

Resources Scrutiny Commission Agenda



Date: Tuesday, 25 April 2017
Time: 5:00 pm
Venue: City Hall

Distribution:

Councillors: Graham Morris (Chair), Stephen Clarke (Vice-Chair), Donald Alexander, Tom Brook, Barry Clark, Helen Godwin, Geoff Gollop, Tim Kent and Afzal Shah

Copies to: Pauline Cowley (DA to Shahzia Daya), Shahzia Daya (Service Director - Legal and Democratic Services), Annabel Scholes (Interim Service Director Finance), Johanna Holmes (Policy Advisor - Scrutiny), Sarah Wilson (DLT Support Manager - Business Change), Louise deCordova (Democratic Services Officer), Nicki Beardmore and Denise Murray (Service Director Finance)

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Date: Wednesday, 12 April 2017



Agenda

1. Welcome, Introductions and Safety Information

2. Apologies for Absence

3. Declarations of Interest

To note any declarations of interest from the 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**.

Please note that the Register of Interests is available at <https://www.bristol.gov.uk/councillors/members-interests-gifts-and-hospitality-register>

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.

4. Chair's Business

To note any announcements from the Chair

5. Minutes of the Previous Meeting

To agree the minutes of the last meeting as a correct record.

(Pages 4 - 8)

6. Action Sheet

(Pages 9 - 12)

7. Public Forum

Up to 30 minutes is allowed for this item

Any member of the public or Councillor may participate in Public Forum. The detailed arrangements for so doing are set out in the Public Information Sheet at the back of this agenda. Public Forum items should be emailed to democratic.services@bristol.gov.uk and please note that the following deadlines will apply in relation to this meeting:-

Questions - Written questions must be received 3 clear working days prior to the



meeting. For this meeting, this means that your question(s) must be received in this office at the latest by 5 pm on Wednesday 19th April.

Petitions and Statements - Petitions and statements must be received on the working day prior to the meeting. For this meeting this means that your submission must be received in this office at the latest by 12.00 noon on Monday 24th April.

8. Work Programme

To note the work programme.

(Pages 13 - 21)

9. Business Rate Retention

5.30 pm

(Pages 22 - 34)

10. Capital Programme

6.00 pm

(Pages 35 - 55)

11. Resources Finance Information (Period 10)

6.30 pm

(Pages 56 - 68)

12. Resources Directorate Risk Register

6.50 pm

(Pages 69 - 94)



Bristol City Council Minutes of the Resources Scrutiny Commission

23 March 2017 at 9.30 am



Members Present:-

Councillors: Graham Morris (Chair), Donald Alexander, Charlie Bolton, Tom Brook, Barry Clark, Helen Godwin, Geoff Gollop, Tim Kent and Afzal Shah

Officers in Attendance:-

Denise Murray (Service Director Finance), Andrea Dell (Service Manager Democratic Engagement), Tara Dillon (Service Manager, Programme Management Office), Merlin Jones (Project Manager), Johanna Holmes (Policy Advisor - Scrutiny), Tracy Mathews (Performance Improvement Advisor) and Louise deCordova (Democratic Services Officer)

1. Welcome, Introductions and Safety Information

The Chair led welcome and introductions.

2. Apologies for Absence

Apologies were received from Cllr Stephen Clarke. Cllr Charlie Bolton attended in substitute.

3. Declarations of Interest

There were no declarations of interest.

4. Chair's Business

The Chair advised that Item 13, the Resources Directorate Risk Register had been rescheduled for April's meeting.

The Service Director, Finance confirmed that the April report would include an in depth work schedule and deliverability plan.



5. Minutes of the Previous Meeting

The Commission Resolved:

To agree the minutes of the last meeting as a correct record.

6. Action Sheet

Members considered the update on actions from the previous meeting.

In respect of the Commission's referral to Cabinet, to express continued support for the Social Value Policy, the Chair confirmed that the Social Value Policy objectives had been endorsed by the Mayor.

7. Public Forum

There had been no public forum received.

8. Work Programme

Members to continue to flag any issues for a future Scrutiny Work Programme, however, it was noted that Scrutiny was not expected to continue in its current format.

The Service Manager, Democratic Engagement outlined ongoing discussions by Councillors to explore the future structure of Scrutiny, with support from officers and the LGA, which had commenced with a 'hothouse' workshop and would continue with a further session on 5 April.

9. Capturing Commercialisation

The Commission considered a report of the Service Director, Finance, which described the vision for a process to funnel, explore, assess and deliver commercial ideas. Members were asked to consider and comment on the proposed Commercialisation Greenhouse Process.

In discussion and in response to Members questions, the following points were raised:

- a. A commercial ethos and need for a commercial return should be balanced with a need for social value outcomes. The Council may benefit from being uniquely placed to maximise social value over profit concerns.
- b. Exposure to risk should be minimised through understanding of the acceptable parameters
- c. Communication and messaging should demonstrate that ideas will be respected, seriously considered and assessed. However, it was important to be clear and manage expectations



- d. There should be a focus on quick wins to prove the concept works.
- e. The submissions process should be agile and flexible and where possible, not stifle innovation, embrace new technologies as well as the imagination of the proposers, a mixed approach including Dragon's Den styled sales pitches
- f. Each submission could contain as little or as much detail as available and not necessarily constrained by templates. It was recognised that some proposers may wish to submit an idea and move on, whilst others may wish to be fully involved or take a lead in developing an idea.
- g. There was a need to process ideas at pace, and evaluate against established parameters working with a member panel, supported by a group of internal volunteers and university partners to provide research and benchmarking.
- h. Feedback would be an important part of the process, when ideas were discounted it was important to tell people why.
- i. Existing income generation work carried out in a business as usual context was currently out of the scope of this process and potentially a different piece of work. However, it was recognised that there may be opportunities within departments to expand and maximise their work and may benefit from a greater understanding of departmental income and cost.
- j. Consideration could be given to reward and incentives for ideas that progressed to fruition
- k. The Service Director Finance to consider organisations such as Set Squared, Natwest or the Engine Shed which could be invited to share their expertise for how ideas are cultivated and to act as a catalyst for the Council's own scheme.

The Commission Resolved:

To note the report, comments and actions arising.

(Cllr Godwin and Cllr Shah joined the meeting)

10. Change Governance and Support

The Commission considered the report of the Interim Service Director, HR, Change and Communications. Members were asked to consider and comment on the Change Governance and Lifecycle slides presented by the Project Manager.

In response to Members questions, the following points were raised:



- a. It was noted that the new Change Governance principles were more robust, with increased focus on regular monitoring of key milestones, the recognition of and work to address issues before they go 'red', and the regular input of professional views from officers from Change, Finance and HR.
- b. It was planned that best practice training would be delivered to officers to support the new governance principles.
- c. Scrutiny involvement was critical and the mechanism for Members to raise questions in the public domain needed to be a fundamental part of the governance structure to ensure transparency and accountability. A question was raised whether a member of OSM should sit on the Delivery Working Group. **Action: Craig Cheney/Denise Murray**

The Commission Resolved:

To note the report, comments and actions arising.

11. Resources Finance Information : Period 9

The Commission considered a report from the Service Director, Finance. The report detailed the relevant Resources extracts taken from the Period 9 Finance Report.

In response to Members questions the following points were raised:

- a. A root and branch review of ICT Licences would continue to identify savings and ensure ownership was transferred to departmental budgets, although central oversight would remain.
- b. Concern was raised that departmental litigation costs were met by Legal Services budgets in all cases. The Legal Services Business Model was still to be fully defined to understand the internal and external cost nuances. A Member suggested that there may be more that Councillors could do to understand the financial litigation consequences of Committee decision making. It was confirmed that there were plans for Member Development supported by the LGA and HR Learning and Development, which could involve a refresh of Members' role, remit and responsibilities.

The Commission Resolved:

To note the report and comments arising.

12. Resources Performance Report : Quarter 3

The Commission considered the Resources Performance Report for Quarter 3 of 2016/17, presented by the Performance Improvement Advisor. All indicators aimed to show the progress made to support the delivery of the Corporate Plan 2014/17.



In response to Members questions, in respect of performance measures that were 'well below target' (red) the following points were raised:

Finance: BU355 Percentage of invoices paid on time (BCC)

- a. Members raised concern that delayed payment of to SMEs could result in a reputational risk for the Council, discourage SMEs from working with the Council and posed a risk to the livelihood of SME suppliers. It was noted that most SMEs were paid within 30 days of the invoice date. Officers to provide data of where payments exceeded 60 days to understand the impact of this measure on SME suppliers and where improvements should be targeted. **Action: Tracy Mathews**

HR/Change: BU208 Percentage of employees with a completed 'My Performance' 15/16 review form (BCC)

- b. Members raised concern that almost half of employees had not completed a review. It was deemed to be an important target that needed to be monitored however the performance to date suggested a lack of will within the management structure. It was noted that there had been significant change for staff across the organisation and this may have contributed to the number. Officers to provide more narrative to support reasons for this result. **Action: Tracy Mathews**
- c. It was noted the Commission should also have a focus on the 'below target' (amber) measures in an effort to take action to prevent them becoming 'well below target' (red).
- d. It was noted that the organisations performance monitoring and reporting would be refreshed in the new financial year, which would see performance targets which were aligned to the Mayors vision and related to Mayoral and Chief Executive priorities. These would then inform departmental business plans and performance targets.

The Commission Resolved:

To note the report, comments and actions arising.

Meeting ended at 12.00 pm

CHAIR _____





Resources Scrutiny Commission Action Tracker 2016/2017

Agenda Item	Title of Report/ Description	Action required and deadline	Responsible officer	Action taken and date completed
Resources Scrutiny - Actions 24 November 2016				
12	Procurement Up-date	Care Contract: Out of Hours liability - Offline discussion with Cllr Barry Clark	Netta Meadows	Officers have been in contact with Cllr Clark to discuss this. Cllr Clark to confirm when this action is complete.
Resources Scrutiny - Actions 19th December 2016				
11	Quarter 2 Performance Report for Resources Directorate	<p><u>Legal Services</u> Officers to provide a chart of all income for ease of comparison and some analysis of key indicators which identified chargeable and non-chargeable hours and how these were being used efficiently to generate income.</p> <p>Members may discuss this further at the April Scrutiny Commission meeting.</p>	Shahzia Daya / Nancy Rollason/ Johanna Holmes	<p>The performance monitoring information for Legal Services is being discussed between Members and Senior Officers. At the Planning Meeting on the 6/3/17 it was agreed that due to the commercial sensitivity of the information, this item still requires further discussion to determine exactly what should or shouldn't be reported publically.</p> <p>Discussions are currently taking place about the future structure of scrutiny. The reporting of performance related information is part of these discussions. The outcomes of the discussions will feed into the corporate setting of future performance measures.</p>
Resources Scrutiny - Actions 20th February 2017				
9	Channel Shift	<ul style="list-style-type: none"> Officers to note how call data analysis was presented by the Energy Company, as this had proved to be a useful format. 	Rizwan Tariq	Noted by Officers; call data format has been requested from Bristol Energy.

