 October – December 18/19 columns.

| Page     | Risk ID | Risk               | Risk Owner           | Quarter 4<br>January – March<br>17/18 |        | Quarter 1<br>April - June<br>18/19 |        | Quarter 2<br>July - September<br>18/19 |        | Quarter 3<br>October - December<br>18/19 |        | Quarter 4<br>January - March<br>18/19 |        |
|----------|---------|--------------------|----------------------|---------------------------------------|--------|------------------------------------|--------|--|--------|--|--------|---------------------------------------|--------|
|          |         |                    |                      | Rating                                | Travel | Rating                             | Travel | Rating                                 | Travel | Rating                                   | Travel | Rating                                | Travel |
| Page 578 | OPP2    | Corporate Strategy | Head of Paid Service |                                       |        |                                    |        | 3x5=15                                 | New    | 4x7=28                                   | ↑      |                                       |        |
|          | OPP1    | One City           | Head of Paid Service |                                       |        |                                    |        | 3x5=15                                 | New    | 4x5=20                                   | ↑      |                                       |        |
|          | OPP3    | Devolution         | Head of Paid Service |                                       |        |                                    |        | 3x5=15                                 | New    | 3x5=15                                   | ↔      |                                       |        |
|          | 25      | OPP4               | Brexit               | Head of Paid Service                  |        |                                    |        |  | 1x5=5  | New                                      | 1x5=5  | ↔                                     |        |

**Corporate Risk Performance Summary for External and Civil Contingency risks**

The risks are set out by the highest risk rating first in the Quarter 3 October – December 18/19 columns.

| Page | Risk ID | Risk     | Risk Owner   | Quarter 4<br>January – March<br>17/18 |        | Quarter 1<br>April - June<br>18/19 |        | Quarter 2<br>July - September<br>18/19 |        | Quarter 3<br>October - December<br>18/19 |        | Quarter 4<br>January - March<br>18/19 |        |
|------|---------|----------|--|---------------------------------------|--------|------------------------------------|--------|--|--------|--|--------|---------------------------------------|--------|
|      |         |          |  | Rating                                | Travel | Rating                             | Travel | Rating                                 | Travel | Rating                                   | Travel | Rating                                | Travel |
| 27   | BCCC2   | Brexit   | Head of Paid Service                               |                                       |        | 4x3=12                             | ↔      | 4x3=12                                 | ↔      | 4x5=20                                   | ↓      |                                       |        |
| 26   | BCCC1   | Flooding | Interim Executive Director Growth and Regeneration |                                       |        | 3x5=15                             | ↔      | 3x5=15                                 | ↔      | 3x5=15                                   | ↔      |                                       |        |

## Risk Scoring Matrix

|            |   |               |    |    |    |
|------------|---|---------------|----|----|----|
| Likelihood | 4 | 4             | 12 | 20 | 28 |
|            | 3 | 3             | 9  | 15 | 21 |
|            | 2 | 2             | 6  | 10 | 14 |
|            | 1 | 1             | 3  | 5  | 7  |
|            |   | 1             | 3  | 5  | 7  |
|            |   | <b>Impact</b> |    |    |    |

| Level of risk | Action required by level risk |   |
|---------------|-------------------------------|---|
| 28            | Critical:                     | <b>Action required.</b> Escalate (if a Directorate level risk, escalate to the Corporate Risk Register. Escalate corporate risks to the attention of the Cabinet Lead to confirm action to be taken). |
| 14 - 21       | High:                         | Must be addressed. If Directorate level, consider escalating to the Corporate Risk Register. If a corporate risk, consider escalating to the Cabinet Lead.  |
| 5 - 12        | Medium:                       | Action required, manage and monitor at the Directorate level.   |
| 1 - 4         | Low:                          | May not need any further action / monitor at the service level.   |

**Current and Tolerance risk ratings:** The 'Current' risk rating for both threats and opportunities refer to the current level of risk taking into account any strategies to manage risk - management actions, controls and fall back plans already in place. The 'Tolerance' rating represents what is deemed to be a realistic level of risk to be achieved once additional actions have been put in place. On some occasions the aim will be to contain the level of the risk at the current level.

**Positive Risks (Opportunities):** Where the risk is an opportunity, a cost benefit analysis is required to determine whether the opportunity is worth pursuing, guided by the score for the matrix, e.g. an opportunity with a score of 28 would be pursued as it would offer considerable benefits for little risk.

## LIKELIHOOD AND IMPACT RISK RATING SCORING

## Likelihood Guidance

| Likelihood           | Likelihood Ratings 1 to 4       |  |  |  |
|----------------------|---------------------------------|--|--|--|
|                      | 1                               | 2  | 3  | 4                                      |
| Description          | Might happen on rare occasions. | Will possibly happen, possibly on several occasions. | Will probably happen, possibly at regular intervals. | Likely to happen, possibly frequently. |
| Numerical Likelihood | Less than 10%                   | Less than 50%  | 50% or more  | 75% or more                            |

Severity of Impact Guidance (Risk to be assessed against all of the Categories, and the highest score used in the matrix).

| Impact Category   | Impact Levels 1 to 7   |  |  |   |
|---|--|--|--|---|
|   | 1  | 3  | 5  | 7   |
| Service provision   | Very limited effect (positive or negative) on service provision. Impact can be managed within normal working arrangements.   | Noticeable and significant effect (positive or negative) on service provision. Effect may require some additional resource, but manageable in a reasonable time frame.   | Severe effect on service provision or a Corporate Strategic Plan priority area. Effect may require considerable /additional resource but will not require a major strategy change.   | Extremely severe service disruption. Significant customer opposition. Legal action. Effect could not be managed within a reasonable time frame or by a short-term allocation of resources and may require major strategy changes. The Council risks 'special measures'. Officer / Member forced to resign.                            |
| Communities   | Minimal impact on community.   | Noticeable (positive or negative) impact on the community or a more manageable impact on a smaller number of vulnerable groups / individuals which is not likely to last more than six months.   | A more severe but manageable impact (positive or negative) on a significant number of vulnerable groups / individuals which is not likely to last more than twelve months.   | A lasting and noticeable impact on a significant number of vulnerable groups / individuals.   |
| Environmental   | No effect (positive or negative) on the natural and built environment.   | Short term effect (positive or negative) on the natural and or built environment.  | Serious local discharge of pollutant or source of community annoyance that requires remedial action.   | Lasting effect on the natural and or built environment.   |
| <b>Financial Loss / Gain</b>  | <b>Under £0.5m</b>   | <b>Between £0.5m - £3m</b>   | <b>Between £3m - £5m</b>   | <b>More than £5m</b>  |
| Fraud & Corruption Loss   | Under £50k   | Between £50k - £100k   | Between £100k - £1m  | More than £1m   |
| Legal   | No significant legal implications or action is anticipated.  | Tribunal / BCC legal team involvement required (potential for claim).  | Criminal prosecution anticipated and / or civil litigation.  | Criminal prosecution anticipated and or civil litigation (> 1 person).  |
| Personal Safety   | Minor injury to citizens or colleagues.  | Significant injury or ill health of citizens or colleagues causing short-term disability / absence from work.  | Major injury or ill health of citizens or colleagues may result in. long term disability / absence from work.  | Death of citizen(s) or colleague(s). Significant long-term disability / absence from work.  |
| Programme / Project Management<br>(Including developing commercial enterprises) | Minor delays and/or budget overspend but can be brought back on schedule with this project stage.<br><br>No threat to delivery of the project on time and to budget and no threat to identified benefits / outcomes. | Slippage causes significant delay to delivery of key project milestones, and/or budget overspends.<br><br>No threat to overall delivery of the project and the identified benefits / outcomes.   | Slippage causes significant delay to delivery of key project milestones; and/or major budget overspends.<br>Major threat to delivery of the project on time and to budget, and achievement of one or more benefits / outcomes.   | Significant issues threaten delivery of the entire project.<br><br>Could lead to project being cancelled or put on hold.  |
| Reputation  | Minimal and transient loss of public or partner trust. Contained within the individual service.  | Significant public or partner interest although limited potential for enhancement of, or damage to, reputation.<br>Dissatisfaction reported through council complaints procedure but contained within the council.<br>Local MP involvement.<br>Some local media/social media interest. | Serious potential for enhancement of, or damage to, reputation and the willingness of other parties to collaborate or do business with the council.<br>Dissatisfaction regularly reported through council complaints procedure.<br>Higher levels of local or national interest.<br>Higher levels of local media / social media interest. | Highly significant potential for enhancement of, or damage to, reputation and the willingness of other parties to collaborate or do business with the council.<br>Intense local, national and potentially international media attention.<br>Viral social media or online pick-up.<br>Public enquiry or poor external assessor report. |

# Decision Pathway – Report

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**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 22 January 2019

|  |  |                                 |  |
|--|--|---------------------------------|--|
| <b>TITLE</b>   | Social Value Policy – Refresh                              |                                 |  |
| <b>Ward(s)</b>   | All  |                                 |  |
| <b>Author:</b>   | Denise Murray<br>Jacqueline Miller                         | <b>Job title:</b>               | Director of Finance<br>Performance & Strategy Development, Procurement |
| <b>Cabinet lead:</b>   | Cllr Craig Cheney in consultation<br>with Cllr Asher Craig | <b>Executive Director lead:</b> | Mike Jackson, Exec. Director Resources                                 |
| <b>Proposal origin:</b> <i>Scrutiny Member</i>   |  |                                 |  |
| <b>Decision maker:</b> Cabinet Member<br><b>Decision forum:</b> <i>Cabinet</i>   |  |                                 |  |
| <b>Purpose of Report:</b>  |  |                                 |  |
| 1. To seek approval of the revised Social Value Policy and the development and implementation of a measurement toolkit of Bristol social value outcomes.   |  |                                 |  |
| <b>Evidence Base:</b>  |  |                                 |  |
| <p>Social Value may be defined as a process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment.</p> <p>In planning and delivering its services, the Council aims to consider the social, economic and environmental impact of its commissioning and procurement activities, maximising opportunities to create and secure additional social benefit, whilst ensuring value for money and whole-life costing.</p> <p>More specifically the Council considers Social Value at every stage of the commissioning cycle to ensure that, relevant and proportionate, additional benefit ‘outcomes’ can be offered by suppliers and the supply chain in the delivery and performance of contracts on our behalf. Further development of practice is required to ensure that social value outcomes are embedded in award criteria and performance obligations are clearly defined and effectively monitored in moving forward, and to this effect the 2016 Policy has been reviewed and revised.</p> <p>The revised Social Value Policy ensures key Council commitments in relation to Living Wage Accreditation, Modern Slavery and Construction Charters are truly embedded in the Council’s commissioning, procurement and contracting practices.</p> |  |                                 |  |
| <ol style="list-style-type: none"> <li>1. The Council is accredited by the Living Wage Foundation as a Living Wage Employer, it has paid its own staff no less than the Living Wage since October 2014 and has recently committed to ensuring that employees providing a service to or on our behalf, through contractual arrangements are paid at least this rate also.</li> <li>2. The Council has recommitted its support to eradicating modern slavery by resigning the Modern Day Slavery Charter, a collection of ten commitments, which aims to commit councils to vetting their supply chains to ensure no instances of modern slavery are taking place.</li> <li>3. The Council has endorsed the principles set out in the Construction Charter requiring contractors and supply chains to work with the appropriate trade unions, in order to achieve the highest standards in respect of; direct employment status, health and safety, standard of work, apprenticeship training and the implementation of appropriate nationally agreed terms and conditions of employment.</li> </ol>   |  |                                 |  |

The main revisions to the policy seek to:

1. Align principles with the Corporate Strategy and define what Social Value means to the Council;
2. Incorporate broader policy commitments and provide clarity on the aims, objectives and purpose of the policy, to include the integration of social value into the Bristol Local Plan;
3. Introduce for the first time a measurement toolkit to enable us to value the things that matter to us in achieving our priorities and a mechanism to ensure that these are delivered, together with other Social Value vehicles: Social Enterprises; mutual models; and Reserved Contracts;
4. Increase the Social Value weighting in tenders to a starting point of 20% as a standalone value (that may be appropriately adjusted, enabling Social Value to be proportionate and relevant in all contracts), alongside the traditional price/quality split, and an aspiration to spend a target of 40% with micro, small, medium sized businesses and organisations, and the voluntary, community and social enterprise sectors through the supply chain.

**Cabinet Member / Officer Recommendations:**

**That Cabinet:**

1. approve the revised Social Value Policy;
2. approve the development and implementation of a measurement toolkit that reflects Bristol’s social value outcomes; and,
3. approve the allocation of up to £20,000 in year one, for the development and implementation of a toolkit to be funded from 2018/19 underspend.

**Corporate Strategy alignment:**

There is potential for procurement and social value to underpin and support the delivery of all of the themes and principles of the Corporate Strategy in embedding Social Value in all of our commissioned goods, services and works contracts.

**City Benefits:**

Economic, environmental and social benefits are sought and delivered to the ‘local area’ in a number of ways, the outcomes to be delivered benefit our citywide ‘community’, these take a particular focus on equalities, health and sustainability.

**Consultation Details:**

The original policy and toolkit were subject to internal officer stakeholder and external open and targeted (SMEs/VCSE) consultation.

The revised draft policy has been reviewed in consultation with the Scrutiny Task & Finish Group and the members participating in this group are in full support of the recommendations of this report.

The draft policy and proposed toolkit have been discussed with key internal stakeholders and sector representatives (to include VOSCUR and The Federation of Small Businesses).

The development of a measurement toolkit is crucial to the successful implementation of this policy, this will be co-designed with the Task & Finish Group and in consultation with key sector stakeholders.

In support of achieving the objectives of the revised policy the next phase of the Task & Finish Group work programme will be to explore how best to engage with SMEs and promote bidding and supply chain opportunities to them.

|   |  |   |  |
|---|--|---|--|
| <b>Revenue Cost</b>                                     | <b>£20k</b>                                  | <b>Source of Revenue Funding</b>                | 2018/19 underspend   |
| <b>Capital Cost</b>                                     | <b>£N/A</b>                                  | <b>Source of Capital Funding</b>                |  |
| <b>One off cost</b> <input checked="" type="checkbox"/> | <b>Ongoing cost</b> <input type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input type="checkbox"/> |

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:**

This report seeks approval to an amended social value policy to maximise the social value outcomes that can be delivered through our procurement processes. The policy, which will be embedded within contract evaluation criteria, aligns to the Council’s agreed medium term financial plan resourcing principles and accords with the duty of

best value. Whilst contract prices could be impacted by the policy, they are not possible to quantify, and it is anticipated that the value of additional local outcomes will outweigh any additional costs, which will be contained within existing MTFP planning assumptions.

Effective contract management arrangements will need to be put in place to ensure suppliers deliver on tender commitments.

**Finance Business Partner:** Chris Holme, Interim Head of Finance 26<sup>th</sup> October 2018

**2. Legal Advice:**

By virtue of the Public Services (Social Value) Act 2012, the Council is required to consider, in connection with contracts involving services, how what is proposed to be procured might improve the economic, social and environmental well-being of the area, and how, in conducting the procurement process, it might act with a view to securing that improvement. The authority must also consider whether to undertake any consultation as to the matters that fall to be considered under this obligation. Meeting this obligation is however subject to compliance with broader public procurement and related regulations.

Where contracts fall within the scope of the Public Contracts Regulations 2015 any requirements, obligations or criteria relating to social value considerations must ,

- be linked to the subject matter of the contract. (The Council should decide this on a case by case basis)
- not confer an unrestricted freedom of choice on the Council
- be expressly mentioned in the contract documents or the tender notice, and
- comply with the general principles of community law, including the principle of non-discrimination.
- the requirements must not go beyond a proportionate reflection of the Council’s requirements in relation to the particular contract.

Accordingly the social value element for any tender must be tailored to the contract in question, and cannot be, for example a blanket % in tender evaluation. Subject to meeting these requirements, social value – which can include matters relating to employment (such as apprenticeships, employment conditions etc.), environmental/ecological and sustainability issues (e.g. green energy, renewable resources etc.) - may be incorporated in either the specification, award criteria and/or contract terms, in appropriate cases. The proposed toolkit could provide more detailed advice on how to achieve this.

**Legal Team Leader:** Eric Andrews, Team leader Legal Services 1<sup>st</sup> November 2018

**3. Implications on IT:**

IT recognises the wider benefits for the area that can be gained from the inclusion of Social Value in contractual agreements and is supportive of the principle. The nature and range of IT contracts is such that IT Services would suggest that proportionate and appropriate application to a contract is assessed and that implementation of the policy should recognise that. A deeper understanding of the policy and the associated toolkit reveals a structured approach that seeks to reduce what is likely to be some additional complexity within contract development and management.

**IT Team Leader:** Ian Gale, Head of IT 12<sup>th</sup> November 2018

**4. HR Advice:**

No direct HR implications, though as stated in the policy a programme of briefing/training of relevant colleagues will be required in order to ensure the policy is implemented effectively.

**HR Partner:** James Brereton (People & Culture Manager), 29<sup>th</sup> October 2018

|  |                            |                               |
|--|----------------------------|-------------------------------|
| <b>EDM Sign-off</b>                                | Resources EDM              | 10 <sup>th</sup> October 2018 |
| <b>Cabinet Member sign-off</b>                     | Cllr Craig Cheney          | 22 <sup>nd</sup> October 2018 |
| <b>CLB Sign-off</b>                                | Corporate Leadership Board | 30 <sup>th</sup> October 2018 |
| <b>For Key Decisions - Mayor’s Office sign-off</b> | Mayor’s Office’            | 5 <sup>th</sup> November 2018 |

|  |            |
|--|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b><br>Revised Social Value Policy attached. | <b>YES</b> |
|--|------------|



|   |           |
|---|-----------|
| <b>Appendix B – Details of consultation carried out - internal and external</b> | <b>NO</b> |
| <b>Appendix C – Summary of any engagement with scrutiny</b>                     | <b>NO</b> |
| <b>Appendix D – Risk assessment</b>   | <b>NO</b> |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>        | <b>NO</b> |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>         | <b>NO</b> |
| <b>Appendix G – Financial Advice</b>  | <b>NO</b> |
| <b>Appendix H – Legal Advice</b>  | <b>NO</b> |
| <b>Appendix I – Combined Background papers</b>                                  | <b>NO</b> |
| <b>Appendix J – Exempt Information</b>  | <b>NO</b> |
| <b>Appendix K – HR advice</b>   | <b>NO</b> |
| <b>Appendix L – ICT</b>   | <b>NO</b> |

# **Social Value Policy**

**Creating Social Value  
in Bristol**

|              |              |
|--------------|--------------|
| Version      | 2.0          |
| Date created | January 2019 |

# The overarching intent of this policy is to set out our approach for doing more than sourcing the Council's supplies at a price that it is competitive and good value for money, it sets our ambition for meaningful Social Value from our suppliers.

## Introduction

Bristol is one of the most liveable cities in the UK and the Council is committed to making that a reality for everyone. Bristol and the city region have the most productive economy outside of London. Bristol generates £14.3 billion Economic Output Gross Value Added (GVA) representing 43% (2016) of the city region's<sup>1</sup> total output and a 0.8% share of the national economy.

However, like all cities Bristol has its challenges. The Resolution Foundation<sup>2</sup> has previously suggested that Bristol is one of the worst cities in England in which to be born poor and long-standing health, social and economic inequalities exist within the city.

Economic success has also brought challenges such as rapidly growing population, congestion, environmental pollution and high house prices.

The council and its partners across the city have worked hard to address these issues and have created the One City Plan<sup>3</sup>, which looks at what needs to change in the short, medium and long term.

Our vision is to play a leading role in driving a city of hope and aspiration where everyone can share in its success.

## Policy Context

The [Corporate Strategy 2018-2023](#) starts to explain how the Council will contribute to social value and sets the overarching strategic framework for this policy.

## Our Principles

We develop people and places to improve outcomes, empower communities and reduce the need for Council services.

The following principles underpin our policy:

- i. Maximise opportunities to work with partners and other stakeholders locally, nationally and globally.
- ii. Plan inclusively with everyone in mind, but with a particular focus on our children and their future.
- iii. Focus on planned long-term outcomes not short-term fixes, prioritising early intervention and prevention.
- iv. Contribute to safer communities, including zero-tolerance to abuse or crime based on gender, disability, race, age religion or sexuality.
- v. Build city resilience, improving our ability to cope with environmental, economic or social 'shocks and stresses'.
- vi. Use our assets wisely, generating a social and/or financial return. Raise money in a fair but business-like way.
- vii. Secure value for money whilst maintaining efficient, high quality services and ensuring corporate overview and support maximises the value we get from our buying decisions. Aligning these to wider corporate objectives, annual service planning and the medium term financial plan.

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<sup>1</sup> City region defined as the Local Enterprise Partnership geography, the four Unitary Authorities, Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire., not the Combined Authority.

<sup>2</sup> [The Resolution Foundation Report, Low Pay Britain 2018](#)

<sup>3</sup> The One City Plan, co-authored by representatives from different sectors across the city, coordinated by the One City Office is high-level and links into the range of strategies that currently exist in the city, to provide a baseline for organisations across the city to align their own priorities to.

## Our Values and Behaviours

We expect our partners and supply chain to share our values and behaviours, together we are:

### **Dedicated**

We strive to make a difference

### **Curious**

We ask questions and explore possibilities

### **Respect**

We treat each other fairly

### **Ownership**

We accept personal accountability

### **Collaborative**

We come together to reach shared goals

Social value extends to all services that we provide, in order to support the delivery of our vision.

## What is Social Value?

The Public Services (Social Value) Act 2012 came into force on 31st January 2013. Local authorities and other public bodies have a legal obligation to consider the social good that could come from the procurement of services, before they embark upon it. The aim of the Act is not to alter the commissioning and procurement processes, but to ensure that, as part of these processes, councils give consideration to the wider impact of the services delivered.

It allows authorities, for example, to choose a supplier under a tendering process who not only provides the most economically advantageous tender, but one which goes beyond the basic contract terms and secures wider benefits for the community.

In 2017/18 we spent approximately £600 million via third party spend.

Together the Act and this policy provide an opportunity to integrate economic, environmental and social sustainability into our procurement processes, delivering a cohesive yet flexible and innovative approach to generating social value through public procurement.

## Definition

The Act does not define what is meant by 'social value'. Therefore the Council will adopt the definition of social value as set out by the UK Sustainable Procurement Taskforce.