Please Note: Items marked as complete will be removed from the Action Tracker before the next meeting

Agenda Item	Title of Report/ Description	Action required and deadline	Responsible officer	Action taken and date completed
		<ul style="list-style-type: none"> It was confirmed that non English speakers had access to interpreters and multiple language speakers through 3-way phone calls. Officers to provide data to Members 	Rizwan Tariq	This information is not currently available due to shortcomings in the current telephony reports. The information will be available from the invoices later in the month and will be reported in due course.
		<ul style="list-style-type: none"> Officers to confirm to Councillor Shah the current status of the Council's website via Jacqueline Miller. 	Rizwan Tariq	Comments from BCC Insight and Design Manager: The council's main website www.bristol.gov.uk was rebuilt in December 2015 using new 'portal' technology known as Liferay. The new website works effectively on mobile technology (tablets and smart phones) and has been redesigned from a user perspective with much clearer information, better navigation and easier to use transactions. This brings the facility to offer subsites (separate mini sites that can be used by services delivered via council partnerships, services which need more of a promotional 'brochure style' site and campaigns/consultations all of which can be 'run off the main site' with the efficiency and benefit of the cloud hosting and support contract. Examples include the Ashton Court and St Nicholas Market sites. There are many legacy additional separate standalone sites that have grown up over time and before our new site existed. Now that we have the new main website we have asked service teams across the council to review their sites and consider whether they should be brought 'in house' – Avon coroners court has already made the move across but there are many more others to be looked at.
		<ul style="list-style-type: none"> Officers to confirm who was leading on the work to develop an online citizen account and portal and 	Rizwan Tariq	Comments from BCC Insight and Design Manager: The citizen account known as the Bristol Account was launched as part of the resident's parking scheme online digital service in 2014. The plan has always been and

Please Note: Items marked as complete will be removed from the Action Tracker before the next meeting

Agenda Item	Title of Report/ Description	Action required and deadline	Responsible officer	Action taken and date completed
Page 11		whether there were opportunities for online assistance for SMEs.		continues to be to expand its use so that we have one main online account for citizens and businesses who need services that require a login. Currently the account provides resident's parking, complaints and FOI, rent account for council tenants and there are plans to include council tax bills and statements, business rates, housing benefits and services for landlords before the end of 2017. The whole approach to new digital services is to build them with the help and input of the end user to ensure that they are easy and intuitive to use. Before launch they are tested for usability and accessibility. For those users who are less confident to use digital services we ensure the launch plan has an assisted digital offer. To date this has included using our citizen service points, libraries and partners (eg midwives) to help people access the new services. Bristol Account for businesses will follow a similar pathway and if it is found that SMEs require support then we will certainly look to building this into the launch plan.
	Resources Scrutiny – Actions 23rd March 2017			
	Change Governance and Support	Members queried whether a member of OSM should sit on the Delivery Working Group.	Denise Murray / Craig Cheney	It is anticipated that Scrutiny will play a proactive role in the new project assurance process and this will be shaped alongside the review of the Scrutiny function.
	Performance Report	BU355: Percentage of invoices paid on time (BCC) - Officers to provide data of where payments exceeded 60 days to understand the impact of this measure on SME suppliers and where improvements should be	Tracy Mathews	For the period April – December 2016, 74.3% of invoices were paid within 30 days. This increased to 86.9% when we looked at the percentage paid within 60 days, and means that 13.1% of invoices were paid in excess of 60 days. It is worth noting that disputed invoices are included in the figures which can lead to distorted results.

Please Note: Items marked as complete will be removed from the Action Tracker before the next meeting

Agenda Item	Title of Report/ Description	Action required and deadline	Responsible officer	Action taken and date completed
		targeted		It is not possible to ascertain the impact on SME's as the SME field in the finance system is not mandatory and therefore not recorded. There are approximately 40,000 suppliers in the system so in order to complete the necessary field it would require substantial additional work. If this work is required it will need to be commissioned.
		BU208: % employees with a completed 'My Performance ' 15/16 review form (BCC) - Officers to provide more narrative to support reasons for this result.	Tracy Mathews	<p>The workforce developed the baseline for the Performance Management System in 2015. That work saw an 83% completion rate.</p> <p>There has been a number of service area redesigns across the council, which has affected accurate data being available and line manager access to employee data. We were also aware that there would be a number of off-line returns due to the availability of IT systems for some workers. The 15/16 review form was the first full review cycle completed and achieved 68% completion rate. Access to this area to update was closed in December 2016.</p> <p>Changes to the establishment structures upload automatically into the My Performance system. HR will be monitoring and promoting the completion of My Performance across the council for 2017/2018.</p>

People Scrutiny Work Programme Items	Neighbourhoods Scrutiny Work Programme Items	Place Scrutiny Work Programme Items	Resources Scrutiny Work Programme Items	Overview & Scrutiny Management Board Work Programme Items
September 2016				
Performance monitoring	Annual Report from Director of Public Health Suggested methodology: Report to meeting (People commission invited to attend)	Local Flood Risk Management Strategy Suggested Methodology: report to meeting	Q1 Finance Monitoring for Business Change	Audit Referral re Public Engagement
Risk Register	Sexual Health Re-procurement (People commission invited to attend)	Residents Parking Schemes	Q1 Performance Report for Business Change	Cabinet Referral re the Elimination of the Gender and Race Pay Gap
BCC Adult Social Care Strategic Plan	Mental Health & Neighbourhoods (already agreed by Chair)	Q1 Performance Report	Business Change Directorate Risk Register	BCC International Strategy (Place)
Children Services Improvement Plan Year 2	Risk Register		Quarterly Update re Outcomes of Legal Cases (will be part of performance report) - TBC	Mayor's Response re Cabinet Referral - Budget Timetable and Mayor's Forward Plan
Bristol's Strategy for Children, Young People and Families & Children and Family Partnership work programme (N'ds Commission invited to attend)	NPs positioning briefing (no paper or dem services deadlines) to determine dates and format of further NP scrutiny through the municipal year			Scrutiny Work Programme - standing item
				Mayor's Forward Plan – standing item
				Scrutiny Resolution and Full Council Motion Tracker – standing item
				Protocol for dealing with exempt items
				Delivering the Corporate Plan – Outturn Performance Report for 2015/16
				Performance Indicators – Agreeing the best approach
				Q1 Financial Monitor

People Scrutiny Work Programme Items	Neighbourhoods Scrutiny Work Programme Items	Place Scrutiny Work Programme Items	Resources Scrutiny Work Programme Items	Overview & Scrutiny Management Board Work Programme Items
October 2016				
The draft Corporate Strategy 2017-2022, Business Plan 2017/18 and Medium Term Financial Plan 2017/18 – 2021/22 (1 of 2)	The draft Corporate Strategy 2017-2022, Business Plan 2017/18 and Medium Term Financial Plan 2017/18 – 2021/22	The draft Corporate Strategy 2017-2022, Business Plan 2017/18 and Medium Term Financial Plan 2017/18 – 2021/22	The draft Corporate Strategy 2017-2022, Business Plan 2017/18 and Medium Term Financial Plan 2017/18 – 2021/22	
Models of Health and Social Care a) Better Care, b) Three tier model (to be preceded by an informal briefing regarding good practice in involving disabled people in service design and evaluation and co-production).	Budget Analysis for Neighbourhoods	Public Transport Information Strategy	Up-date: - Member's ICT Issues	
Re-commissioning Bristol Youth Links	Playing Pitch Strategy	Resilience Strategy		
	Herbicide Safe Alliance			
	Young People's Housing Pathway Plan			
November 2016				
The draft Corporate Strategy 2017-2022, Business Plan 2017/18 and Medium Term Financial Plan 2017/18 – 2021/22 (2 of 2)	Housing Delivery - positioning update paper	Joint Spatial Plan (WoE Joint Scrutiny)	Business Change Finance Information (extracted from Cabinet Report)	The draft Corporate Strategy 2017-2022, Business Plan 2017/18 and Medium Term Financial Plan 2017/18 – 2021/22
Annual Safeguarding Adult's Report	Libraries of the Future – update to Scrutiny	Joint Transport Study (WoE Joint Scrutiny)	In-depth Review: Bristol Workplace Programme (BWP). • To include up-date on Romney House Situation	Mayor's Forward Plan – standing item
Corporate Parenting Panel Annual report	Urban Parishes (information item)	Up-date on previous Transport Inquiry Day Recommendations	BCC Procurement - up-date	Scrutiny Resolution and Full Council Action Tracker – standing item
Annual Safeguarding Children's Report		MetroBus (WoE Joint Scrutiny)		Scrutiny Work Programme - to approve the outcomes from the workshop
Bristol as City of Sanctuary and Supporting refugees and asylum		Supported Bus Services		Democratic Engagement

People Scrutiny Work Programme Items	Neighbourhoods Scrutiny Work Programme Items	Place Scrutiny Work Programme Items	Resources Scrutiny Work Programme Items	Overview & Scrutiny Management Board Work Programme Items
seekers, including unaccompanied minors / care leavers				
Home Care update		Cabinet Member Q&A Session		Preparing for Future Devolution Deals
23rd Nov - Meeting in common with South Gloucestershire Health Scrutiny Committee to receive an update on the University Hospitals Bristol response to the Verita Independent Report.				
December 2016				
Briefing workshop (ahead of Feb Inquiry Day) School places and admissions, to include information on exclusions and the Integrated Education and Capital Strategy (All Councillors invited to attend)	**No Neighbourhoods meeting in December**	Q2 Performance Monitoring	Business Change Finance Information (extracted from Cabinet Report) • to include ICT Spending Pressure	Budget Scrutiny
		Directorate Risk Register	Q2 Performance Report for Business Change. To include - Quarterly Update of Outcomes of Legal Cases	Democratic Engagement Select Committee Terms of Reference
1st December – Meeting in common with South Gloucestershire Health Scrutiny Committee and North Somerset Health Committee: Bristol, North Somerset and South Gloucestershire Sustainability and Transformation Plan (STP) (Neighbourhoods Scrutiny Councillors invited to attend)		Update on the Council's property portfolio	Debt Collection – what is/isn't being collected	Mayor's Forward Plan – standing item
		Cabinet Member for Place - Q&A Session		Scrutiny Work Programme - standing item
		Place Financial Monitoring -		Scrutiny Resolution and Full

People Scrutiny Work Programme Items	Neighbourhoods Scrutiny Work Programme Items	Place Scrutiny Work Programme Items	Resources Scrutiny Work Programme Items	Overview & Scrutiny Management Board Work Programme Items
		Period 6 (extracted from Cabinet Report)		Council Action Tracker – standing item
January 2017 – Note two OSM Meetings (5th and 19th)				
Update on the Crisis Line	Neighbourhood Partnerships	<i>Meeting Cancelled</i>	<i>Meeting Cancelled</i>	5 th Jan - Companies' Business Plans (to include exempt information)
Annual Education Performance – All Key Stages	Review of the Housing Revenue Account Business Plan			19 th Jan - Budget Scrutiny – to consider and endorse the draft response to Cabinet
Performance monitoring Q2	Voluntary and Community Sector			
Commissioning approach	Supermarkets dealing with waste - update on current position			
Page 16	Finance Update (to include the context of Actions and Objectives set out for Neighbourhoods in the Corporate Strategy and Business Plan)			
	Performance Information - Q2			

February 2017				
3rd Feb – Inquiry Day School place planning and school admission arrangements (all Cllrs invited to attend)	Review of Parks - positioning statement	Air Quality (N'ds SC invited to attend)	Business Change Finance Information (P8 extracted from Cabinet Report) • to include ICT Spending Pressure	Elimination of the Gender and Race Pay Gap
27th Feb Meeting in common with South Gloucestershire Health Scrutiny Committee to receive an update on the University Hospitals Bristol response to the Independent Review of Children's Cardiac Services in Bristol and a Review of pre-	Local Housing Company Strategic Business Case	Cultural Strategy - Plus up-date on the Dec 15 Culture Inquiry Day Recommendations	Procurement & Social Value Policy – Up-date	Feedback Regarding Budget Process

operative, perioperative and postoperative care in cardiac surgical services.				
	Housing Delivery Plan	Cabinet Member Q&A Session (Cllr Tincknell)	Channel Shift	Scrutiny Structures and Ways of Working
	Budget Issues (to include an assessment of the impact of budget decisions on Neighbourhoods)	Community Assets - Overview		Scrutiny Resolution and Full Council Action Tracker – standing item
	Bristol Waste Company			Inquiry Day Recommendation Tracker
				Scrutiny Work Programme - standing item
				Mayor's Forward Plan – standing item