"Procuring the Future"

Social Value is defined as:

*A process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment.*

*The Local Government Act 2000 reminds us that fundamentally, the objective of any local authority should be:*

*"The promotion or improvement of the economic, social and environmental well-being of their area".*

We must get the maximum possible value out of every £ we spend. **If we don't give due regard to the impact of our contracts on our local economies, on our society, or on the environment, we are failing in our basic duty as public authorities.**

For example, Social Enterprise UK suggest that in practice this could mean that a mental health service is delivered by an organisation that actively employs people with a history of mental health problems to help deliver the service. Social value outcomes are achieved as a result of the person with mental health problems:

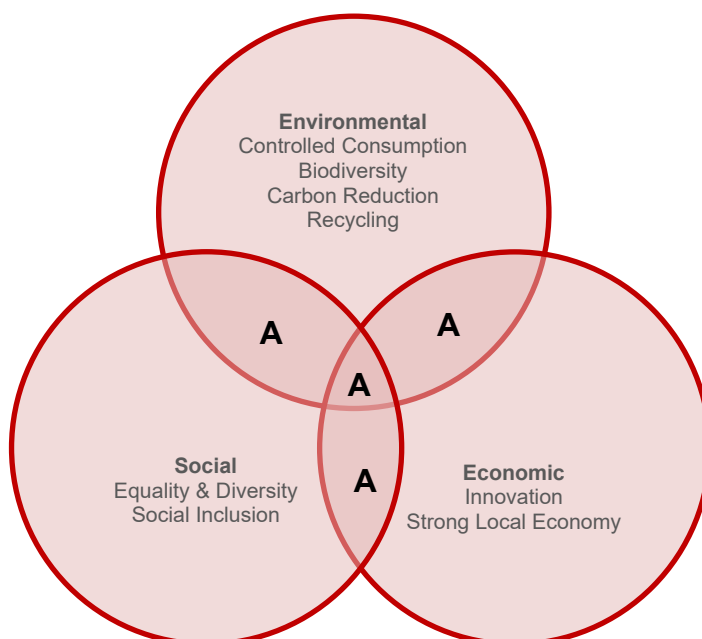
- a) having a job where they may otherwise have been unemployed
- b) becoming more socially included, and
- c) having a say in how mental health services are run. It also means a local job for a local person.

In this example investing in a service to improve mental health also has a positive impact on other strategic objectives of increased employment and social inclusion.

This way of working promotes an integrated and coherent approach to the delivery of city priorities.

The Act refers to economic, social and environmental outcomes as the three pillars of sustainable procurement<sup>4</sup>. Sustainability in this context is most often defined as meeting the needs of the present without compromising the ability of future generations to meet theirs.

Examples of social value outcomes that fall under these ‘three pillars of sustainability’ are set out in the diagram below.



|   |  |
|---|--|
| A | Sustainability; Regeneration                                       |
| A | Diverse Supply Chain; Fair and Ethical Trade                       |
| A | Low Unemployment Rates; Skills Training;                           |
| A | Apprenticeships; Protection of Human Rights; Core Labour Standards |

Outcomes are not necessarily confined to a single pillar of sustainability, they may be social, economic and/or environmental. Where these distinctions overlap a number of cross-cutting outcomes may be created.

**Economic<sup>5</sup>** contributions to the local economy and economic growth that supports social outcomes. Retaining, re-circulating and leveraging funds in local areas – a wider contribution to skills, tackling worklessness and maintaining employment.

**Examples:** Increasing local employment; preservation of the local high street; promotion of local business; increased usage of the [Bristol Pound \(£B\)](#); payment of the [Living Wage](#).

**Social outcomes** contribute to a vibrant and healthy community. Community based actions. Equality, diversity, inclusion and cohesion - local relationships, partnerships and people we find it harder to reach.

**Examples:** Reducing anti-social behaviour; raising awareness of mental health issues; eradicating [modern day slavery](#); compliance with the [Construction Charter](#) through the supply chain.

**Environmental outcomes** are about protecting, promoting and enhancing the environment. Supporting local activities to improve the environment.

**Examples:** Reducing local congestion; reducing carbon emissions; reducing air pollution.

<sup>4</sup> Extract from Anthony Collins Solicitors, Social Value and Public Procurement, a Legal Guide January 2014

<sup>5</sup> Based on extract from Islington Council’ “Commissioning, procuring and contract managing Social Value in Islington Supply Chain” (2013)

## Aims and Objectives of the Policy:

In delivering this policy our aim is to realise meaningful social value from the contracts we set in place by:

- i. Ensuring that our default position is that all contracts demonstrate the addition of real Social Value (where relevant and proportionate to do so).
- ii. Promoting the local economy, so that micro, small and medium sized enterprises and the voluntary and community sector in Bristol can thrive.
- iii. Involving local people and organisations in considering how we meet the needs of local communities through the commissioning cycle by encouraging resident participation, where appropriate and promoting active citizenship.
- iv. Creating or promoting local employment, training and inclusive economic sustainability by tackling unemployment in general and targeted to disadvantaged groups such as disabled persons, long-term unemployed, ex-offenders, geographical areas and key sectors.
- v. Raising the living standards and prosperity of local residents by living wage employment, maximising employee access to entitlements and guidance and encouraging suppliers to source local labour.
- vi. Building the capacity and sustainability of the voluntary and community sector by accessing and actively supporting local voluntary, community groups and co-operatives.
- vii. Promoting equity and fairness by targeting effort towards those in the greatest need or facing the greatest disadvantage. Tackling deprivation across the city.
- viii. Supporting fair and ethical trading in the supply chain, expecting our suppliers, service providers and contractors to observe and demonstrate a similar commitment of ensuring and, where necessary, improving ethical practices locally and globally.
- ix. Promoting environmental sustainability by reducing wastage and climate impacts, limiting energy consumption and improving and procuring materials from renewable and sustainable sources.

An accompanying Toolkit is being created to support colleagues across the Council, particularly commissioners, procurement officers, and potential provider organisations in any sector ('providers') to contractually embed social value in how we achieve outcomes for local people, including the use of a measurement toolkit to enable us to value the things that matter to us in achieving our priorities and a mechanism to ensure that these are delivered.

## Ensuring Social Value is delivered

We will continue to encourage companies and organisations to provide opportunities directly where they can make an impact, and have a contract of the longevity and scale to deliver social value.

However, the introduction of the 'Social Value Fund' ensures that social value commitments that form part of the contract award are delivered.

During the lifetime of the contract, where particular Social Value commitments cannot be delivered the organisations contracting with us, subject to the agreement of the Council, will agree, in the first instance, a suitable alternative Social Value outcome.

At the end of a contract, if the agreed Social Value outcome(s) have not been delivered, at the discretion of the Council, a cash contribution to the Social Value Fund, for the value outstanding, may be agreed. This alternative will only be considered where it can be clearly demonstrated that all other options have been exhausted.

We will ensure that the spend from our Social Value Fund is linked to our social value core priorities and is relevant to the subject matter of contracts. Funding allocation will be determined by an appropriate steering group, that it is directed towards delivery of our social value core priorities.

Governance arrangements are to be agreed, in order to achieve transparency, and ensure accountability to all of our stakeholders, including our customers, contractors, suppliers, our partners and auditors. We will publish annually on our website, a list of spend summarising what projects and initiatives the Social Value Fund has been allocated towards.

## Achieving Our Aims and Objectives

In order to achieve our aims and objectives we will:

- a) Involve local people and organisations in determining social value outcomes by beginning engagement and/or consultation at the earliest possible opportunity in a commissioning process.
- b) At the beginning of every commissioning exercise service specifications and/or existing service designs will be analysed to identify the additional social value outcomes that could be sought. The Social Value Toolkit will guide the commissioners in determining the relevant and proportionate outcomes and outputs that meet the Council's key commitments in the Corporate Strategy.
- c) Ensure that Social Value is referenced within the [Bristol Local Plan](#) so that the wider community and social aspects of a development can be considered.
- d) The Council will also consider other social value vehicles, including social enterprise, mutual models and 'Reserving' contracts, where such arrangements may deliver even greater social value.

Procurements for certain service contracts may be 'reserved' to organisations and companies whose main aim is the social and professional integration of disabled or disadvantaged persons, where at least 30% of an organisation's employees or programmes are fulfilled by disabled or disadvantaged workers.



- e) A Social Value section will be included in the internal approval and governance process documentation in seeking approval to procure. In the exceptional circumstance where social value outcomes are not considered relevant and/or appropriate this will need to be recorded prior to approval being sought.
- f) Apply a methodology that ensures the importance of social value is considered 'in its own right'. Starting with 20% of the overall assessment being attributed to social value. This level of importance can be higher or lower, if after considering the contract and its subject matter, it is identified as needing to be appropriately adjusted, enabling Social Value to be proportionate and relevant in all contracts.
- g) Aim to spend at least 40% of the Council's total procurement budget with micro, small and medium size businesses, social enterprises and voluntary / community organisations.
- h) In order to better identify progress towards this target we will **expand our monitoring** to include the size, sector and location of the organisations that we commission, directly and indirectly (through the supply chain).
- i) Work with internal staff, the marketplace and communities to improve understanding of social value, our Policy and evaluation methods.

Social value will be considered during the commissioning cycle and procurement process of all contracts, including those that are below the EU or applicable Procurement Thresholds. Proportionate and relevant social value requirements will always be included in contracts.

Engagement with people and communities is vital to encourage innovation and ensure services are well designed for the people who use them.

Engaging and consulting at the earliest opportunity will enable us to find out what the potential additional social benefits could be and to learn about benefits that we may not have considered. Knowing what local providers can offer also avoids the Council asking for outcomes which are not relevant or proportionate to what their business or organisation can deliver. It also helps us to take into consideration the needs of smaller providers.

There is no 'one size fits all' model for achieving social value; it is an area where providers and commissioners nationally are learning about how best to achieve and evidence it. The aspirations of this Policy and the guidance within the Toolkit will continue to be informed by national developments and our local learning.

## Strategic Themes set out in our Corporate Strategy

| Theme                         | Outcomes   |
|-------------------------------|--|
| <b>Empowering and Caring:</b> | <ul style="list-style-type: none"> <li>• Communities and individuals are empowered</li> <li>• Independence is increased</li> <li>• Those who need it are supported</li> <li>• Children have the best possible start in life.</li> </ul>                    |
| <b>Fair and Inclusive:</b>    | <ul style="list-style-type: none"> <li>• Economic and social equality is improved</li> <li>• Economic growth which includes everyone, is pursued</li> <li>• People have access to good quality learning, decent jobs and homes they can afford.</li> </ul> |
| <b>Well Connected:</b>        | <ul style="list-style-type: none"> <li>• Bold and innovative steps to make Bristol a joined up city are taken</li> <li>• People are linked with jobs and with each other.</li> </ul>   |
| <b>Wellbeing:</b>             | <ul style="list-style-type: none"> <li>• Healthier and more resilient communities are created, where life expectancy is not determined by wealth or background.</li> </ul>   |

## Social Value and Equality

Where social value is considered as part of a commissioning exercise, the public sector Equality Duty will continue to apply. Full details of the Equality and Inclusion Policy and Strategy are available on the Council's [website](#). This means that equality will continue to be considered at every stage of the commissioning cycle, including consultation at pre-procurement stage. [The \(Public Services\) Social Value Act](#) and the [Equality Act](#) thus complement each other.

The public sector Equality Duty is defined by the Equality Act 2010. It requires public bodies to respect the needs of all individuals when shaping policy and delivering services. As part of this, public bodies must consciously consider protected characteristics such as age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, pregnancy and maternity, and marriage and civil partnerships.

The Equality Act requires that public bodies have due regard to the need to:

- a) eliminate discrimination;
- b) advance equality of opportunity; and
- c) foster good relations between different people.

These points link naturally to our social value aims and objectives which are set out in the Council's Corporate Strategy.

For example, the Corporate Strategy includes an 'Empowering and Caring' theme to 'work with partners to *empower communities and individuals*, increase independence and support those who need it'.

Other objectives, such as 'Fair and Inclusive', emphasise the improvement of economic and social equality, pursuing economic growth which *includes everyone* and making sure

people have access to good quality learning, decent jobs and homes they can afford.

It is thus a central aim of the Social Value Policy to promote positive equality outcomes.

## Implementation of the Policy

The implementation of the policy will require:

- a) Application of the accompanying Social Value Toolkit.
- b) Embedding processes for measuring impact on objectives.
- c) A programme of training and development for internal staff and the marketplace.

The **Social Value Toolkit** provides detailed guidance on the processes required to embed social value in how we achieve outcomes for local people. The Toolkit will continue to be developed in partnership with stakeholders.

We will use employee 'head count' to define micro, small, medium and large businesses and categorise these in the following way:

| Category | Number of Employees |
|----------|---------------------|
| Micro    | 0 – 9               |
| Small    | 10 – 49             |
| Medium   | 50 – 249            |
| Large    | 250+                |

We have used provider postcode data BS1 – BS16 to establish a baseline for local spend of £134m (38%) for 2017/18.

This can be analysed against spend and business / organisation size.

We will communicate the Policy to all internal staff, providers and partners and develop a **programme of training and development** to improve understanding of social value and our approach and practice.

This will include a specific focus on smaller providers and also seek to build social value commissioning expertise within evaluation panels and for the development of evaluation criteria.

## Evaluating Our Approach

We will evaluate the impact of this Policy to show how we are delivering on our aims and objectives. As part of this, we will conduct an annual review of the Policy and the way it is applied.

## Reviewing our Social Value Policy

We will produce a public report twice a year on the benefits secured through this Policy to the Resources Scrutiny Commission which is comprised of elected members.

This will provide an opportunity to adjust our approach as we learn from practice and feedback. The following information will be made available as part of the annual review:

- a) Collated performance monitoring information about all contracts delivering social value outcomes in the relevant financial year. This will include postcode data analysis of providers (both potential and successful) as well as feedback from providers, communities and other stakeholders.
- b) Total direct spend with micro, small and medium size businesses, social enterprises and voluntary / community organisations which demonstrates our performance against the 40% spending target.
- c) Evidence of how local people and communities have been involved in determining social value outcomes.
- d) Minimum one case study of a commissioning process where the social value policy has been applied.
- e) Analysis of how the policy benefits the local economy.

## Developing our methodology

There are many different metrics being used around the world to measure social value.

We will work with partners to further build our understanding of measurement techniques. This will involve working with colleagues across the Council, elected members, city partners and national groups to share expertise and best practice on social value evaluation.

We will continue to adjust our methods as we learn and will involve providers and communities in this process.

**With thanks to the Procurement, Contracts and Social Value Task and Finish Group, the Federation of Small Business and Voscur for their valuable contributions to the development of Bristol's Social Value Policy and Toolkits.**

**We would also like to thank all of the individuals, businesses and organisations that respond to our surveys.**

**For more information please contact:**  
[socialvalue@bristol.gov.uk](mailto:socialvalue@bristol.gov.uk)

### Documents available in other formats:

If you would like this information in another language, Braille, audio tape, large print, easy English, BSL video or CD rom or plain text please contact:  
0117 922 2726

# Decision Pathway – Report

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**PURPOSE:** For reference

**MEETING:** Cabinet

**DATE:** 22nd January

|  |  |  |  |
|--|--|--|--|
| <b>TITLE</b>   | <b>Local Government Association Corporate Peer Challenge Feedback Report and Action Plan</b> |  |  |
| <b>Ward(s)</b>   | N/A  |  |  |
| <b>Author:</b> Ben Mosley  | <b>Job title:</b> Head of the Executive Office   |  |  |
| <b>Cabinet lead:</b> Cllr Cheney   | <b>Executive Director lead:</b> Mike Jackson   |  |  |
| <b>Proposal origin:</b> <i>Other</i>   |  |  |  |
| <b>Decision maker:</b> Cabinet Member<br><b>Decision forum:</b> <i>Cabinet</i>   |  |  |  |
| <b>Timescales:</b> <i>Decision to note the findings of the LGA Peer review and implement the action plan to be made at cabinet on 22<sup>nd</sup> January.</i>   |  |  |  |
| <b>Purpose of Report:</b>  |  |  |  |
| <ol style="list-style-type: none"> <li>1. To note and endorse the recommendations of the Corporate Peer Challenge Feedback Report. To develop and implement an action plan to meet the recommendations as set out in the Feedback Report.</li> </ol>   |  |  |  |
| <b>Evidence Base:</b>  |  |  |  |
| <ol style="list-style-type: none"> <li>1. The Corporate Peer Challenge took place from 11 to 14 September 2018. The review was undertaken by a team of councillors and senior officers from local authorities around the UK who examined the council’s leadership, governance, financial planning and capacity to deliver its priorities.</li> <li>2. The review found that following a period of demanding change, the council has worked hard to put the building blocks in place for long term improvement, including: <ul style="list-style-type: none"> <li>• the establishment of a new Executive team structure, offering visible leadership and saving £1 million per year;</li> <li>• rigorous budget management and stronger financial grip, in line with recommendations in the council commissioned Bundred report (February 2017) and evidenced by its medium term financial plan;</li> <li>• A ‘One City’ approach and plan through which the council and city partners collectively express ambitions and priorities for Bristol up to 2050;</li> <li>• The City Leap Prospectus which has drawn interest from investors and innovators to join the council in building a city-wide sustainable energy system;</li> <li>• The Operations Centre which by co-locating traffic management, emergency control and First bus acts as the ‘brain of the city’;</li> <li>• accelerating Housing Delivery</li> <li>• The Smart City Bristol initiative which leverages technological know-how and infrastructure to support the city’s growth.</li> </ul> </li> <li>3. The Peer Challenge also noted that the council has more work to do to embed changes, consolidate emerging stability in the workforce and ensure there is consistency of learning and innovation across the organisation. The Corporate Peer Challenge Team has made 7 key recommendations to support BCC’s improvement journey (please see page 4 Appendix I).</li> </ol> |  |  |  |
| <b>Cabinet Member / Officer Recommendations:</b>   |  |  |  |
| <b>That Cabinet</b>  |  |  |  |
| <ol style="list-style-type: none"> <li>1. Note and agree the recommendations of the LGA Peer Review Corporate Peer Challenge as set out the in LGA Corporate Peer Challenge Feedback Report.</li> </ol>  |  |  |  |

2. Delegate authority to the Executive Director of Resources and Head of Paid Service, in consultation with the Deputy Mayor with responsibility for Finance, Governance and Performance to implement, amend and update the action plan (appendix A) based on the LGA's recommendations, which will be reviewed by Cabinet bi-annually.

**Corporate Strategy alignment:**

This proposal contributes to the following Corporate Strategy priorities / principles:

1. Redesign the council to work effectively as a smaller organisation
2. Equip our colleagues to be as productive and efficient as possible
3. Make sure we have an inclusive, high-performing, healthy and motivated workforce
4. Be responsible financial managers and explore new commercial ideas

**City Benefits:**

1. By embedding a strong performance culture to drive organisational change and to utilise the capacity BCC has to deliver better outcomes for the residents of Bristol.

**Consultation Details:** *None.*

|  |  |   |  |
|--|--|---|--|
| <b>Revenue Cost</b>                          | £ N/A  | <b>Source of Revenue Funding</b>                | N/A  |
| <b>Capital Cost</b>                          | £ N/A  | <b>Source of Capital Funding</b>                | N/A  |
| <b>One off cost</b> <input type="checkbox"/> | <b>Ongoing cost</b> <input type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input type="checkbox"/> |

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The plan contains actions that will lead to an upstream approach to improving resilience against financial shocks, central and local policy changes or demographic pressures and ensure the basic financial management systems are working effectively. Any resource implication associated with implementation of the actions will be met by existing budgets.

**Finance Business Partner:** Michael Pilcher, Monday 14<sup>th</sup> January 2019

**2. Legal Advice:** *There are no direct legal implications in this report. The feedback report and action plan will however, assist the Authority to meet its duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (Section 3 LGA 1999).*

**Legal Team Leader:** Nancy Rollason, Head of Legal Service 9th January 2019

**3. Implications on IT:** *There are no implications on IT in this report.*

**IT Team Leader:** Ian Gale – Monday 14<sup>th</sup> January 2019

**4. HR Advice:** *Employees make a critical contribution to the work of the City Council and they are at the heart of our improvement plans. We have now put in place our organisational improvement plan. This is aligned with our Corporate Strategy and the priorities highlighted in the Action Plan. Themes in the plan include Diversity and Inclusion, Health and Wellbeing, Performance Management, Pay and Policies and our Brand and recruitment. There are clear milestones in the improvement plan and these will be monitored and reviewed regularly.*

**HR Partner:** Mark Williams, Head of Human Resources. 9 January 2019

|  |              |                                |
|--|--------------|--------------------------------|
| <b>EDM Sign-off</b>                                | Mike Jackson | 18 <sup>th</sup> December 2018 |
| <b>Cabinet Member sign-off</b>                     | Craig Cheney | 10 <sup>th</sup> January 2019  |
| <b>CLB Sign-off</b>                                | Mike Jackson | 8 <sup>th</sup> January 2019   |
| <b>For Key Decisions - Mayor's Office sign-off</b> |              | 8 <sup>th</sup> January 2019   |

|   |            |
|---|------------|
| <b>Appendix A – Further essential background / detail on the proposal</b>       | <b>YES</b> |
| <b>Appendix B – Details of consultation carried out - internal and external</b> | <b>NO</b>  |

|  |            |
|--|------------|
| <b>Appendix C – Summary of any engagement with scrutiny</b>  | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>  | <b>NO</b>  |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>   | <b>NO</b>  |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>  | <b>NO</b>  |
| <b>Appendix G – Financial Advice</b>   | <b>NO</b>  |
| <b>Appendix H – Legal Advice</b>   | <b>NO</b>  |
| <b>Appendix I – Combined Background papers</b><br>Corporate Peer Challenge Bristol City Council Feedback Report<br><a href="https://www.bristol.gov.uk/documents/20182/3047181/Corporate+peer+challenge+feedback+report.pdf/1e18e6e6-e0c2-7cfc-6183-6c7ac6773f93">https://www.bristol.gov.uk/documents/20182/3047181/Corporate+peer+challenge+feedback+report.pdf/1e18e6e6-e0c2-7cfc-6183-6c7ac6773f93</a> | <b>Yes</b> |
| <b>Appendix J – Exempt Information</b>   | <b>NO</b>  |
| <b>Appendix K – HR advice</b>  | <b>NO</b>  |
| <b>Appendix L – ICT</b>  | <b>NO</b>  |

## Corporate Peer Challenge Bristol City Council Feedback Report Action Plan

### 1. Introduction

- 1.1 This Action Plan has been produced in consultation with the Local Government Association (LGA) and Bristol City Council's (BCC) Corporate Leadership Board following the publication of the LGA's Corporate Peer Challenge (CPC) Feedback Report in November 2018.
- 1.2 The aim of the Action Plan is to provide the framework for delivering the on the seven key recommendations as out in the LGA CPC Feedback Report (see Table 1, section 5 of this report).
- 1.3 There are actions for each of the recommendations identified, which have been allocated to BCC's Corporate Leadership Board for implementation.
- 1.4 This Actions Plan should be reviewed bi- annually by Cabinet with quarterly updates to be provided to the Deputy Mayor with responsibility for Finance, Governance and Performance.
- 1.5 This Action Plan should serve as the starting point for developing and influencing a wide range of projects across Bristol City Council. This document will contain actions that will be part of other projects due to be implemented in 2019 such as BCC's Organisational Improvement Plan.

### 2. Context

- 2.1 The LGA Corporate Peer Challenge was undertaken in September 2018 by a team of councillors and senior officers from local authorities around the UK who examined the council's leadership, governance, financial planning and capacity to deliver its priorities.
- 2.2 The team spent four days onsite at BCC, during which they:
  - spoke to more than 200 people including a range of council staff together with councillors and external partners and stakeholders
  - gathered information and views from more than 60 meetings, visits to key sites in the area and additional research and reading
  - collectively spent more than 460 hours to determine their findings – the equivalent of one person spending more than 13 weeks in Bristol.
- 2.3 The peers who delivered the peer challenge at Bristol City Council were:
  - Sir Steve Bullock, former Mayor of the London Borough of Lewisham
  - Carolyn Downs, Chief Executive, London Borough of Brent
  - Cllr John Lamb, Shadow Executive Member for Health and Wellbeing, Trafford Council
  - Cllr Joyce McCarty, Deputy Leader, Newcastle upon Tyne City Council
  - Anthony Payne, Strategic Director for Place, Plymouth City Council
  - Lynne Ridsdale, Director of HR & OD at Manchester City Council
  - Tasnim Shawkat, Bi-borough Director of Law, Royal Borough of Kensington and Chelsea and Westminster City Council
  - Guy Ware, Director of Local Government Performance & Finance, London Councils
  - Paul Clarke , Peer Challenge Manager- LGA
- 2.4 Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement.
- 2.5 The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing.
- 2.6 The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.