March 2017

Performance monitoring Q3	Performance Information - Q3	Climate Change and Energy Security Framework	Resources Finance Information (extracted from Cabinet Report) <ul style="list-style-type: none"> to include ICT Spending Pressure 	Independent Review of Green Capital
Risk Register	Risk Register	Energy Services	Q3 Performance Report for Resources <ul style="list-style-type: none"> Quarterly Update re Outcomes of Legal Cases 	Independent Review into the Council's Financial Position
Mental health working group action plan update (Neighbourhoods Scrutiny Cllrs invited to attend)	Finance Update	Warm Up Bristol	Change Governance and Support	Financial Monitors – P8 and P9
Plans for improving the experience that people and organisations have of S136 of the Mental Health Act (previously titled the use of Police custody as a place of safety)	Local Council Tax Reduction Scheme	ELENA Programme Update	Capturing Commercialisation	Process for Dealing with Exempt Material
Information items:	MUGA at Manor Farm – Briefing	Heat Networks		Mayor's Forward Plan – standing

<ul style="list-style-type: none"> Home Care Update People Directorate Budget Savings - Update on Engagement and Consultation 				item
	Neighbourhood Partnerships	Performance Monitoring		Scrutiny Work Programme - standing item
	Update on Libraries consultation			Minutes and action sheets from meetings December 16 to February 17 – <i>note unavailable at previous meetings due to time constraints</i>
				Scrutiny Structures and New Ways of Working – Hot House Proposal
				Decision Pathway
April 2017				
Page 18	Parks	Joint Spatial Plan & Joint Transport Study (Information paper) (WoE Joint scrutiny)	Capital Programme	Financial Monitor – P10
	Tree Services	Colston Hall	Resources Finance Information (extracted from Cabinet Report) <ul style="list-style-type: none"> to include ICT Spending Pressure 	Future of Performance Reporting
	Trial of Glyphosate -Free Weed Treatment - Report back	Arena Update (WoE JS also looking at this)	Business Rate Retention	Hengrove Park Consultation (note – provisional item)
	(For information only) Homelessness Prevention and Reduction funding	North Fringe and Cribbs Patchway New Neighbourhood	Resources Directorate Risk Register	Scrutiny Structures and New Ways of Working – Outcomes from the Hothouse
	(For information only) Preventing homelessness accommodation services for homeless families and adults	Prince Street Bridge Report		Scrutiny Work Programme
				Mayor's Forward Plan – standing item
				Scrutiny Work Programme -

				standing item
				Scrutiny Tracker; <ul style="list-style-type: none"> • Meeting Resolutions • Full Council Actions • Inquiry Day Recommendations
May 2017				
2 x May meetings; <ul style="list-style-type: none"> • 1 x meeting in common with South Gloucestershire Health Scrutiny Committee • 1 x People Scrutiny Committee 		Visit to the Bottle Yard Studios and Filwood Green Business Park (TBC)		
Meeting in common (with South Gloucestershire Health Scrutiny Committee) <ul style="list-style-type: none"> • Health Providers - Quality Account reports • Other health updates (Members to highlight required information) 				
Education themed meeting				
Learning City Board Work programme				
Scrutiny report on School Admission Arrangements in Bristol				
SENCO responsibilities, SEND reforms and High Needs funding, Alternative Learning update (including information on exclusions)				
Employment and Skills strategy (to include information on work experience) – all Councillors to be invited				

Briefing note - Update on work related to Bristol as City of Sanctuary and Supporting refugees and asylum seekers, including unaccompanied minors / care leavers				
June 2017				
2 x June meetings				
Targeted Youth Services Plan - update following consultation				Financial Monitor
Children Services Improvement Plan Year 2				
Youth Offending Team update (to include information about CYP in Gangs)				
Bristol Community Links – update following consultation				
Family Hubs (Early Help and Children's Centres) - update following consultation				
Joint meeting with the Neighbourhoods Scrutiny Commission:	Joint meeting with the People Scrutiny Commission:			
<ul style="list-style-type: none"> The Health and Wellbeing Board work programme (to be presented by the Chairs of the Board) Update on the Mental Health and Wellbeing Strategy. 	<ul style="list-style-type: none"> The Health and Wellbeing Board work programme (to be presented by the Chairs of the Board) Update on the Mental Health and Wellbeing Strategy. 			
Items to be scheduled				
Further scrutiny of the Sustainability and Transformation Plan (STP)	Provisional - TBC by Strategic Director - Briefing on Information, Advice and Guidance Review	Long Ashton Park and Ride - Management		<i>Provisional item</i> – Update (s) from the Future of Devolution Working Group
	VCS	MetroWest (WoE Joint Scrutiny)		<i>Provisional item</i> – Update (s) from the Democratic Engagement Select Committee

<p>Jan / Feb 2018 - Meeting in common with South Gloucestershire Health Scrutiny Committee to receive a one year update on the University Hospitals Bristol response to the Independent Review of Children's Cardiac Services in Bristol and a Review of pre-operative, perioperative and postoperative care in cardiac surgical services.</p> <p><i>Update visit prior to this also to be arranged.</i></p>	Libraries	Bristol Transport Plan		Outcome of the external review of elections (note – report may also be shared with the Democratic Engagement Select Committee)
Support for Children in Care and Care Leavers		City Centre Movement Strategy and City Centre North East Spatial Framework		Green Capital – Maintaining the Momentum (<i>suggested date summer 2017</i>)
Page 21				Inquiry Day Outcomes – update reports to come back to OSM with a view to being referred onto the Mayor
				Budget Setting Timeline 2017/18
				Update Regarding the Elimination of Gender and Race Pay Inequalities (<i>suggested date summer 2017</i>)
				Annual Performance Report (suggested date autumn 17)

Resources Scrutiny Commission

25 April 2017



Report of: Service Director - Finance

Title: Business Rates

Ward: City Wide

Officer Presenting Report: Denise Murray

Contact Telephone Number: 0117 357655

Recommendation

That the Business Rates report is noted

Summary

The report sets out details of business rates both under the existing rates retention scheme and the 100% rates retention pilot starting on 1 April 2017. Also included is information around reliefs, Section 31 grant, losses on appeals and the mechanics behind how the multiplier and tariff operate.

As this is a complex area an explanation of the main terms used in the report is at appendix A.



Context

Introduction

1. Non-domestic rates, or business rates, are collected by billing authorities and are the way in which those that occupy a non-domestic property contribute towards local services. The introduction of the business rates retention scheme in 2013-14 allows local authorities to retain a proportion of the revenue that is generated in their area. In Bristol the split was 49% retained locally, 50% to Central Government and 1% to the Fire Authority.
2. In 2017/18, under the 100% rates retention pilot, the Council has estimated its net business rates collected to be £204.7m, with an overall contribution to the Councils budgeted funding of £149.8m.
3. Apart from properties that are exempt from business rates, such as parks and places of worship, each non-domestic property has a rateable value which is set by the Valuation Office Agency (VOA). Billing authorities work out the business rates liability for every hereditament by multiplying the rateable value of the property by the appropriate multiplier.

The Business Rates Multiplier

4. There are two multipliers, the standard multiplier and the small business multiplier. The former is higher because it includes a supplement which is used to fund the Small Business Rate Relief scheme (SBRR), which is designed to help small businesses meet the cost of their business rates.
5. The Government sets the multipliers for each financial year for England according to formulae set by legislation. Generally, the multipliers increase in line with the Retail Price Index in September of the preceding year. However in 2014-15, the Government capped the increase in the multiplier at 2%. For 2017/18 the multipliers are 47.9p and 46.6p
6. The Government announced in the Budget 2016 that it plans to use Consumer Price Index (CPI) rather than RPI from 2020-21 onwards. This was ratified in the Local Government Finance Bill (2016-17). The change in multiplier does have an impact on local government funding. CPI tends to increase less quickly than RPI, and therefore the growth in business rate income is likely to be lower. If all business rates are retained locally, then the lower increase will reduce the quantum of funding available to the sector over future years. Based on recent trends (Apr 2010 to Mar 2016), RPI has increased by an average of 2.8% compared to 2.1% for CPI. Over 25 years, business rate income would be 22% higher using RPI rather than CPI.
7. Both billing authorities and major precepting authorities will have the power to reduce the multiplier in their area. This will be called a “multiplier discount”. This will partly address concerns from some local authorities of competitive reductions in rates to attract new businesses.

Small Business Rates Relief Scheme (SBRR)

8. SBRR is a scheme that provides a relief within the business rates system that can be granted to small businesses. The 2016 budget announced significant changes to the scheme, with SBRR applying to a greater number of businesses from 1 April 2017. The tables below outline the changes with an estimate of the number of businesses in Bristol likely to be affected. These changes are funded through S31 grant.

Current

RV	Relief
£6,000	100% relief
£6,001 - £12,000	Tapered % relief (referred to in para 11 below as temporary doubling)
£12,001 - £18,000	Lower multiplier only

1 April 2017 onwards

RV	Relief	Approximate no of accounts affected*
Up to £12,000	100% relief	3,500
£12,001 - £14,999	Tapered % relief with lower multiplier	1,000
£15,000 - £50,999	Lower multiplier only is applied to occupied properties	2,800 accounts currently have an RV of between £18,000 to £50,999

*based on current valuations which may change from 1 April 2017

9. In addition to the Small Business Rate Relief scheme, rateable properties may also be eligible for other discounts or reliefs on their business rates bills. Some of these are mandatory i.e. they are automatic entitlements in any billing authority area e.g. Charitable rate relief (at 80%), or Empty Properties relief (normally for up to 3 months). Business rates payers may also receive discretionary relief which are granted at a billing authority's discretion. The table below shows the types of discretionary relief paid by the Council along with the associated cost.

Discretionary Relief	Cost to BCC 2017/18
S44A Partly Occupied Properties	£94,000
Not For Profit Charity Groups	£297,040
Not For Profit Leisure Centres*	£203,040

*The relief forms part of a service level agreement with the leisure centre operators.

10. Any discretionary relief granted has a direct impact on the Council's income. Relief under section 44a would be considered for instance where it would assist a business to relocate within the city providing it is in the best interests of the taxpayers. Changes are being considered to the criteria for awarding discretionary relief to not for profit/charitable organisations so that we can continue to provide support for many organisations that contribute to the community, but reduce the burden on taxpayers.

S31 Grants

11. Central Government compensates local authorities for changes made to the national non-domestic rates scheme by way of S31 grants. This compensation is made outside of the rates retention scheme. S31 grant currently funds the following measures;

- Capping the increase in the small business rates multiplier
- Temporary doubling of the small business rates relief
- Maintaining small business rates relief on "first" properties
- Relief to newly built properties
- Relief awarded on the occupation of "long-term empty" properties

12. For 2017/18 Bristol anticipates receiving £8.7m in the form of S31 grant. This is an increase of £4.4m on 2016/17 and reflects both the effects of the revisions to SBRR and the 100% business rates retention pilot.

Losses on Business Rates Appeals

13. The Council is required to provide for potential appeals from its business rates income. Calculations for the provision are based upon the Valuation Office Agency (VOA) ‘Settled and Outstanding’ proposals at end of March reports. These reports show all appeals that have been lodged for each authority against the 2010 valuation listing including those which were agreed, dismissed, withdrawn or are still outstanding. This list is analysed into “types” of appeal. The average success rate and the percentage reduction in rateable value for those appeals which were successful is considered along with the potential for the backdating of any appeals decisions and the estimated annual cost was then adjusted by the ratings multiplier for the relevant year. Local intelligence is used alongside statistical modelling to inform decision making.
14. The appeals process introduces significant volatility into budgeting for business rates, as there is no requirement for the VOA to provide information to the City Council in order for us to make timely, informed decisions. These appeals are often back dated with the full refund being made from in-year income.
15. As the amounts involved can be significant the Council takes a very prudent approach when calculating any likely impact of an appeal. Officers have estimated a further increase in the provision of £7.1m is required at the end of 2016/17. This will take the total provision to £21m. The provision has been compared to that of both our nearest neighbours and similar sized authorities nationally. Bristol’s appeals provision is very close to the national median, which would suggest the provision has been well calculated.
16. The Local Government Finance Bill (2016-17) includes a decision to nationalise the cost and risk of business rate appeals. Its proposal is to make a payment to compensate authorities for refunds that they make following a successful business rates appeal. This will substantially change the way that local authorities operate the business rate system locally, and the risk they have to manage. It could also have distributional implications. Details of how the system will work is not set out in the Bill. There are indications that it will be funded using a top-slice on overall local government resources. This could potentially have significant distributional implications. The range of losses from appeals in different parts of the country can be significant: in simple terms, city-centre authorities tend to have higher losses from appeals than rural authorities. A top-slice will therefore benefit those authorities with the highest losses from appeals.
17. It is worth noting that the Bill refers to “Loss Payments” rather than specifically “appeals”: it could possibly give the Government some scope to compensate for other changes (such as transfers between the local and central lists).

Enterprise Areas and Enterprise Zones

18. Enterprise Areas (EA) and Enterprise Zones (EZ), also known as designated areas allow 100% of business rates growth to be retained locally and baselines are set for 25 years, to maximise the incentive for

investment. This is the main difference between this scheme and other rates retention arrangements including the pilot, where the baseline is reset every five years. The Government has stated that there will be no detrimental impact to any Designated Area from the introduction of 100% rates retention.

19. Enterprise Zones represent Government policy and they support their delivery; Enterprise Areas have been designated as such by the Local Enterprise Partnership. Whilst both offer the benefit of business rates retention, the policy driver for this in the EZ comes from Government's EZ policy; in the case of the EAs it comes from the City Deal business rates retention mechanism. Government actively promotes Enterprise Zones and funds EZ business rates discounts in these areas; it does not actively market the LEP's Enterprise Areas, nor provide business rates discounts. The LEP promotes and markets these. The West of England LEP ran a competition to determine the location of its EZ in summer 2011, which Temple Quarter won; areas covered by unsuccessful bids were given EA status by the LEP. The two EA's in Bristol are Avonmouth and Filton.
20. Under the City Region Deal, Bristol City, Bath & North East Somerset, North Somerset and South Gloucestershire Councils ("the Authorities") are part of a Business Rates Retention Scheme, introduced by the Government in April 2013, allowing Authorities to retain a proportion of the business rates collected locally. The Authorities are allowed to retain 100% of the growth in business rates raised in the City Regions network of Enterprise Areas over a 25 year period ending on 31/3/2039 to create an Economic Development Fund for the West of England and to manage local demographic and service pressures arising from economic growth.
21. The four Unitary Authorities will pool the business rates growth from the existing five Enterprise Areas and the Temple Quarter Enterprise Zone (TQEZ). The pooled business rates growth will be used for three primary purposes. The first call on the Business Rate Pool will be to 'repay' each local authority what it would have had under the national local government finance system. Secondly, payments up to the value of £500m will be made to the Economic Development Fund (EDF). Thirdly, payments to each Unitary Authority to mitigate local demographic and service pressures arising from additional growth will be made.
22. The EDF will receive contributions from the pool to apply towards the delivery of an investment programme to maximise economic returns for the West of England.
23. We are awaiting confirmation from Government that the legislation necessary to bring an extension of the Temple Quarter Enterprise Zone into force from 1 April 2017 has been tabled. The extension will include land bordering the River Avon in both Bedminster and St Philips, a number of sites on Bath Road and a number of development sites in the Redcliffe area. EZ business rates discounts will be available in the extension area and this, together with increased profile from being within the EZ, will hopefully increase the confidence of developers to take development sites forward. The EZ extension offers potential for 78,000 sq m of new commercial floor space in a mix of purely office and mixed use developments. It is estimated that this could deliver 4870 jobs over the 25 year life of the EZ extension.

The Business Rates Pilot

24. In its 2016 budget the Government committed to piloting the early implementation of 100% business rates retention in a number of areas. This offer was available to those authorities with a ratified devolution deal. Following Cabinet approval in October 2016, Bristol along with South Gloucestershire and Bath and North East Somerset (B&NES) Council's made a successful application to the Secretary of State to form the West of England Pilot.
25. On 13 February 2017 the S151 Officers from Bristol, B&NES and South Gloucestershire signed the 100% business rates retention pilot for the West of England. The agreement comes into effect from 1 April 2017 and expires on the national introduction of full business rates retention (2019/20 or 2020/21.)

Details of the Scheme

26. Pilot authorities will each retain 100% of locally raised business rates. They will also receive S31`grants in respect of Government changes to the business rates system. In return they will forego Revenue Support Grant (RSG) and various other grants, which will be rolled into the pilot with the funding source being switched from grant to the business rates retained under the pilot. Each authority's tariffs and top-ups will be adjusted to ensure cost neutrality. These pilots have been created to help the Government understand how 100% business rate retention would work in practice. It also gives the West of England Pilot the opportunity to help shape the national scheme.
27. Under the arrangement in place to the end of 2016/17 Bristol City Council retained 49% of business rates collected with 1% going to the Fire Authority. The other 50% was returned to government alongside the same from all other collecting authorities. Government then used that money in its entirety to fund local government through Revenue Support Grant or other specific grants.
28. Under the pilot agreement Bristol City Council will retain 94% of its business rates income with 1% going to the Fire Authority as before and 5% going to the West of England Combined Authority.
29. There are two key benefits from the 100% business rate retention proposal. Firstly growth in business rate income above the baseline will be kept by the authorities rather than being shared with government and secondly because a levy would no longer be payable on the additional business rates received as would have happened under the existing scheme. The Council will however pay a higher tariff. Income collected from the Enterprise Areas and Zones is excluded from the pilot and remains subject to existing pooling arrangements.
30. The three authorities in the pilot engaged an external consultant to model a number of scenarios under 100% business rates retention. These were remodelled once firm figures were available in January 2017.
31. The table below sets out the estimated business rates income for 2017/18 along with indicative figures for 2018/19 and 2019/20. This does not include income from the business rates pool or the associated S31 grant in respect of reliefs given in the Enterprise Zone. The pool will continue to operate outside of the pilot. The revised tariff has been calculated to ensure any changes in joining the pilot are fiscally neutral. The tariff is the difference between the business rates baseline funding level (BFL) after rolling

in revenue support grant (RSG) with the notional business rates baseline (BSB). The tariff will be adjusted throughout the life of the pilot to take account of changes in RSG.

Business Rates Pilot	Yield	2017/18	2018/19	2019/20
		£'000	£'000	£'000
Net Non-Domestic Rating Income		204,676	208,770	212,945
NNDR Yield - WECA	5%	-10,234	-10,439	-10,647
NNDR Yield - Avon Fire Authority	1%	-2,047	-2,088	-2,129
NNDR Yield - BCC	94%	192,395	196,243	200,169
LESS Tariff paid to Government		-53,456	-66,719	-80,138
ADD Section 31 Grants		7,652	7,622	7,593
Retained Business Rates		146,591	137,146	127,624
RSG Included in the above		41,844	29,649	17,321

32. The table below compares the estimates for business rates and RSG under the 49% retention scheme with figures modelled under the business rates pilot in which BCC retains 94% of net business rates collected. The net effect is an estimated additional income from business rates of £5.4m in 2017/18. This has been built into the base budget. This includes income in respect of the business rates pool.

		50% Retention Scheme		100% Retention Scheme	Growth
Based on NNDR 1 Figures		£'000		£'000	£'000
Net Non-Domestic Rating Income		204,676		204,676	
NNDR Yield - Government	50%	102,338	0%		
NNDR Yield - WECA	0%		5%	10,234	
NNDR Yield - Avon Fire Authority	1%	2,047	1%	2,047	
NNDR Yield - BCC	49%	100,291	94%	192,395	
LESS Tariff paid to Government		-4,077		-53,456	
ADD Section 31 Grants		4,346		8,735	
ADD EZ/EA Growth		2,097		2,097	
Net Pre Levy Income		102,657		149,771	
LESS Levy on growth		-159		0	
Retained Business Rates		102,498		149,771	
RSG Payment to BCC		41,843		0	
Total BCC Income		144,341		149,771	5,430

No Detriment

33. One of the underpinning concepts of the pilot is that no authority will be any worse off than under the 49% business rates retention scheme. In any year for which the pilot exists, to the extent that the pilot arrangements result in fewer resources being available to West of England Authorities than would have been the case under the existing local government finance regime, the Government will make good the difference, as measured at the level of the pilot area.

Risks

34. The concept of no detriment outlined above will ensure no authority within the pilot will be any worse off than under the 49% business rates retention. However there are a number of risks, namely that the growth estimates are not accurate and there could be distributional implications around the top-slicing of resources to contribute to a national provision for appeals.
35. A great deal of work was carried out by the three pilot authorities to ensure estimates of growth were robust and prudent. These were further reviewed and modified in January 2017 following completion of the NNDR1 return to the DCLG.
36. Bristol has compared the level of its appeals provision with other local authorities nationally and is satisfied that the amount set aside is appropriate. The government has yet to indicate how it will fund a national provision for appeals. However in completing business rates estimates for 2017/18 DCLG recommended that local authorities set aside a further 4.7% of net rates into their appeals provision. The three authorities in the pilot all followed this guidance. This results in a further contribution to the appeals provision of £11.1m.

Governance and Management of the Pilot

37. A draft agreement has been circulated to each of the S151 Officers in the authorities participating in the pilot. B&NES are the lead authority. The agreement sets out the key principles of the pilot, including that of no detriment, along with its governance arrangements. It is proposed that the S151 Officers will form a Governance Board and will be responsible for monitoring the performance of the pilot. The officers will seek to find unanimous agreement on all issues involving the Pilot. The pilot arrangement will remain in place until the pilot scheme is withdrawn by DCLG. It should be noted that outside of this agreement, individual authorities will retain their decision making powers.

The 2017 Budget

38. The Budget puts in place additional measures to support those businesses most affected by the 2017 revaluation of business rates. The Chancellor has given notice that business taxation will need to be changed so that it is more appropriate for the “digital age”. The preferred long-term approach will be set out in due course. A change in the way that revaluation is under taken will be consulted on before the next revaluation takes place.

39. It has been acknowledged that revaluation has raised some issues, especially for those coming out of Small Business Rate Relief (SBRR). The Chancellor announced three measures to help,

- Any business coming out of SBRR will benefit from an additional cap (maximum £50 pm increase in rates in 2017-18; subsequent increases will be capped at the higher of the transitional relief cap or £50 per month, whichever is higher). The additional cost will be funded by the Government but it is not clear how additional funding fits in with the transitional relief system.
- £1,000 discount on pubs with rateable values of less than £100,000. This discount will be funded by a new Section 31 grant. The Treasury estimates that cost to be £25m in 2017-18, and zero thereafter, suggesting that this is a one-year-only grant.
- A discretionary fund of £300m has been made available to support those businesses who are most affected by increases in their business rates bills in 2017-18. This support will be additional to the transitional relief scheme, which operates separately from this discretionary fund. Allocations to local authorities are spread over the next four financial years. The proposed Bristol share is a total of £1.673m split over the following years.
 - £976k in 2017-18
 - £474k in 2018-19
 - £195k in 2019-20
 - £28k in 2020-21

Officers will be developing a policy and process to cover the award of this relief.