### **3. Scope and focus**

3.1 The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. These are the areas which the LGA believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

3.2 In addition Bristol City Council asked the LGA CPC team to address the following questions which the CPC team has sought to address within the body of the Feedback report:

1. Is BCC's vision and strategic direction of travel appropriate for achieving its aims and how well understood and embedded are they amongst colleagues and partners?
2. Is BCC well placed to maximise the benefits of partnership working as part of the proposed 'One City Approach'?
3. Is it appropriate and timely to reduce the burden on colleagues of a more restrictive 'compliance-based' operating culture?
4. In the context of continued financial pressure, are BCC's ambitions considered achievable and well-enough focused?

### **4. Next Steps**

4.1 BCC is keen to continue the relationship it has formed with the LGA throughout the peer challenge. BCC will update the LGA on progress it has made to meet the recommendations set out the CPC Feedback Report and outlined in this Action Plan.

4.2 LGA Corporate Peer Challenge Team will be invited back to Bristol City Council for a follow up visit. The purpose of the visit is to help the council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. It is expected that the follow up visit will take place in September 2019. This Action Plan will help form the basis for the follow up visit.

## 5. Key recommendations

5.1 Table 1 set out CPC team's 7 key recommendations to the council.

**Table 1: Key Recommendations**

| Recommendation | Description  |
|----------------|--|
| 1.             | The council should continue to implement its new cultural plans, values and behaviours and regularly review their impact (through for example staff surveys - with a view to improving the level of staff satisfaction with the council's leadership). This should include staff engagement and communication plans.   |
| 2.             | To ensure sufficient capacity, stability and help reinforce confidence of partners and staff, BCC should seek to complete as soon as is practicable the outstanding permanent appointments to the rest of its senior structure.  |
| 3.             | In collaboration with partners establish a narrative and plan which underpins the One City Approach: key stakeholders and BCC's staff, so that the One City Plan is known, understood and enacted.   |
| 4.             | Given that the mayoral model is still relatively new to BCC, there needs to be collective responsibility to make this work and BCC should review its governance arrangements to ensure they are more effective in enabling good decision making. Specifically addressing : <ol style="list-style-type: none"> <li>a. forward plan arrangements to make them more transparent and open, ensuring information is shared in good time and used responsibly by all</li> <li>b. structure, focus and impact of its Scrutiny arrangements</li> <li>c. the effectiveness of the application of its member and officer protocol</li> </ol>   |
| 5.             | The council should ensure it has in place an effective performance management framework and culture. As part of which it should specifically ensure: <ol style="list-style-type: none"> <li>a. all officers have a performance appraisal, starting from the very top of the organisation</li> <li>b. alignment between the One City Plan, BCC's new Corporate Strategy, MTFP, resourcing and delivery plans</li> <li>c. it regularly reviews delivery plans so that it maintains focus and pace in this area</li> <li>d. key performance issues for the council or across partnerships e.g. DToC, are flagged and then tackled</li> <li>e. there is an effective balance between empowerment and control: equipping, enabling and then holding to account managers to deliver the outcomes required of them</li> </ol> |
| 6.             | At this critical stage of change, BCC's top team of Mayor, Cabinet and Executive Directors should prioritise their own development and working practices so they set the tone for the council in terms of values, behaviours and focus on delivery of priorities.  |
| 7.             | The council needs to ensure it maintains a strong financial oversight and accountability. It must continue to develop its transformation plans and approaches to demand management so that its high level budget plans become detailed delivery plans which are credible and seen through.   |

## 6. Action Plan

6.1 It should be noted BCC is in the midst of establishing a new suite of strategic policies and is aware of the need of ensuring synergy between them all. This Action Plan refers to several documents that are due to be published in 2019 such as the Organisational Improvement Plan that contain actions which will, if delivered enable capacity covering: An empowering organisation, Diversity and inclusion, Performance and talent management, Workforce health and wellbeing, Structure, pay and policy, brand and recruitment.

6.2 Table 2 sets out the actions BCC will undertake in response to the recommendations made by the LGA Peer Review Team.

**Table 2: Action Plan**

| No. | Recommendation   | Action   | Time Frame  | Officer Responsible  |
|-----|--|--|---|--|
| 1   | The council should continue to implement its new cultural plans, values and behaviours and regularly review their impact (through for example staff surveys - with a view to improving the level of staff satisfaction with the council's leadership). This should include staff engagement and communication plans. | <ul style="list-style-type: none"> <li>To publish and implement BCC's Organisational Improvement Plan, which includes actions to continue to embed BCC's organisational values and behaviours through workshops and celebrating success; with values included in every process from recruitment through to annual reviews.</li> <li>Refresh and publish an Internal Communications and Engagement Strategy, which is aligned to the council's Corporate Strategy priorities and values. Improve the cascade of strategic updates.</li> <li>Run an annual staff survey and feedback mechanism to measure awareness, engagement and wellbeing of staff.</li> </ul> | <p>January 2019</p> <p>May 2019</p> <p>March 2019 and annually thereafter</p> | <p>Mike Jackson/John Walsh</p> <p>Tim Borrett</p> <p>Mike Jackson/John Walsh</p> |

|   |   |  |   |  |
|---|---|--|---|--|
|   |   | <ul style="list-style-type: none"> <li>All performance reviews assess how values are understood and applied. To bring the values to life, BCC to produce case studies on each value demonstrating how the values have been implemented in the work place.</li> </ul>   | Annually  | John Walsh   |
| 2 | To ensure sufficient capacity, stability and help reinforce confidence of partners and staff, BCC should seek to complete as soon as is practicable the outstanding permanent appointments to the rest of its senior structure. | <ul style="list-style-type: none"> <li>Head of Paid Service confirms senior leadership structure</li> <li>Senior Leadership Structure to be published on the source.</li> <li>Increase visibility of BCCs Corporate Leadership Board and Directors among the workforce and elected members. To host a 'market stall – meet the directors' event for workforce and elected members.</li> </ul>                                  | <p>November 2018</p> <p>December 2018</p> <p>March 2019</p> | <p>Mike Jackson</p> <p>Mike Jackson</p> <p>Mike Jackson/John Walsh</p> |
| 3 | In collaboration with partners establish a narrative and plan which underpins the One City Approach: key stakeholders and BCC's staff, so that the One City Plan is known, understood and enacted.                              | <ul style="list-style-type: none"> <li>Design and implement the One City Governance Structure and launch of One City Plan.</li> <li>Internal and External communications strategy to support promotion of One City Plan going forward, including regular updates and workshops for BCC colleagues to increase awareness.</li> <li>Design and launch an Economy Board with key stakeholders to focus on 'good growth</li> </ul> | <p>January 2019</p> <p>March 2019</p> <p>April 2019</p>     | <p>Tim Borrett</p> <p>Mike Jackson/Tim Borrett</p> <p>Tim Borrett</p>  |

|    |   |   |  |  |
|----|---|---|--|--|
|    |   | <p>for Bristol?'</p> <ul style="list-style-type: none"> <li>OSM members to be updated on the progress of One City Approach including Action Plan on the 17th January 2019. One City Approach to be part of the ongoing scrutiny programme.</li> </ul>   | January 2019   | Tim Borrett/Andrea Dell  |
| 4a | <p>Given that the mayoral model is still relatively new to BCC, there needs to be collective responsibility to make this work and BCC should review its governance arrangements to ensure they are more effective in enabling good decision making. Specifically addressing :</p> <p>a. forward plan arrangements to make them more transparent and open, ensuring information is shared in good time and used responsibly by all</p> | <ul style="list-style-type: none"> <li>Design and implement a new approach to Mayor's Forward Plan to include a 12 month forward view of items expected to come to Cabinet.</li> <li>Supporting documents to be published with Mayor's Forward Plan to ensure information is shared in good time.</li> <li>Design and implement a new Key Decision Making Pathway to enable good decision making.</li> <li>Review the procedure regarding exempt materials and update guidance for members. Briefings and development session to be offered members.</li> </ul> | <p>December 2018</p> <p>December 2018</p> <p>February 2019</p> <p>April 2019</p> | <p>Mike Jackson/ Ben Mosley</p> <p>Mike Jackson/ Ben Mosley</p> <p>Mike Jackson/Tim O'Gara/ Ben Mosley</p> <p>Tim O'Gara</p> |
| 4b | Structure, focus and impact of its Scrutiny arrangements  | <ul style="list-style-type: none"> <li>LGA to be invited to provide further training for all members on good scrutiny.</li> <li>Review structure and work programme of</li> </ul>   | <p>May 2019</p> <p>May 2019</p>  | <p>Elected Members/Lucy Fleming</p> <p>Elected Members/Lucy Fleming</p>  |

|    |  |   |  |   |
|----|--|---|--|---|
|    |  | <p>Scrutiny Commissions and ways of working.</p> <ul style="list-style-type: none"> <li>Members to be offered additional briefings on WECA and its role with BCC and the wider region. Updates to be provided as requested.</li> </ul>  | On going   | Mike Jackson  |
| 4c | the effectiveness of the application of its member and officer protocol  | <ul style="list-style-type: none"> <li>Review the Member Officer Protocol and guidance for members. Member briefings and development session to be offered by the monitoring officer.</li> <li>Members in consultation with Democratic Services to design and implement a comprehensive induction programme for the 2020 cohort of new councillors.</li> <li>Members to be offered briefing on the corporate values.</li> </ul>   | <p>April 2019</p> <p>December 2019 (Implementation May 2020)</p> <p>April 2019</p> | <p>Tim O’Gara/Lucy Fleming</p> <p>Elected Members/Lucy Fleming</p> <p>Steph Griffin</p> |
| 5a | The council should ensure it has in place an effective performance management framework and culture. As part of which it should specifically ensure:<br>a. all officers have a performance appraisal, starting from the very top of the organisation | <p>As set out in greater details in BCC’s soon to be published Organisational Improvement Plan:</p> <ul style="list-style-type: none"> <li>Design and implement a new Performance Management and Talent Pipeline Strategy – to facilitate good quality performance management, set clear objectives linked to BCC’s Corporate Strategy, organisational leaders and managers reflect the diversity of the city and reflect on how our organisational values are being demonstrated.</li> </ul> | Starting February 2019 and incremental to April 2020                               | Mike Jackson/John Walsh   |

|    |  |  |  |  |
|----|--|--|--|--|
|    |  | <ul style="list-style-type: none"> <li>• Design and deliver a senior leadership development programme for the council's 1<sup>st</sup> and 2nd tier Directors.</li> <li>• Design and deliver a senior leadership development programme for 3rd tier managers (such as Heads of Service). Performance reviews confirm all senior leaders visibly demonstrate our values and leadership qualities – and a development plan in place for any gaps.</li> <li>• Pilot and roll-out a new 360 degree feedback review programme for senior leaders. Managers and directors use feedback to create their personal development plan – measured through performance review scores</li> </ul> | <p>Launch April 2019</p> <p>Starting February 2019 - incremental until April 2020</p> <p>Starting February 2019 - incremental until April 2020</p> | <p>Mike Jackson/John Walsh</p> <p>Mike Jackson/John Walsh</p> <p>Mike Jackson/John Walsh</p> |
| 5b | alignment between the One City Plan, BCC's new Corporate Strategy, MTFP, resourcing and delivery plans | <ul style="list-style-type: none"> <li>• Policy Team to refresh Corporate Strategy in the context of the One City Plan approach.</li> </ul>  | March 2019   | Tim Borrett  |
| 5c | it regularly reviews delivery plans so that it maintains focus and pace in this area                   | <p>As set out in greater details in BCC's soon to be published Organisational Improvement Plan:</p> <ul style="list-style-type: none"> <li>• Refresh Equalities Strategy and Policy.</li> <li>• Design and deliver a programme of activity to improve recruitment and retention of underrepresented groups</li> </ul>  | <p>December 2018</p> <p>Starting January 2019</p>  | John Walsh   |