40. Bristol has responded to the invitation to consult on the locally administered business rates support scheme, both on the operation of the scheme and the grant allocations to local authorities.

Consultation and Officer Engagement

41. Local Tax Managers are actively involved with practitioners from across Core Cities which enables benchmarking and the sharing of best practice, and also with members of the Northgate Executive Board and User Group, ensuring Bristol is at the forefront of discussions on national issues. We maintain close links with the Institute of Revenues Rating and Valuation (IRRV) and have benefitted from the professional knowledge and the networking opportunities afforded by hosting meetings e.g. on '100% Rates Retention and the impact on Bristol and our neighbours', led by Dave Perry, Director of Corporate Resources and Deputy Chief Executive at South Gloucestershire Council, and very recently a valuable meeting on Business Rates called '1st April and Beyond', led by key Officers of the IRRV.

Local Tax Managers and Finance Officers contribute to consultation on national issues including 100% business rates retention and the 2017 budget proposals around supporting those businesses who are most affected by increases in their business rates in 2017/18.

Financial Implications

As set out in the report.

Legal Implications

Public Sector Equality Duties

Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to -
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.

The Scrutiny function plays an important part in assisting the Council in meeting its public sector equality duties and ensuring that the views of different communities and members of the public are taken into account in the development and delivery of services. Scrutiny work streams need to ensure that assessments of equalities impacts are an integral part of their work both in terms of scoping topics, gathering evidence and formulating recommendations.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Papers held in Corporate Finance

Explanation of Terms used in the Report**APPENDIX A**

Baseline – the existing non-domestic rating income for each authority which is uplifted each year in line with regulations.

Baseline Funding Level (BFL) – This calculation is made by the DCLG by applying the old formula grant process to the local share of the estimated business rates aggregate.

Billing Authority – a local authority empowered to collect non-domestic rates, includes unitary authorities in England.

Business Rates – a tax on the occupation of non-domestic property in England based on the notional annual rent for a property on the open market, known as the rateable value. Also called National non-domestic rates (NNDR)

Business Rates Baseline (BRB) – DCLG estimates the total yield nationally for business rates (the estimated business rates aggregate), then apply a proportionate local share to calculate the billing authority business rates baseline.

Discretionary relief – in addition to mandatory reliefs, local authorities have the power to award relief at their discretion provided the hereditaments meet locally set criteria, e.g., charity and non-profit making bodies.

Enterprise Zones – specific areas where a combination of financial incentives and reduced planning restrictions apply. Enterprise Zones benefit from a business rate discount for a five year period up to state aid de minimus levels.

Hereditament – the legal name for a unit of non-domestic property that is, or may become liable to NNDR and therefore appears on the rating list. These can include pylons, advertising hoardings as well as offices, shops, warehouses and public buildings. A hereditament can be several buildings together such as a university campus.

Mandatory relief – hereditaments are automatically entitled to relief for all or part of their rates bill provided they meet criteria set down in legislation. Local authorities receive S31 grant to reimburse them for these reliefs.

Rateable Value (RV) – legal term for the notional annual rent of a hereditament assessed by the Valuation Office Agency (VOA). Every property has a rateable value that is based, broadly, on the annual rent that the property could have been let for on the open market at a particular date. The RV is used in determining the rates liability and therefore the bill.

Revaluation – the rateable value of a property is generally re-assessed every five years to ensure changes in property market rent values are taken into account. The latest revaluation comes into effect in April 2017 and will use estimated property values as at 1 April 2015.

Section 31 (S31) grants – this refers to Section 31 of the Local Government Finance Act 2003 which makes it possible for government to pay local authorities grants towards their activities which are not covered by existing payment schedules or methods.

Small Business Rate Relief Scheme (SBRR) – a scheme that provides a relief within the business rates system that can be granted to small businesses.

Tariff – A local authority must pay a tariff if its individual authority business rates baseline is greater than its baseline funding.

Transitional Relief - The rateable value of properties are normally reassessed every five years (see **Revaluation** above) and transitional arrangements are in place which moderate significant increases and decreases in bills. The transitional scheme is designed to be revenue neutral over the life of the scheme. This revenue neutrality is achieved by phasing in both the decreases in the rate bills of those who benefit from revaluation, and also the increases in the rates bills of those who face higher rates bills due to revaluation.

Resources Scrutiny Commission

25 April 2017



Report of: Service Director Finance

Title: Capital Programme

Ward: City Wide

Officer Presenting Report: Chris Holme, Interim Service Manager - Corporate Finance

Contact Telephone Number: 0117

Recommendation

That the Resources Scrutiny Committee consider the capital programme 2017-22, its financing and the implications for the revenue budget and medium term financial plan

Summary

This report provides information on the Council's agreed capital programme and its financing. The Council agreed its 2017/18 budget in February 2017 and as part of that the capital programme for the year. Council also agreed the outline capital programme for the 4 years 2018 to 2022 as part of that report.

Decisions on capital and revenue cannot be considered in isolation from each other. A larger and more ambitious capital programme on the one hand can facilitate more cost effective asset management, improving efficiency and the need to incur cost of maintenance, and can help deliver economic growth, but it means the Council will incur a higher level of fixed costs for the foreseeable future and impacts upon revenue resources available to fund day-to-day services.



Capital Programme 2017-22, its Financing and Prioritisation of Future Capital Pressures

1. Introduction

- 1.1. This report sets out for consideration by the Resources Scrutiny Commission the capital programme, as agreed by Full Council at its meeting of 21st February. It puts that decision in the context of capital financing arrangements and explains the rationale for a departure from the previous three tier approach to capital programming.
- 1.2. Capital expenditure involves investing in new assets or improving existing assets. The distinction is important because whilst capital expenditure can be financed from revenue resources, revenue expenditure cannot generally be financed from revenue resources. Any expenditure developing capital schemes, including enabling works that do not culminate in adding or improving the asset base will fall as a charge to revenue.
- 1.3. Capital expenditure has revenue budget consequences – through whole life running costs associated with servicing the asset, additional costs of services utilising the asset, cost of borrowing, and depreciation or minimum revenue provision (MRP). It is vital therefore that the capital programme is agreed as part of the Council's budget making and medium term financial planning processes so that the revenue implications of planned capital expenditure consequences are reflected in the budget process and treasury management strategy.
- 1.4. Bristol has a large and ambitious capital programme. On the one hand that can facilitate more cost effective asset management, improving efficiency and the need to incur cost of maintenance, and can help deliver economic growth, but it means the Council will incur a higher level of fixed costs for the foreseeable future and impacts upon revenue resources available to fund day-to-day services. It also exposes the Council to significant financial risks. This report also therefore sets out the need to develop a capital strategy and a structured approach to scheme prioritisation.

2. Report

- 2.1. The Council plays a key role in investing in its community; providing facilities for local people to use as well as business premises that provide jobs and opportunities. Longer term capital programme aspirations are significant, however the Council recognises that these investments are essential to deliver revenue savings and transform capacity to meet future needs.
- 2.2. In recent years the Council has adopted a three tier approach when presenting the capital programme for approval by Council;

- Tier 1 – Actual proposed programme for approval and funded within the medium term financial plan
- Tier 2 – Projects under development – published but not formally approved and not funded within the medium term financial plan
- Tier 3 – Projects in early stages of development – again published but not approved nor funded.

- 2.3. Whilst both Tier 2 and 3 elements of the programme comprised schemes that contained some external funding, they primarily assumed they would be wholly funded through the Councils own resources.
- 2.4. Whilst this approach facilitated a degree of transparency for Council decision-making – in that the process could facilitate Council agreeing alternative priorities to the Executive's recommended programme – such determinations would not be based on any agreed criteria, and could lend itself to criticism of prioritisation not being evidence based.

3. 2016/17 Capital Monitoring

- 3.1. Each month Cabinet has been receiving an update on capital expenditure and projected outturn to the end of the financial year. Projections are provided by directorate programme and project managers. The following table shows the position as at the end February;

Table 1 - Capital Programme Forecast Expenditure & Financing

	Period 10 2016/17 Budget	Capital Budget Adjustments	Period 11 2016/17 Combined Budget	2016/17 Forecast Outturn	2016/17 Forecast Outturn Variance	2016/17 Actual Spend to Date
	£m	£m	£m	£m	£m	£m
People	40.7	(0.6)	40.1	36.8	(3.3)	24.1
Place	83.6	(4.7)	78.9	85.4	6.5	53.8
Neighbourhoods	9.7	(0.5)	9.2	8.9	(0.3)	7.0
Resources	12.2	0.0	12.2	12.2	0.0	9.5
City Director	0.8	0.0	0.8	0.7	(0.1)	0.6
Housing Revenue Account	56.0	0.0	56.0	51.6	(4.4)	41.7
Corporate	11.6	0.1	11.7	14.7	3.0	14.5
Totals	214.6	(5.7)	208.9	210.3	1.4	151.2
Finance By:						
Prudential Borrowing			80.8	86.6	5.8	
Capital Grants			58.7	58.7	0.0	
Capital Receipts			0.4	0.4	0.0	
Revenue Contributions			13.0	13.0	0.0	
Housing Revenue Account (Self-Financing)			56.0	51.6	(4.4)	
TOTAL CAPITAL FINANCING			208.9	210.3	1.4	

- 3.2. The actual capital spend to the end of Period 11 was £151.2m (72% of adjusted budget). Whilst historic trends indicate that capital spending increases towards the

end of the financial year, the level of forecast spend appears high compared to spend to date. Initial indications of outturn would suggest actual spend will be below £200m. A review of slippage and carry forward assumptions will be undertaken as part of the 2016/17 accounts finalisation, and along with the resourcing implications of that review will be brought back to Cabinet for consideration as part of the regular budget monitoring cycle for Cabinet early in the new financial year.

- 3.3. Details of 2016/17 programme are set out as Appendix A. More detailed monitoring will be provided as part of the normal P11 reporting, and provisional outturn will be available at the beginning of May.

4. 2017/18 and Onwards

- 4.1. The approach to capital programming has been amended for 2017/18 onwards to improve transparency and certainty. A review of the former three tiers was undertaken as part of the budget process to take account of key corporate priorities, statutory responsibilities, new and emerging pressures, and affordability. The decision to have one published programme is supported by greater clarity of the estimated revenue implications of that programme.
- 4.2. That has meant that a number of proposed former tier 2 and 3 schemes have been removed from the programme – but it has also facilitated the introduction of provisions to ensure more cost effective asset management and investment to support the delivery of key aspects of the revenue efficiencies programme. A corporate contingency of £10m per annum is also incorporated into the programme. This is to help mitigate inherent financial risks across the portfolio.
- 4.3. All schemes over £500k require Cabinet approval to formally adopt a capital estimate and approval to progress as part of the Council's budget and policy framework. Governance arrangements are currently under review to ensure effective officer assessment and evaluation at project initiation, inception and delivery stages.
- 4.4. Capital and revenue expenditure cannot be considered in isolation of each other. A larger and more ambitious capital programme on the one hand can facilitate more cost effective asset management, improving efficiency and the need to incur cost of maintenance, and can help deliver economic growth, but it means the Council will incur a higher level of fixed costs for the foreseeable future and impacts upon revenue resources available to fund day-to-day services. The programme set out will increase capital financing charges by an estimated £27m in 2021/22. If interest rates rise during that period then that will add further revenue budget pressures.

- 4.5. The Council's agreed capital budget (including the HRA) for the year 2017/18 totals £213.5m. The capital programme for the years 2018/19 to 2021/22 is a further £689.9m. Table below summarises our current capital spending plans for the next five years that total £900.4m;

Capital Programme	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
People Directorate	30,826	35,472	25,310	32,500	15,300	139,408
Place Directorate	107,202	72,109	106,631	73,875	60,857	420,674
Neighbourhoods Directorate (GF)	8,794	10,450	3,600	2,400	2,400	27,644
Resources Directorate	8,135	7,600	2,700	2,700	2,700	23,835
City Director & Corporate	17,558	14,075	17,213	10,000	10,000	68,846
Housing Revenue Account	41,000	47,000	44,000	44,000	44,000	220,000
Total	213,515	186,706	199,454	165,475	135,257	900,407

- 4.6. The detailed draft programme and its financing is set as Appendix 2 to the budget report. Further information can be provided on each of the agreed schemes.
- 4.7. Appendix 3 sets out those former tiers 2 and 3 schemes which have now been withdrawn from the programme. The table also sets out the revenue cost of those schemes, representing a net increase to the Council's base budget of some £3.2m over the period of the medium term financial plan.

5. Capital Financing

- 5.1. Financing of the programme is from a number of different sources, including specific capital grants (e.g. for some transport schemes or increasing school places), utilisation of capital receipts, S106/ CIL receipts, direct revenue funding and prudential borrowing. Funding sources for the capital programme are summarised in Appendix 2. Further details can be provided on a scheme by scheme basis.
- 5.2. A number of major projects have complex financing assumptions. With that comes significant financial risk which is underwritten by increased borrowing. For example schemes supported via LEP monies will normally require the Council to finance development costs initially with grants being received post completion and as an offset of annual borrowing costs over say 25 years. The availability of such funding is subject to business rate growth in enterprise zones and areas providing sufficient resources across the LEP region. If business rate growth falls short of assumptions there could be insufficient resources in the pool. Also assumed Community Infrastructure Levy funding could be adversely impacted by any sudden downturn in the development market should prevailing economic conditions change. These and other financial risks have implications for the revenue budget. Officers are currently re-assessing the financial risk associated with key projects.

- 5.3. HRA expenditure is ring-fenced, which means all landlord services cannot be subsidised from council tax or business rates, and vice versa. All borrowing within the HRA is funded from rents and services charges (via major works recoveries). There can be cross over between some capital receipts, but current council policy is to utilise housing receipts to support capital investment in existing council housing stock and delivery of new supply. Over 40% of the annual costs attributable to the HRA relate to capital expenditure and its financing.
- 5.4. The agreed HRA business plan assumes some 200 right-to-buys for 2017/18. This will generate some £10.6m of useable capital receipts. However £6.3m form part of the 1-4-1 agreement with DCLG, which must be earmarked for expenditure on new affordable housing – either by the Council itself, or via a registered provider. The receipt can only fund a maximum of 30% of new development, and funding for the remaining 70% precludes HCA grant. Failure to spend receipts within 3 years, under the agreement, means they must be paid over to the Treasury with a punitive interest rate.
- 5.5. Local authorities are subject to a statutory HRA debt cap, which limits the amount of borrowing that can be applied either for new supply housing or investment in existing stock. This cap on total borrowing is £257m, and outstanding HRA debt is £245m. This means Council currently has “headroom” of £12m – which is the maximum the HRA can currently borrow over the period of the 30 year business plan, unless existing debt is redeemed. The primary source of funding for investment over the medium term will be depreciation (formerly known as major repairs allowance). This is, in effect, a quasi-sinking fund levied on tenants rents. Any revenue surpluses can also be invested in the HRA programme. All capital expenditure must be contained within an affordable 30 year HRA business plan.
- 5.6. Financing of the general fund capital programme must be seen in the context of the Council’s very challenging revenue position. It is estimated that the Council will now have a net borrowing requirement of £470m over the MTFS period. This will generate additional general fund capital financing charges of £27m by 2022, and which will contribute towards the estimated revenue funding gap of £42m outlined in the table below. Within this context, and taking into account the financial risks inherent in the programme, it is important that clear criteria are established for prioritisation of competing demands for limited capital resources. In terms of gearing, as a proportion of net general fund, costs of borrowing will represent some 12% by 2022, compared to less than 8% at present.

Summary of Funding Gap							
	Original						
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base Revenue Budget	345,437	345,433	364,741	375,851	389,115	419,293	
Inflation & Central Adjustments		8,135	15,731	16,735	25,535	12,260	
Investment in Services	0	44,242	11,913	6,634	6,647	2,028	
Savings / Efficiencies	0	(33,068)	(16,534)	(10,105)	(2,003)	(488)	
Annual Budget Requirement	345,437	364,741	375,851	389,115	419,293	433,093	
Financed by:							
Total Funding	345,437	364,741	361,552	366,625	378,363	391,028	
Residual (Surplus) / Deficit	0	(0)	14,298	22,490	40,930	42,065	

- 5.7. 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.

6. Capital Strategy

- 6.1. Given the issues outlined above prioritisation of the programme is essential to ensure it remains within an affordable envelope and has involved broadly ranking new pressures and prior tier 2 and 3 schemes as essential, high priority, priority and desirable. Going forward a renewed capital strategy will be developed, in parallel with the asset management strategy that will outline the approach to capital investment, ensuring that it is affordable, sustainable and prudent, and aligned to the Council's corporate priorities.
- 6.2. Both asset management and capital strategies need to sit within the context of wider infrastructure delivery planning, which is integral to core planning policies.
- 6.3. An idealistic model for public sector capital investment portfolio is one that provides an appropriate blend of investment to do the following:
- undertake mandatory duties keeping the public safe and maintain its investment,
 - invest to grow the economy; and
 - invest to save by reducing costs that would be borne by the revenue account or generating external income.
- 6.4. Further consideration will be given to the appropriate blend of future schemes in the Medium Term Financial Plan.

2016/17 Capital Proposed Budget, Forecast and Variance Analysis

Directorate	PERIOD 10 2016/17 BUDGET TOTAL £000's	2016/17 BUDGET ADJUSTMENTS £000's	PERIOD 11 2016/17 BUDGET TOTAL £000's	2016/17 FORECAST TOTAL £000's	2016/17 VARIANCE TOTAL £000's	2017/18 BUDGET TOTAL £000's	2018/19 BUDGET TOTAL £000's	2019/20 BUDGET TOTAL £000's
People								
<u>Education Capital Programme 2</u>								
Major Projects Programme 2	22,209	(74)	22,135	21,642	(493)	7,424	0	0
Site Acquisitions	130	1	131	131	0	0	0	0
Early Years	0	0	0	0	0	0	0	0
Universal Free School Meals	7	0	7	7	0	0	0	0
Schools Access Initiative SAI/DDA	60	(24)	36	36	0	60	155	0
Lifecycle (R&M)	42	0	42	39	(3)	0	0	0
Urgent/Emergency	113	0	113	113	0	76	0	0
Completed Projects	191	0	191	191	0	0	0	0
Total - Education Capital Programme 2	22,752	(97)	22,655	22,159	(496)	7,560	155	0
<u>Schools' Devolved Capital</u>								
Capital, Assets & Access 1	4,528	0	4,528	2,000	(2,528)	2,005	0	0
Total - Schools' Devolved Capital	4,528	0	4,528	2,000	(2,528)	2,005	0	0
<u>CYPS non-Schools</u>								
CYPS non-Schools	1,538	(500)	1,038	1,065	27	626	50	0
Total - CYPS non-Schools	1,538	(500)	1,038	1,065	27	626	50	0
<u>Education Capital Programme 3</u>								
Major Projects	10,042	(474)	9,568	9,568	0	15,998	5,142	0
Site Acquisitions	750	0	750	750	0	0	0	0
Commissioning	0	(5)	(5)	0	5	0	2,468	0
Feasibility	100	0	100	100	0	1,098	0	0
Lifecycle (Capital R&M)	485	(289)	196	175	(21)	819	685	0
Total - Education Capital Programme 3	11,377	(768)	10,609	10,593	(16)	17,915	8,295	0
<u>Early Intervention</u>								
0-25 Integrated Service	190	0	190	105	(85)	430	0	0
Youth & Play	204	0	204	204	0	0	0	0
Total - Early Intervention	394	0	394	309	(85)	430	0	0
<u>Children & Families</u>								
Fostering and Adoption	129	0	129	129	0	0	0	0
Total - Children & Families	129	0	129	129	0	0	0	0
<u>Care Management</u>								
Transformation - Capital	(346)	425	79	176	97	0	0	0
Total - Care Management	(346)	425	79	176	97	0	0	0
<u>Care Services</u>								
Operations - Capital	209	366	575	378	(197)	363	0	0
Total - Care Services	209	366	575	378	(197)	363	0	0
<u>Strategic Housing</u>								
Extra Care Housing	99	0	99	19	(80)	720	1,425	0
Total - Strategic Housing	99	0	99	19	(80)	720	1,425	0
Totals - Directorate: People	40,680	(574)	40,106	36,828	(3,278)	29,619	9,925	0

2016/17 Capital Proposed Budget, Forecast and Variance Analysis

Directorate	PERIOD 10 2016/17 BUDGET TOTAL £000's	2016/17 BUDGET ADJUSTMENTS £000's	PERIOD 11 2016/17 BUDGET TOTAL £000's	2016/17 FORECAST TOTAL £000's	2016/17 VARIANCE TOTAL £000's	2017/18 BUDGET TOTAL £000's	2018/19 BUDGET TOTAL £000's	2019/20 BUDGET TOTAL £000's
Place								
Strategic Property								
Building Practice Capital	2,768	(900)	1,868	3,611	1,743	3,107	1,219	0
Corporate Property	793	(343)	450	438	(12)	576	0	0
Docks	22	0	22	0	(22)	0	0	0
Total - Strategic Property	3,583	(1,243)	2,340	4,049	1,709	3,683	1,219	0
Major Projects								
Place, Major Schemes	5,214	(338)	4,876	5,206	330	19,103	37,100	38,000
Filwood Broadway	184	(181)	3	3	0	1,014	348	0
Hengrove Park	15	0	15	15	0	0	0	0
Kingswear and Torpoint Flats	715	(335)	380	380	0	341	0	0
Filwood Green Business Park	1,494	0	1,494	1,493	(1)	0	0	0
Economy Development	818	0	818	440	(378)	700	0	0
Strategy & Commissioning	720	0	720	425	(295)	3,461	2,500	0
Total - Major Projects	9,160	(854)	8,306	7,962	(344)	24,619	39,948	38,000
Planning & Sustainable Development								
City Design Group	390	(191)	199	179	(20)	673	219	219
Total - Planning & Sustainable Development	390	(191)	199	179	(20)	673	219	219
Transport								
Sustainable Transport	9,313	576	9,889	8,790	(1,099)	14,893	2,329	2,167
Strategic City Transport	7,084	(2,979)	4,105	5,110	1,005	13,630	0	0
Highway Drainage Capital Works	2,771	0	2,771	2,801	30	0	0	0
Highways & Traffic	6,354	18	6,372	6,840	468	199	0	0
Parking Services	61	0	61	61	0	21	0	0
Passenger Transport	1,368	(301)	1,067	1,111	44	1,831	0	0
Residents Parking Zone	1,200	0	1,200	1,606	406	977	0	0
Transport Major Projects (Metrobus)	30,935	(22)	30,913	37,237	6,324	15,533	0	0
Total - Transport	59,086	(2,708)	56,378	63,556	7,178	47,084	2,329	2,167
Energy Services								
Energy Management Unit	3,685	307	3,992	2,729	(1,263)	7,759	0	0
Warm Up Bristol	5,769	0	5,769	6,237	468	0	0	0
Energy Services	1,923	0	1,923	743	(1,180)	0	0	0
Total - Energy Services	11,377	307	11,684	9,709	(1,975)	7,759	0	0
Totals - Directorate: Place	83,596	(4,689)	78,907	85,455	6,548	83,818	43,715	40,386