|    |   |  |  |   |
|----|---|--|--|---|
|    |   | <ul style="list-style-type: none"> <li>All services have a workforce plan in place, aligned to the annual business planning cycle.</li> <li>Develop and implement a Corporate Workforce Plan.</li> </ul>   | <p>Starting January 2019</p> <p>Starting January 2019</p>                      |   |
| 5d | key performance issues for the council or across partnerships e.g. DToC, are flagged and then tackled   | <ul style="list-style-type: none"> <li>Ensure that key performance issues are appropriately highlighted and addressed through regular performance reporting to cabinet.</li> </ul>   | Ongoing  | Tim Borrett   |
| 5e | there is an effective balance between empowerment and control: equipping, enabling and then holding to account managers to deliver the outcomes required of them  | <ul style="list-style-type: none"> <li>Introduce a 'first steps to leadership' programme to cover the main principles of leadership and Bristol City Council policies and processes.</li> <li>Design and implement a new way of recognising and rewarding success, sharing learning and celebrating colleague achievements.</li> </ul> | <p>September 2019</p> <p>September 2019</p>                                    | <p>John Walsh</p> <p>John Walsh</p>                     |
| 6  | At this critical stage of change, BCC's top team of Mayor, Cabinet and Executive Directors should prioritise their own development and working practices so they set the tone for the council in terms of values, behaviours and focus on delivery of priorities. | <ul style="list-style-type: none"> <li>Organise a series of away days with the Mayor, Cabinet members and Executive Directors.</li> <li>Design and deliver a senior leadership development programme for the council's 1<sup>st</sup> and 2nd tier Directors.</li> </ul>   | <p>Starting January 2019</p> <p>Starting February 2019, ongoing thereafter</p> | <p>Mike Jackson</p> <p>John Walsh</p>                   |
| 7  | The council needs to ensure it maintains a strong financial oversight and accountability. It must continue to   | Adopt an upstream approach to improving resilience against financial shocks, central and local policy changes or demographic pressures and ensure the  | Ongoing  | <p>Denise Murray</p> <p>Denise Murray /Colin Molton</p> |



|  |   |  |   |  |
|--|---|--|---|--|
|  | <p>develop its transformation plans and approaches to demand management so that its high level budget plans become detailed delivery plans which are credible and seen through.</p> | <p>basic financial management systems are working effectively:</p> <ul style="list-style-type: none"> <li>• Develop a MTFP and corresponding budget for approval that creates a stable medium term planning platform to enable sufficient development of the actions necessary to ensure the agreed savings can be delivered.</li> <li>• Ensure that the financial framework that underpins the revised Financial Regulations (approved by Council May 2018) is refreshed, fully documented, widely communicated and published on the Source.</li> <li>• Improvements to the process of capital programme development, governance and accountability arrangements through Quarterly CLB review, monthly delivery challenge - Housing, Property and Growth &amp; Regeneration Board, with the tracking of delivery to be overseen by Delivery Executive.</li> </ul> | <p>February 2019</p> <p>September 2019</p> <p>March 2019 and Ongoing thereafter</p> | <p>Denise Murray</p> <p>Denise Murray</p> <p>Denise Murray</p> |
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# Corporate Peer Challenge **Bristol City Council**

*11 -14 September 2018*

Feedback Report

# 1. Executive Summary

Bristol City Council (BCC) is laying the foundations to underpin its improvement journey. The ambitious and collaborative leadership the Mayor has shown for the city is warmly welcomed by the council's partners. BCC has recently appointed a new senior officer leadership team which collectively has the potential to set a positive direction for the council's workforce. Two years ago the council was facing a funding crisis and commissioned an external review to assess its root causes and make recommendations to address them. Two years on the council's financial management and grip is stronger. Overall, BCC's 'green shoots' of improvement are visible but there is much more to do in order to turn that potential into reality. The council's leadership now needs to ensure it delivers, at pace, the agenda required to match the ambitions the Mayor and city partners are setting.

The sense of ambition for Bristol as a city is clearly evident and many stakeholders we spoke with talked variously about their hope and optimism for the future. The Global Parliament of Mayors, soon to be hosted by Bristol is evidence of this - Bristol rightly wants to position itself not just on a national but international stage too. Furthermore, the Mayor is setting a new tone for leadership within the city – working with partners to set a collaborative vision and new direction for Bristol, and one in which he is determined that BCC plays a full part. This is reflected in the developing 'One City Approach', and soon to be launched plan where partners are collectively starting to express ambitions and priorities for Bristol up to 2050. It will be important that as well as council partners, BCC's own members and officers are fully aware of and engaged in this so it is as successful as possible.

The churn in the senior officer's team in recent years at BCC has diluted both its managerial leadership capacity and impact, resulting in a significant void in terms of driving forward the council's plans. This has now been addressed proactively through the appointment of a new Executive Director team. This team are offering much needed leadership to the council's workforce. They have adopted and demonstrated daily the core values BCC has set for its staff. This refreshing new style must be allowed to prosper.

Even amidst the difficult period BCC has gone through, it has sought to be an outward-looking council with pockets of genuine innovation and this is something to be celebrated. Recent evidence, for example through its 'City Leap' prospectus, which issued a call to investors and innovators to join the council to build a city wide sustainable energy system, shows that this will continue. The fact that the council has seen a significant number of responses to this is an indication of the confidence that people have in the city and council. However, it also exemplifies a core and on-going challenge for BCC, which is how it best responds, acts upon and delivers change. This theme of effective response should be an area of significant focus for the council. In the past its delivery has not always matched its ambition, indeed it often lagged some way behind.

The council is seeking to engage the communities that make up Bristol in new and different conversations. This involves BCC discussing with them realistically the role of a council in a modern city, where public finances need to be targeted more carefully than ever before. The council is asking how it might support the growth in capacity and resilience of communities and as part of that move away from paternalism and delivery.

These are signs of an increasingly confident council and one that is becoming clearer about its own future role.

We found many initiatives in train or planned which have the potential to create an environment where BCC can lead and enable significant change for the city. However, some of these are in their infancy and the peer team recognise that several are in their early stages of development and implementation. We are confident the council is now on the right path and it should now consolidate and deliver the changes that all stakeholders we spoke with support, and do so at an accelerated pace. The pace of change is important. One stakeholder reflected the views of others, when they told us that BCC had 'lost a year', as a consequence of the inertia created by, amongst other things, a lack of officer leadership. Consequently delivery at pace and the demonstration of tangible achievements on the ground should be a key demand the council makes of itself.

Now more than ever the council needs clarity, certainty and stability, especially within its Executive Director team and in the top three tiers of senior management. BCC has many impressive officers at a senior leadership level but there remains a significant number who are interim; this does not help effective partnership working and it will slow both confidence and delivery if not addressed. We witnessed the good relationships BCC has with partners but those partners told us they desperately need 'anchor points' to connect them to BCC – it is as simple as people in partner agencies having steady and confident relationships with people in BCC they know and trust.

Trust and relationships within and across 'system leadership' in the city is key if Bristol is to live up to the ambitions of its One City Approach. There are challenges for certain parts of the public sector leadership in the city, for example, the performance in respect of Delayed Transfer of Care across Bristol is disappointing and begs questions about the effectiveness of the collective arrangements that partners, including BCC, have in place to address it. It is important that BCC, firstly for itself, but also with partners embeds a performance management and development culture so that they are collectively 'on top' of the delivery of the One City priorities.

BCC has a leadership challenge in relation to its own workforce. The findings of the last staff survey in 2016 were telling, with 46% of respondents thinking that the Senior Leadership Team did not provide good leadership. Some basic and core building blocks, such as completed appraisals for all senior leaders being delivered will be signs of change where accountability, responsibility and the ownership of change will be visible. It is important that such change happens so the organisation as a whole can see that performance matters and this should start from the top.

As part of the drive for improved performance it struck the peer team that now was an ideal time to 'grow' and develop BCC's top leadership team (politicians and officers). We found good relationships and a sense of joint purpose across this group. With new people in role, and with the level of ambition clearly identified, the new political and managerial leadership team needs to invest both time and energy in order to establish strong, sustainable and effective working relationships.

Not all of the political management arrangements the council has in place are as effective as they should be. The Mayoral model is relatively new and is neither fully understood nor

accepted by some councillors. At times this is coupled with a lack of co-operation and on occasions a flavour of mistrust across the political system. Given the ambition referred to, if this is not addressed it will continue to slow down progress. This can be seen, for example, in Scrutiny, where the impact of the function is limited. The limitations arise from the politicisation of issues and we were repeatedly told of some challenge of officers which may 'cross the line' of appropriate behaviour by councillors. For scrutiny to be truly effective it is important that officers can attend and feel able to be open with councillors. There is, therefore, work for the council to do to address improvements in these arrangements so that its governance enables better decision making.

The council's recent history of failings in the management of its finances and associated lack of confidence have been the subject of public reporting. Two years on the council is putting its house in order and has employed competent financial expertise to help it do so. It is now setting a realistic medium term financial plan and has better grip, based upon improved financial stewardship. A key job will be to take these high level budget plans, align them to the new Corporate Strategy and flesh out costed delivery plans to ensure that this promising base bears fruit.

Perhaps understandably, given the previous concerns over financial management and accountability, BCC has adopted very tight and strict controls. Now is the time to review this, especially given messages around delivery. A balance around compliance and empowerment needs to be struck throughout the council, as we found that BCC is undoubtedly process heavy and one stakeholder echoed the views of many, 'at BCC there is a form for everything'. As BCC improves and matures it will be important that its controls are reviewed, so that it rebalances the relationship between compliance and empowerment and develops new, more effective systems, to ensure its managers deliver against those expectations.

We found much innovation and learning across BCC; the impressive Operations Centre, with ambitions to become the 'brains of the city' is evidence of this. Yet, despite such innovation we also found that learning was not endemic across the council. Time and again we heard from managers and staff that they learn from their mistakes but the same mistake could easily happen again elsewhere. This is something that must be addressed if BCC is to become a cutting edge local authority and truly become a learning organisation.

Bristol strives to be an inclusive city and BCC's ambitions reflect this. This aspiration we heard strong and clear and the inspiring vision the council is helping create for the city, around inclusive growth, is evidence of this. However, the current reality in terms of BCC's workforce composition demonstrates that it although it is making progress it needs to strive further and harder to ensure its staff group reflect the diversity of the city, especially at senior officer level, and that this is measured against the whole population and not only the 'economically active' population.

The council is now in a stronger position to take the critical decisions the city of Bristol needs to fulfil its exceptional potential. BCC's political and managerial leaders need to continue on that trajectory and build momentum and pace. If they do so they will shift a long held perception that the council has, as one stakeholder said, 'for many years punched below its weight'. If BCC builds upon the foundations it is establishing then such

perceptions will be replaced by belief, hope and trust in the council and its leadership - and it will lead to real change for Bristol.