2016/17 Capital Proposed Budget, Forecast and Variance Analysis

Directorate	PERIOD 10 2016/17 BUDGET TOTAL £000's	2016/17 BUDGET ADJUSTMENTS £000's	PERIOD 11 2016/17 BUDGET TOTAL £000's	2016/17 FORECAST TOTAL £000's	2016/17 VARIANCE TOTAL £000's	2017/18 BUDGET TOTAL £000's	2018/19 BUDGET TOTAL £000's	2019/20 BUDGET TOTAL £000's
Neighbourhoods								
Bristol Operations Centre								
Bristol Operations Centre	4,824	(500)	4,324	4,327	3	3,492	0	0
Total - Bristol Operations Centre	4,824	(500)	4,324	4,327	3	3,492	0	0
Environment & Leisure								
Cemeteries & Crematoria	108	(108)	0	108	108	0	0	0
Parks	1,428	100	1,528	1,163	(365)	1,562	300	0
Waste Services	36	0	36	36	0	0	0	0
Total - Environment & Leisure	1,572	(8)	1,564	1,307	(257)	1,562	300	0
Neighbourhoods & Communities								
Libraries	456	0	456	443	(13)	200	250	0
Total - Neighbourhoods & Communities	456	0	456	443	(13)	200	250	0
Housing Services - Capital								
Private Housing & Adaptations	2,806	0	2,806	2,726	(80)	700	700	0
Total - Housing Services Capital	2,806	0	2,806	2,726	(80)	700	700	0
Totals - Directorate: Neighbourhoods	9,658	(508)	9,150	8,803	(347)	5,954	1,250	0
Resources								
Information & Communication Technology								
ICT Refresh Programme	0	0	0	0	0	1,500	1,500	1,500
Total - Information & Communication Technology	0	0	0	0	0	1,500	1,500	1,500
Bristol Workplace Programme								
BWP - Design Contract, Buildings & Technology	12,233	0	12,233	12,233	0	802	900	0
Total - Bristol Workplace Programme - Buildings	12,233	0	12,233	12,233	0	802	900	0
Totals - Directorate: Resources	12,233	0	12,233	12,233	0	2,302	2,400	1,500
City Director								
Bristol Futures								
City Innovation	802	(43)	759	627	(132)	4,888	3,075	6,213
Total - Bristol Futures	802	(43)	759	627	(132)	4,888	3,075	6,213
Totals - Directorate: City Director	802	(43)	759	627	(132)	4,888	3,075	6,213
Housing Revenue Account								
Planned Programme	40,330	0	40,330	36,971	(3,359)	42,076	47,100	44,600
Responsive Repairs	700	0	700	700	0	0	0	0
Strategy, Planning & Governance	14,989	0	14,989	13,919	(1,070)	0	0	0
Total - Housing Revenue Account	56,019	0	56,019	51,590	(4,429)	42,076	47,100	44,600
Totals - Housing Revenue Account	56,019	0	56,019	51,590	(4,429)	42,076	47,100	44,600
Corporate								
Capital Funding								
Capital Funding	11,634	116	11,750	14,767	3,017	56,995	80,407	106,867
Total - Capital Funding	11,634	116	11,750	14,767	3,017	56,995	80,407	106,867
Totals - Directorate: Corporate	11,634	116	11,750	14,767	3,017	56,995	80,407	106,867
TOTALS - CAPITAL PROGRAMME	214,622	(5,698)	208,924	210,303	1,379	225,652	187,872	199,566

Future years budget TOTALS 613,090

Capital Programme Tier 1 budget (all years) TOTALS 822,014

Appendix 2

The Draft Capital Programme
2016/17 – 2021/22 recommended for
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Draft Capital Programme 2016/17 to 2021/22

People

Ref	Scheme	Description	Sum of budget total (£'000)						Total
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Pe01	School Organisation/ 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.	34,126	25,751	8,497				68,374
Pe02	Schools Organisation/ SEN Investment Programme	Investment in additional SEN Provision.		1,000	25,000	25,000	25,000	15,300	91,300
Pe03	Schools Devolved Capital Programme	Additional capital investment in school buildings funded by Schools.	4,528	2,005					6,533
Pe04	Non Schools Capital Programme	Investment in Education Management Case System and Employment Engagement Hub.	1,538	157	50				1,745
Pe05	Children & Families – Aids and Adaptations	Equipment and adaptations for children with disabilities.	523	430					953
Pe06	Care Services	PWD Partnership - New Homes for people for dementia.			500	310	7,500		8,310
Pe07	Extra care Housing	Extra Care housing to provide accommodation for older people with some care services on site. This proposal is to provide 40 new 'extra care' housing spaces at Cold Harbour Lane as part of a 261 unit development. It will also contribute towards an extra 222 units for rent and 764 units for sale or shared ownership at other sites.	99	720	1,425				2,244
Pe08	Care Management/Care Services	Investment in Social Care Infrastructure and Assets.	225	763					988
People Total:			41,039	30,826	35,472	25,310	32,500	15,300	180,447

Place

Ref	Scheme	Description	Sum of budget total (£'000)						Total
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Transport									
PL01	Metrobus	Providing the three proposed Metrobus schemes (totalling £200m) to improve public transport and reduce congestion. Delivered in partnership through the West of England Local Enterprise Partnership with North Somerset and South Gloucestershire councils.	31,135	15,310					46,445
PL02	Passenger Transport	A variety of projects supporting improvements in bus services such as use of hybrid vehicles.	1,605	1,292					2,897
PL03	Residents Parking Schemes	Regular works to keep improving and updating transport and parking infrastructure such as roads and car parks.	1,282	978					2,260
PL04	Strategic City Transport	This covers a range of projects including the local enterprise zone improvements which is LEP funded and Bristol Metro development.	5,865	13,089	133	934	583		20,604
PL05	Sustainable Transport	Key projects include cycle ambition funded projects, Better Bus Area Fund, LSTF and bus shelter replacement.	10,438	13,828	3,000	1,940			29,206
PL06	Portway Park & Ride Rail Platform	Develop new platform on Severn Beach rail line between Shirehampton & Avonmouth - Bid submitted for external funding in Nov 16 and is subject to grant approval to be awarded.		1,100					1,100
PL07	Rail Stations Improvement Programme	Improvements to existing rail stations.		800	800				1,600
PL08	Highways & Drainage Enhancements	A403 Road enhancement scheme.	2,771						2,771
PL09	Highways Infrastructure – Plimsole Bridge	Replacement of control unit.		300					300
PL10	Highways & Traffic Infrastructure – General	Highways Infrastructure planned maintenance and structural investment.	6,431	1,009	1,000	1,000	1,000	1,000	11,440

Appendix 2

The Draft Capital Programme 2016/17 – 2021/22 recommended for approval by Full Council

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Ref	Scheme	Description	Sum of budget total (£'000)						Total
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Regeneration & Major Projects									
PL11	Bristol Arena & Temple Meads East Regeneration (Arena Island and Cattle Market Road programmes)	Indoor entertainment venue with 12,000 capacity located on the former Diesel Depot adjacent to Temple Meads station. The council is heading up the development and the revenue from the lease will fund part of the capital cost. The remainder to be funded through the City Deal growth incentive and other related revenues.	3,614	18,382	37,100	38,000	16,435	10,000	123,531
PL12	Filwood Broadway	Regeneration of district centre – part of Knowle West Regeneration Framework.	184	1,012	169				1,365
PL13	Filwood Green Business Park	Development of the business park including new employment space.	1,494						1,494
PL14	Planning & Sustainable Development	This consists of environmental improvements and the delivery of the Legible City project which improves a network of pedestrian wayfinding system across Bristol meanwhile promotes public health related initiatives.	390	786	500				1,676
PL15	Planning & Sustainable Development	Environmental Improvement Programme.		150	150	300			600
PL16	Economy Development	ASEA Flood Defence scheme.	818						818
PL17	Resilience Fund (£1m of the £10m Port Sale)	To set up an investment fund for the ward of Avonmouth and Lawrence Weston to stimulate regeneration projects within this area. The broad themes for the fund are, Jobs and Enterprise, Thriving High Street and Social Impact.		500	500				1,000
Energy									
PL18	Energy Services	Renewable energy investment schemes.	10,791	8,346					19,137
PL19	Energy Services	Energy Workstream 2 – Infrastructure, renewables, heat networks and efficiencies.		2,000	6,000	6,000			14,000

Appendix 2

The Draft Capital Programme 2016/17 – 2021/22 recommended for approval by Full Council

Ref	Scheme	Description	Sum of budget total (£'000)						Total
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Property									
PL20	Strategic Property	Funding to maintain the structural fabric and condition of existing buildings to meet statutory compliance.	3,223	1,715					4,938
PL21	Strategic Property – Essential H&S	Health & Safety works to council buildings.	1,600	2,500	2,500	2,500	2,500		11,600
PL22	Strategic Property – Investment in existing waste facilities	Health & Safety works on existing waste premises.		1,000	1,000				2,000
PL23	Strategic Property – Temple St	Additional works to Temple Street to facilitate letting out.		1,700					1,700
PL24	Colston Hall	Contribution towards the Colston Hall development works.	1,600	400		5,000	3,400		10,400
PL25	Strategic Property – Community Capacity Building	Investment to support local community asset capacity building.	1,000	1,000	1,000	1,000	1,000	1,000	6,000
PL26	Old Vic & St George's	Grant and loan support to facilitate delivery of respective developments		1,548					1,548
PL27	Strategic Property – vehicle replacement	Replacement vehicle fleet.		3,700	2,900	1,300	300	200	8,400
PL28	Bottleyard Studios	Investment of essential renewal and improvements.		700					700
PL29	Hengrove Park	Residual works to facilitate delivery of new homes, parkland and play areas.	15						15
Housing Delivery									
PL30	Strategy and Commissioning	To set up a Private Housing Delivery Vehicle to enable the council to build housing for sale a proportion of which will be affordable homes, and support other initiative to deliver affordable housing targets.		14,057	15,357	48,657	48,657	48,657	175,385
PL31	Kingswear & Torpoint Flats	Redevelopment.	715						715
Place Total:			84,971	107,202	72,109	106,631	73,875	60,857	505,645

Neighbourhoods

Ref	Scheme	Description	Sum of budget total (£'000)						Total
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
NH01	Libraries for the Future	Investment in modernising Bristol's libraries, as part of the libraries for the future project.	456	200	250				906
NH02	Investment in parks and green spaces	Improvement of Parks & Green Spaces across the city.	1,428	1,562	300				3,290
NH03	Cemeteries & Crematoria	Replacement Programme for cremators.		500	500				1,000
NH04	Third Household Waste Recycling and 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.	36		4,000				4,036
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.		300	3,000	1,200			4,500
NH06	Bristol Operations Centre	Specification, procurement and implementation of modern systems (primarily for Telecare, Traffic Systems and CCTV) to replace end of life equipment.	4,824	3,132					7,956
NH07	Housing Solutions	Delivering aids and adaptations for disabled people in private homes, helping them live more independently (based on current estimates of available external grant funding).	2,736	3,100	2,400	2,400	2,400	2,400	15,436
Neighbourhoods Total:			9,480	8,794	10,450	3,600	2,400	2,400	37,124

Housing Revenue Account

Ref	Scheme	Description	Sum of budget total (£'000)						Total
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
HRA1	Housing Revenue Account (HRA)	This is an estimate of potential capital expenditure within the Housing Revenue Account, the full detail is to be determined. This is funded from the HRA, and will be subject to the revised HRA Business Plan, which will inform ongoing capital investment plans.	56,019	41,000	47,000	44,000	44,000	44,000	276,019
Neighbourhoods HRA Total:			56,019	41,000	47,000	44,000	44,000	44,000	276,019

City Director

Ref	Scheme	Description	Sum of budget total (£'000)						Total
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
CD1	Bristol Futures	Open Programmable City project for businesses to access superfast broadband in the Bristol Temple Quarter Enterprise Zone and across the City.	1,766	4,888	3,075	6,213			15,942
City Director Total:			1,766	4,888	3,075	6,213	0	0	15,942