## 2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the council:

1. The council should continue to implement its new cultural plans, values and behaviours and regularly review their impact (through for example staff surveys - with a view to improving the level of staff satisfaction with the council's leadership). This should include staff engagement and communication plans.
2. To ensure sufficient capacity, stability and help reinforce confidence of partners and staff, BCC should seek to complete as soon as is practicable the outstanding permanent appointments to the rest of its senior structure.
3. In collaboration with partners establish a narrative and plan which underpins the One City Approach: key stakeholders and BCC's staff, so that the One City Plan is known, understood and enacted.
4. Given that the mayoral model is still relatively new to BCC, there needs to be collective responsibility to make this work and BCC should review its governance arrangements to ensure they are more effective in enabling good decision making. Specifically addressing :
  - a. forward plan arrangements to make them more transparent and open, ensuring information is shared in good time and used responsibly by all
  - b. structure, focus and impact of its Scrutiny arrangements
  - c. the effectiveness of the application of its member and officer protocol
5. The council should ensure it has in place an effective performance management framework and culture. As part of which it should specifically ensure:
  - a. all officers have a performance appraisal, starting from the very top of the organisation
  - b. alignment between the One City Plan, BCC's new Corporate Strategy, MTFP, resourcing and delivery plans
  - c. it regularly reviews delivery plans so that it maintains focus and pace in this area
  - d. key performance issues for the council or across partnerships e.g. DToC, are flagged and then tackled
  - e. there is an effective balance between empowerment and control: equipping, enabling and then holding to account managers to deliver the outcomes required of them
6. At this critical stage of change, BCC's top team of Mayor, Cabinet and Executive Directors should prioritise their own development and working practices so they set the tone for the council in terms of values, behaviours and focus on delivery of priorities.
7. The council needs to ensure it maintains a strong financial oversight and accountability. It must continue to develop its transformation plans and approaches to demand

management so that its high level budget plans become detailed delivery plans which are credible and seen through.

### **3. Summary of the Peer Challenge approach**

#### **The peer team**

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Bristol City Council were:

- Sir Steve Bullock, former Mayor of the London Borough of Lewisham
- Carolyn Downs, Chief Executive, London Borough of Brent
- Cllr John Lamb, Shadow Executive Member for Health and Wellbeing, Trafford Council
- Cllr Joyce McCarty, Deputy Leader, Newcastle upon Tyne City Council
- Anthony Payne, Strategic Director for Place, Plymouth City Council
- Lynne Ridsdale, Director of HR & OD at Manchester City Council
- Tasnim Shawkat, Bi-borough Director of Law, Royal Borough of Kensington and Chelsea and Westminster City Council
- Guy Ware, Director of Local Government Performance & Finance, London Councils
- Paul Clarke, Peer Challenge Manager- LGA

#### **Scope and focus**

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?

4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

As part of the above the council, were keen that the Corporate Peer Challenge (CPC) helped them address the following questions which the team has sought to address within the body of the main report:

- Is BCC's vision and strategic direction of travel appropriate for achieving its aims and how well understood and embedded are they amongst colleagues and partners?
- Is BCC well placed to maximise the benefits of partnership working as part of the proposed 'One City Approach'?
- Is it appropriate and timely to reduce the burden on colleagues of a more restrictive 'compliance-based' operating culture?
- In the context of continued financial pressure, are BCC's ambitions considered achievable and well-enough focused?

### **The peer challenge process**

It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent four days onsite at Bristol City Council, during which they:

- spoke to more than 200 people including a range of council staff together with councillors and external partners and stakeholders
- gathered information and views from more than 60 meetings, visits to key sites in the area and additional research and reading
- Collectively spent more than 460 hours to determine their findings – the equivalent of one person spending more than 13 weeks in Bristol.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (11 – 14 September 2018). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its



nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

## 4. Feedback

### 4.1 Understanding of the local place and priority setting

Bristol City Council (BCC) has a good understanding of the challenges for Bristol and the extraordinary opportunities it offers. It utilises a good evidence base to underpin this, from State of the City Key Facts to Ward Profiles and undertakes a wide range of engagement activities directly with communities. To further inform and guide that understanding, the council, led by the Mayor, has been a driving force behind a revitalised One City Approach for Bristol, drawing together business, public and voluntary sector partners to know, understand and then collectively establish ambitions and priorities for Bristol to 2050.

The solid foundations referred to above have helped create a clarity of understanding of what is important for Bristol and why. This has informed the council's view of how it might best respond which is reflected in a new Corporate Strategy 2018 -23. This puts in place a clear vision for the council and core themes for itself to prioritise: empowering and caring, fair and inclusive, well connected and wellbeing. These are underpinned by principles about the way the council will undertake its business and associated values and behaviours to help steer and guide the organisation. This approach is refreshing and welcomed by the council's staff, but it is new and needs to be rolled out, communicated well and then delivered upon.

A key change in recent years is the way the council, led by the Mayor, is seeking to engage differently with its partners and communities. This is perhaps best shown in the way that council has, often leading from behind, been the key driving force behind developing the 'One City Approach', through a route of 'convene and ask' rather than 'lead and tell'. This may have taken longer for the partnerships and priorities to establish themselves but they have created a foundation of trust and engagement through which they are likely to be collectively owned.

The council seeks to reflect the needs and ambitions of Bristol as an international and inclusive city and, in certain areas, is now moving at pace. For example, it is seeking to 'up its game' in respect of accelerating housing delivery for the city and is prepared to be less risk averse and more dynamic in its pursuit of that priority. The forthcoming Bristol Housing Festival, epitomises this – BCC is driving a collaborative partnership agenda to promote innovative solutions designed to accelerate the delivery of quality, affordable housing. In this and associated areas, notably smart cities, Bristol is leading the way. The challenge for BCC is to demonstrate that same determination to deliver on the ground across its range of priorities.

The council is seeking to have a 'new' and more mature dialogue with its communities about its role and purpose and it should continue to do so. That is underpinned by the council's aim to establish sustainable communities moving away from a dependency culture and a default to BCC, to one which creates space for innovation and communities to take the lead. In the same way as the council's 'convene and ask' approach is driving change at a strategic level across the city, this approach is taking hold at a local community level too and it is evidence of a council seeking to know and respond to support its communities priorities as a true place shaper. While such approaches are welcomed it is important that the council engages more effectively with

some key groups. For example, the council's Citizens Panel was not always as well sighted at it might be on changes. In the peer teams view this panel, which needs to reflect the city's diverse communities, may be a useful resource for helping to shape the style of community wide messages and advice on the style of consultations but its potential is not being exploited to the full.

## **4.2 Leadership of Place**

The Mayor is respected and trusted by partners and staff at the council and is setting the tone for collaboration across city leaders. That 'One City Approach' for Bristol has been fostered through significant engagement exercises with over 375 stakeholders. It is positive and refreshing as it is setting out a longer term vision for the city up to 2050 and is clearly not dominated by immediate and short term political cycles, timescales and ambitions. As one stakeholder said 'We need a plan for Bristol for the long term', and this is indeed what is being sought through this new approach.

That collective ambition is underpinned by a determination to drive improved outcomes for residents around seven overarching outcomes, which by 2050 will make tangible improvements for everyone in Bristol, for example, by giving people the opportunity to live in an affordable home that meets their needs within a thriving and safe community. Our main advice is that as the 'One City Plan' is rolled out that it will benefit from a strong narrative to back it up, so it is presented in a clear and practical way and avoids being all things to all people. As part of this, and reflecting the views we heard from many stakeholders, it will benefit from striking a balance between long term ambition and short (1-2 years) and medium (3-5 years) visible delivery on the ground. Giving more specific detail will give confidence to people that they will become a reality (seeing is believing)

The Corporate Leadership Board in the council is newly formed and provides a platform to help BCC achieve its ambitions, within the context of the One City Approach and overall leadership of place. They provide the strategic officer direction for the council but they equally have the wherewithal to create an environment for the more effective delivery of priorities. There was a strong recognition of the benefits and improvements this new group has the potential to create by all the staff with whom we spoke. As such it is a strong lever to drive change.

Those levers of change need to positively foster and spread the narrative and plan referred to above. As part of this, the One City Approach and BCC's own leadership of Place needs to reflect the priorities for the city's growth and regeneration ambitions but equally reflect and help embed the wider communities' agenda. This can best be achieved through alliances with key stakeholders, for example the Universities and health partners, so complimentary priorities which stimulate growth, jobs and health are effectively joined-up and delivered. BCC and indeed other strategic partners have significant assets at their disposal, both physical and non-physical. The delivery of the city's growth and regeneration priorities should look to maximize the use of those assets where appropriate to support deliverable propositions.

That potential for more effective leadership needs to be harnessed and improved in two key ways. Firstly, in terms of partners, we gained a clear view that whilst relationships are improving and the intent behind them is positive, everyone we spoke with said that understanding of joint priorities was not always clear, that delivery was often slow and impact not always evident. Indeed, BCC will need to build upon ways through which they can more effectively bring partners along with them. Secondly, in terms of BCC's own workforce the theme is the same - we believe greater buy-in, support, and commitment for the One City Approach and indeed the council's own Corporate Strategy needs to be garnered, in particular at the third tier where a consideration of appropriate resources is clearly required so that the priorities of the city and the council can be delivered.

Bristol is a city of innovation and in respect of this BCC is pushing boundaries. There are many examples including the council's Operations Centre, which hosts the 'First Bus Company' in its midst (the increase in use of public transport, year on year by 10% is bucking the national and international trend and others could learn from the approach). Furthermore, the Smart City Bristol initiative provides a massive opportunity to leverage tech know-how and infrastructure to support the city's growth. In addition it is evident that such positive conditions have led to greater confidence from investors, witnessed by the response to City Leap Prospectus aimed at attracting partners in a city-scale low carbon, smart energy infrastructure programme. It is self-evident that there has been a shift in culture and there exists real ambition to push out ideas and become bolder - BCC is really trying to be a catalyst for change.

Within the wider geography, Bristol is part of the West of England Combined Authority (WECA) and we came across a general view that relationships at a senior level are improving and there is recognition of the role and benefits that will flow from being part of the Combined Authority. This will need to be reflected at all levels within the council and across the political arena. The combined authority is a relatively new construct and ensuring that internal and external parties fully understand what it means for how work is done on strategic matters will be critical if it is to achieve its maximum potential. The role of the dominant city in a CA always creates tensions and this is the case in Bristol. Therefore, a clear understanding of the powers of WECA would be beneficial in developing the relationship further. Bristol has a large role to play in making the combined authority work and can ensure that a lot of its technical expertise can support the WECA agenda e.g. excellence in areas such as housing and energy. Structures already in place to support these agendas could be utilised beneficially to expand work across the wider geography and will help guard against the occasional view expressed that BCC was trying to take over the agenda of the wider area.

### **4.3 Organisational leadership and governance**

The Mayor's approach has provided clear leadership and a sense of direction. It has won the hearts and minds of stakeholders as they are engaged in shaping Bristol's future in terms of the 'One City Approach and Plan'. There are infrastructure, resources and governance in place or being established to oversee the new One City Approach, for example a City Office and a City Fund and BCC has been instrumental in the development and drive behind all of this. The key task as always is to communicate

these changes across the partnership spectrum and engage people well in the developing that infrastructure to its maximum potential – some partners told us that this had not worked as well as it might have done to date, specifically in relation to the organisation of arrangements to work within the City Office and this may be worthy of reflection. In terms of BCC specifically, it has a responsibility to ensure the approach is shared more widely with its own staff, as at present it is not as socialised as it might be. The roll out of the council's own Corporate Strategy provides an ideal opportunity to do so.

The new Head of Paid Service and Executive Director team are welcomed and very well regarded by everyone with whom we spoke. These appointments will be crucial to the renewal of BCC's fortunes. They provide a new beginning and a platform for the stability of leadership that BCC's workforce needs. The opportunity should be grasped for the Mayor, his Cabinet and that team to both formally and informally establish strong working relationships. Providing space and time to develop themselves will be important, and create a great opportunity to strengthen collaborative member-officer leadership of the council. This is important since the collective strength of officer and member leadership at BCC has not as been as effective, in the past, as it should have been.

Between members and officers, for the most part we saw and heard about respectful relationships. However, this was not universally so and in some areas we heard examples where the opposite was true. BCC has this year sought to direct attention to reviewing its protocol and using the opportunity of the development of the new values and behaviours to undertake development with the senior officers within the council. The council has a Member Development Steering Group which has prioritised the need for similar training for Members. The peer team would endorse this as an effective way of ensuring the council's values are shared, owned and understood across the political as well as officer side of the council.

It is important that BCC members take opportunities like the one outlined above as they help to build more effective relationships across the political spectrum. Like many councils, there is political tension at BCC which manifests itself in a number of ways. For example, the Mayoral model is still relatively new to BCC and more time and effort needs to be taken by party leaders, the Mayor, and all members to make that work better for the benefit of the citizens of Bristol, and in the interests of good governance and decision making. All sides should positively utilise the learning arising from the experiences they gain to improve matters, for example the judicial review decision in respect of reduction in SEND funding could possibly be an area where BCC may wish to reflect whether, if its political management arrangements worked more effectively, the matter may have been better executed.

There are approaches that are reflective of good practice, openness and transparency at BCC. For example, we heard that the Mayor actively facilitates debate and questions from Members at Cabinet and there is delegated decision making from him to his cabinet. This demonstrates openness, inclusivity and distributive accountability. However, in the lead up to Cabinet decisions we also heard about a de minimis approach to forward planning and sharing of information in good time, which whilst it is within procedure is not necessarily within the spirit of good governance and decision

making. Collectively across the political spectrum, there has to be a strong sense of responsibility in terms of managing matters of sensitivity and confidentiality, and we would advise that the Mayor and Group Leaders reflect on how they all might improve arrangements in this area.

It is positive that opposition members chair scrutiny and can often be a sign of political maturity. However, we heard from nearly all those stakeholders we spoke (irrespective of political colours), that scrutiny is too often seen as a place for political point-scoring. We were told that at times some members may have crossed a line of appropriate challenge to officers. It is crucial that officers are both encouraged and enabled to be open and challenged appropriately, as the absence of this is not helping good governance.

The council has invested in training and development for scrutiny members and is rightly keen to strike that important balance to get the most effective value from scrutiny, including how the function can more effectively undertake policy development, pre decision scrutiny and post decision scrutiny. We believe building upon the recent masterclasses, there is an opportunity to revisit with purpose how BCC makes the best use of its scrutiny arrangements and as part of this establish a more strategic work programme, based upon improved knowledge, understanding and engagement around improved access to a longer term forward plan.

#### **4.4 Financial planning and viability**

The council's financial management has improved significantly since the independent report of February 2017. That report highlighted a range of issues including a failure of the Single Change Programme to realise savings and poor practices in terms of reporting accurate and timely budget monitoring information. In contrast there is now much more of a financial grip at BCC and the necessary expertise and competence in the financial team. However, as previously highlighted a number of key senior roles, in this case in audit, financial and risk management are filled by interim post holders. It is essential that the council appoints permanent postholders urgently. That said, overall we found more robust corporate ownership and better accountabilities in place for finance. The budget outturn for 2017/18 was a £300k underspend and the council is on track to complete all 85 recommendations arising from the independent report – it is clear that things are improving.

There is now more effective budget reporting and monitoring than was previously the case. The council produces regular monitoring reports that use risk ratings and key performance data effectively to highlight budget variances and identify the mitigating actions required. Aligned to this there is also a coherent medium term financial plan 2017-2022, with a clear line of sight to the end of that period. We saw evidence of developing but, importantly, realistic plans to bridge the necessary funding gap of £46.7m covering the lifetime of the plan. The MTFP and its progress is overseen by a 'Delivery Executive', comprising senior officers and cabinet members and as a consequence it is clear that there is now far more rigour in the way BCC manages its finances.

There are opportunities to further secure and sustain the council's financial future, of which BCC is aware and on which it is capitalising. It has a relatively strong asset and resource base including an extensive property portfolio and relatively robust revenue reserves. In line with its Corporate Strategy priorities, BCC is promoting a growth agenda around housing, business and population growth which will provide a growing tax base. Additionally, in line with its refreshed approach to communities it is supporting them to be more sustainable, looking to grow social capital and seeking to leverage funding with partners to help better manage demand this should be maintained .

Importantly, the council appears aware of its key risks and challenges. The medium term financial strategy includes a number of significant – and inherently risky - savings targets based on transformation of operating or funding models, income generation and broad cost reduction programmes such as those relating to third party procurement or requiring directorates to absorb incremental salary increases. Such initiatives will require both strong strategic oversight and robust operational project and programme management to deliver them successfully. Our advice is to maintain that focus on effective financial stewardship and never return to the complacency which led to the external review and for a period held the council back. BCC is aware and making plans for Spending Review in 2019 and likewise the Fair Funding/Business Rates Review. It knows that it has 'red' savings, in adult social care for 2018/19 i.e. identified savings that will not be achieved. Likewise there are spending pressure concerns across its Education spending plans including the Dedicated Schools Grant. Therefore, the council also needs to respond to these unbudgeted pressures and mitigate against risks.

In common with many councils, BCC has articulated a strategic ambition to shift the balance of expectations from dependence upon these services to greater personal and community resilience. In the long run this will help transform the operating model, the demand for - and cost base of - key local services. There is some evidence of real progress, for example in the "Better Lives" strategy for older people within Adult Social Care services. However, the council needs to ensure that it has in place the clear and robust implementation programme and the strong financial management arrangements it will need to translate this strategy into cashable savings. Furthermore, this must be extended into the broader and more challenging social care services for people with physical and learning disabilities.

The council is investing in its IT infrastructure, equipping itself with the capacity and capability to support such transformation plans more effectively, and in some areas, notably smart cities and the use of predictive analytics, it is very strong indeed. Such progress should now form the basis of a broader digital strategy to support the council's ambitions in terms of service transformation, cost reduction, user satisfaction, and completion rate and take up.

In finance especially, but across the board in terms of its systems and processes BCC needs to agree a more effective balance between compliance and empowerment. We have highlighted the substantial improvement in financial controls but equally there are still a number of 'significant' annual governance statement issues and limited audit assurance. So in line with earlier comments BCC should not be complacent. That being said, having strict rules is not necessarily the same as effective control and BCC has many strict rules. For example, one senior manager told us they had to complete

several forms in a day to authorise minimal spending in a priority area. Such practice slows progress and is at odds with the council's new values. BCC needs to strike the right balance between robust oversight and embedded control through empowered but accountable managers reinforced through consistent performance management framework.

#### **4.5 Capacity to deliver**

The partners, politicians and staff we spoke with, expressed a desire and motivation to deliver real change for Bristol and its communities. Many described their hope for a more positive future for the city and council. However, whilst they were able to express hope, they were less able to describe with clarity how they would deliver this ambitious change agenda nor how they would collectively create the focus and capacity to do so. The council needs to take a leading role in establishing a coherent resource and delivery plan which responds both to the ambitions within the One City Approach and its own Corporate Strategy. In turn this should be cascaded into clear objectives for officers to deliver, within the framework of a meaningful performance and development plan. We know that the Council is underway with the refresh of its performance management framework and think it is right that this is prioritised. As well as a key tool for organisational engagement, effective performance management will also allow some of the burdensome resourcing governance, which is not consistent with BCC's aspirational culture, to be relaxed by mainstreaming corporate priorities and individual accountability.

Culture change takes at least 3 years to effect and 5 years to embed and BCC is only just starting on this journey. A good start has been made and the right building blocks are now in place but much more needs to be done. The council has worked hard during the last 6-12 months to develop far more progressive employee engagement approaches. BCC staff we spoke with welcomed the change in the leadership culture and embrace the newly established values and behaviours. They now want to see these adopted from the top down and become enablers to achieve real change, in terms of more effective management and delivery. This is important since the most recent staff survey, albeit back in 2016, shows a lack of faith in the leadership of the council. As such this new approach, if sustained should signal a sea change in approach and result in far improved results from the next scheduled survey. To make this a reality, it will be important to ensure that all BCC policies are aligned with the new values. We know, for example, that BCC took a values-based approach to recruiting senior managers recently and think this good practice could be extended to other tiers of recruitment and the wider employment and organisational policy framework.

The council's new officer leadership have made simple but quick and effective changes that epitomise good leadership. We heard that there has recently been more routine communication of success to staff from the Executive Directors and the Head of Paid Service – an antidote we were told from some previous communication, which was reflective of an organisation of strife and discontent. Such changes are warmly welcomed and a clear signal for a new change in approach to staff.

BCC has invested in its management and leadership programmes and has adopted a new Leadership Framework, which sets out the qualities and behaviours expected of



managers working at BCC. These, alongside the soon to be published Organisational Improvement Plan demonstrate BCC's efforts to embed a new culture, values and behaviours. Indeed middle managers and staff told us they were certainly now more engaged than ever before, but there is still much to do as they also said they didn't routinely feel 'in the know', about changes and developments in BCC nor fully engaged in the new and changing corporate direction for the council. The roll out of the Corporate Strategy will provide a good springboard to link with the launch of the currently draft Organisational Improvement Plan and ensure everyone is up to speed with both, using that opportunity to tighten the core relationship to and with the councils key strategic and operational delivery plans.

It is plain that there is an emerging stability in workforce. There are real strengths to report in certain areas, notably children's services where they are bucking the national trends in respect of agency staff, with no more than ten at present and as a consequence there is certainly and confidence in that work area. The appointment to senior officer posts is continuing and whilst that is of course very positive, there remained many key posts still filled at a number of levels on an interim basis. BCC should therefore continue with vigour to roll out its appointments to these posts. Customers need certainty, partners need certainty, staff need certainty and the council needs good leaders to ensure the delivery of a significant agenda of change

In some areas BCC is leading the way nationally in terms of innovation around as reported smart cities. Whilst no-one could expect this to be reflected across the whole organisation we had hoped to see a more systemised approach to learning across the council, but this was not the case. The council clearly will have learnt from the way that its approached its engagement with communities about, for example, the future of libraries, yet we had the impression that some of the opportunities it missed in terms of that engagement might as easily repeated next time around on another significant change - as such learning is not embedded. There will be many more changes to come and as such BCC needs to learn from them for the benefit of the council as a whole, as it will help speed delivery through avoiding as one stakeholder described it 'banana skins and blind alleys'

The city-wide ambitions for equality and diversity are strong and clear, the concept of inclusive growth resonates with stakeholders and overall there is a strong strategic policy and delivery framework for Bristol. The council has sort to confront, respond to and accelerate its own approaches in respect of equality and diversity, for example, it is working through the recommendations arising from its independent review of the Equality and Diversity function at the council which reported in June this year. As such this is positive but very much work in progress and BCC knows it has to further invest in and drive its own equality, diversity and inclusion strategies to keep pace with those of the city as a whole.

The council is in the midst of establishing a new suite of strategic policies and is aware of the need of ensuring synergy between them all. The Organisational Improvement Plan is soon to be launched and there are a key themes and actions which will, if delivered enable capacity covering: An empowering organisation, Diversity and inclusion, Performance and talent management, Workforce health and wellbeing, Structure, pay and policy, our brand and recruitment. With that strategic framework in

place it will be crucial that BCC embeds a strong performance culture to really drive organisational change and utilise the capacity it has to deliver better outcomes for the residents of Bristol.

## **5. Next steps**

### **Immediate next steps**

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Andy Bates, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). Andy's contact details are: [andy.bates@local.gov.uk](mailto:andy.bates@local.gov.uk)

In the meantime we are keen to continue the relationship we have formed with the council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

### **Follow up visit**

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the council. Our expectation is that it will occur within the next two years.

### **Next Corporate Peer Challenge**

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every four to five years. It is therefore anticipated that the council will commission their next Peer Challenge before 2023.