Resources

Ref	Scheme	Description	Sum of budget total (£'000)						Total
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Re01	ICT Refresh Programme	A planned programme of investment to conduct a continuous refresh and upgrade of the Council's core ICT infrastructure		1,500	1,500	1,500	1,500	1,500	7,500
Re02	ICT Development – HR/Finance	Development of HR/Finance System.		300	2,500				2,800
Re03	ICT Strategy Development	Investment that will be required to support delivery of ICT Strategy.		5,000	2,700	1,200	1,200	1,200	11,300
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, including all the necessary ICT (last year of current programme).	11,700	1,335	900				13,935
Resources Total:			11,700	8,135	7,600	2,700	2,700	2,700	35,535

Corporate

Ref	Scheme	Description	Sum of budget total (£'000)						Total
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
CP01	Corporate Initiatives	Investment into the Homelessness Property Fund and a number of capital schemes approved in Feb 2016.	5,334	1,670					7,004
CP02	Corporate – Advanced Scheme Design	Funding required to ensure investment in scheme design and delivery.		1,000	1,000	1,000			3,000
CP03	Corporate Contingencies	Contingency required for major capital projects.		10,000	10,000	10,000	10,000	10,000	50,000
Corporate Total:			5,334	12,670	11,000	11,000	10,000	10,000	60,004

Total Capital Programme

	Sum of budget total (£'000)						Total
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Total:	210,309	213,515	186,706	199,454	165,475	135,257	1,110,716

Financing of the Capital Programme

		Sum of budget total (£'000)						Total
		2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
	Capital receipts – (HRA ONLY)	17,009	2,000	10,000	8,000	8,000	8,000	53,009
	Capital receipts – GF	360	500	15,000	49,800	49,800	40,100	155,560
	Capital Grants	68,973	38,773	18,200	13,000	13,000	12,400	164,346
	Revenue	16,237	17,500	12,000	10,000	10,000	10,000	75,737
	Prudential Borrowing	75,976	129,742	105,506	92,654	58,675	38,757	501,310
	HRA Self-financing (MRR)	31,754	25,000	26,000	26,000	26,000	26,000	160,754
	Total Financing:	210,309	213,515	186,706	199,454	165,475	135,257	1,110,716

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 2848

Remaining Tier 2 & 3 Capital Programme schemes not included in Draft Capital Programme 2017/18 - 2021/22

Project Title	Brief Description of Scheme	Directorate	Estimated profile of capital spend and funding stream				3 YR TOTAL £000
			Funding Source	2017/18 £000	2018/19 £000	2019/20 £000	
Transport - Smart ticketing	Working with partners to introduce Oyster style smart ticketing for public transport across Bristol and the wider region.	Place	BCC funding	1,500	1,500	1,500	4,500
			TOTAL	1,500	1,500	1,500	4,500
TIER 2		BCC funding	1,500	1,500	1,500	4,500	
		TOTAL	1,500	1,500	1,500	4,500	

Revenue Cost (Borrowing) - Tier 2 schemes	23	81	139	175
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TIER 3 - PROJECTS PREVIOUSLY IN EARLIER STAGES OF DEVELOPMENT

Project Title	Brief Description of Scheme	Directorate	Estimated profile of capital spend and funding stream				3 YR TOTAL £000
			Funding Source	2017/18 £000	2018/19 £000	2019/20 £000	
M32 Park and Ride	A new Park and Ride service located at the M32.	Place	BCC funding	2,000	4,000	4,000	10,000
			TOTAL	2,000	4,000	4,000	10,000
Ashley Down Rail Station	Project to deliver a main line rail station on the Filton Bank at the previous location of the Ashley Hill Rail Station.	Place	BCC funding	1,600	4,250	4,250	10,100
			TOTAL	1,600	4,250	4,250	10,100
Central Bristol Traffic reduction and Public Realm Improvements - renamed as City Centre Movement Strategy	Development of a strategy to reallocate road space from general traffic to public transport and cycling route, removing unnecessary through routes and consolidating existing routes. To be accompanied by significant improvements to public realm.	Place	BCC funding	500	3,000	5,000	8,500
			TOTAL	500	3,000	5,000	8,500
Cycle Ambition Fund: Future rounds	Improving cycling infrastructure like bridges and cycle lanes to improve cycling and help increase the number of cyclists.	Place	BCC funding	3,500	3,500		7,000
			TOTAL	3,500	3,500		7,000
Local Sustainable Transport Fund	Bus stop upgrades, new and upgraded bus lanes and cycle lanes to improve public transport and facilities.	Place	BCC funding	3,000	3,000		6,000
			TOTAL	3,000	3,000		6,000
Road Safety	New road safety measures in line with our plans to reduce the number and severity of collisions and injuries on Bristol's roads.	Place	BCC funding	2,000	2,000		4,000
			total	2,000	2,000		4,000
Residents Parking Schemes	The introduction of Resident’s Parking Schemes across Bristol between 2016 -2018. This is for the 'outer ring' of zones.	Place	BCC funding	2,780			2,780
			TOTAL	2,780			2,780
Energy Programme Workstream 1 - Housing	Potential development of an energy efficiency house-hold loan scheme should private sector solutions not be forthcoming	Place	BCC funding	1,000	1,000	1,000	3,000
			TOTAL	1,000	1,000	1,000	3,000
Energy Programme Workstream 3 - Investments	Renewable energy projects such as solar, wind and hydro-electric. These would be on big and small scales, and agreed based on clear criteria set by the Council and the community.	Place	BCC funding	3,700	9,600	9,400	22,700
			TOTAL	3,700	9,600	9,400	22,700
Bristol Museums Futures	Various works to ensure a high quality, sustainable and commercially successful service. This includes development of Bristol Museum & Art Gallery, creating a new object and archive storage and research facility.	Place	BCC funding	500	1,500	3,500	5,500
			TOTAL	500	1,500	3,500	5,500
TIER 3			BCC funding	20,580	31,850	27,150	79,580
			TOTAL	20,580	31,850	27,150	79,580

Revenue Cost (Borrowing) - Tier 3 schemes	309	1,278	2,445	3,093
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Bristol City Council Resources Scrutiny Commission

Report of: Service Director, Finance

Title: Period 10 Finance report for Resources **Ward:** Citywide

Officer presenting report: Denise Murray

Contact telephone number: 0117 922 2419

Recommendation

That the Commission consider and comment on the relevant Resources extracts detailed below taken from the Period 10 Finance Report.

Extracts from the Period 10 Finance Report

Extract 1

General Fund

8. Table 1 below provides a summary of how each directorate is performing against the general fund revenue budget for the 2016/17 financial year. Actions are in progress and further actions are being identified to manage and mitigate the identified budget pressures and risks. The Strategic and Service Directors are actively identifying proposals to minimise the gap, with all budget holders ensuring the forecasting is as accurate as possible.

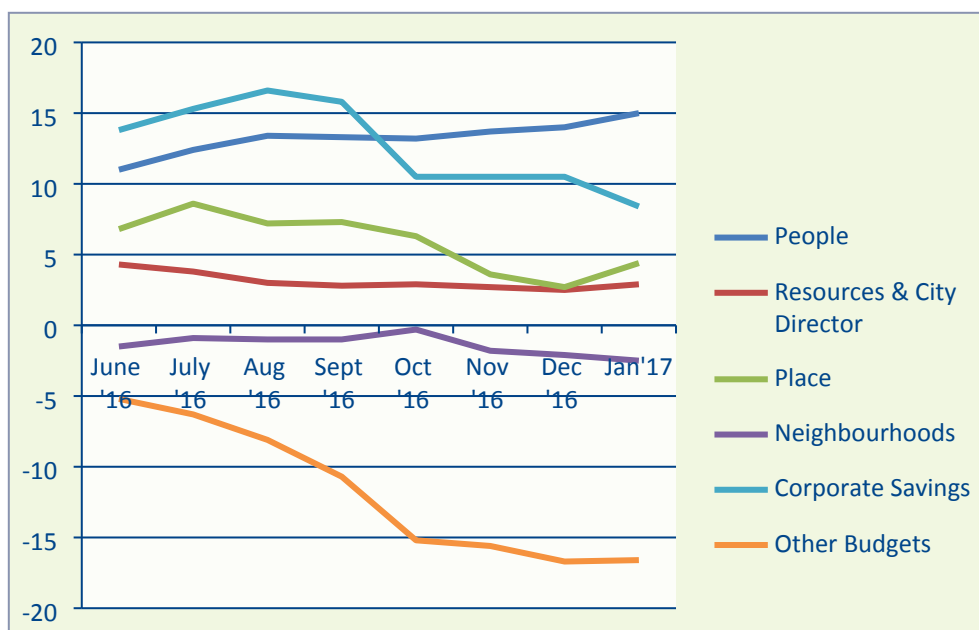
Table 1: General Fund Forecast Net Expenditure

General Fund Revenue Budgets - Period 10			Forecast Outturn Variance (Under)/Over Spend £m	Forecast Outturn Variance at Period 9 £m
Directorate	Net Budget £m	Forecast Outturn £m		
People	206.3	221.3	15.0	14.0
Place	14.1	18.4	4.4	2.8
Neighbourhoods	68.1	65.6	-2.5	-2.1
Resources	24.9	28.2	3.3	2.8
City Director	6.9	6.5	-0.4	-0.3
Corporate Savings Programme (Net Budget)	-6.5	2.0	8.5	10.5
SUB TOTAL – SPENDING ON SERVICES	313.7	342.1	28.4	27.7
Other Budgets *	32.1	17.8	-14.3	-14.3
Released from Reserves	0.0	-2.4	-2.4	-2.4
TOTAL	345.8	357.5	11.6	11.0

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

9. The above forecasts are based on actual expenditure to the end of January 2017 and Budget Managers' estimates of future spending for the rest of the financial year, as approved by each DLT. The net overall forecast outturn of £11.6m represents 2.7% of the General Fund net revenue budget.
10. Detailed analysis is provided at Annex 1A, with directorate details provided at Annex 1B to 1G. Budgets are profiled equally across the year, but spending profiles may be different.
11. The following chart provides a trend analysis of the forecast outturn, by directorate, reported since quarter 1, end of June 2016.

Chart 1: Trend Analysis of Forecast Outturn



Extract 2

13.4 Resources - £3.3m Forecast Overspend

2016/17 Budget	Gross Expenditure £m	Gross Income £m	Net Revenue Budget £m
Resources	39.3	(14.4)	24.9

The Resources Directorate is reporting an increase to the forecast overspend of £0.5m and this mainly relates to the movement of budgets with forecast savings linked to them being moved to the Corporate Savings Programme as noted in paragraph 13.6. Full details are shown in Appendix A. The main variance within Resources is within the ICT Service, which has been offset by savings in other areas. The overspend against budget for ICT relates to additional hardware and maintenance costs (£2.8m) and software development service increases (£1.3m) as a result of growth in additional demand for license costs. This is in part as a result of investment in new technology and digital developments.

Extract 3 - Capital

21. The capital programme changes during the year as the phasing of schemes is reviewed and the notifications of additional schemes and resourcing are received (to the extent that these projects are fully funded). The Capital Board (an officer working group) oversees the coordination of the Capital Programme, ensuring that projects are delivered within their allocation of funding and planned timescales. As at the end of Period 10, there is a forecast underspend for the year of £6.4m. Monitoring indicates that capital spending in 2016/17 will be £208.2m compared to the latest approved

budget of £214.6m. It should be noted that this is primarily slippage and will increase costs in 2017/18.

The following table sets out the forecast of spend by Directorate. Additional detail is provided at Annex 2.

Table 6: Capital Programme Forecast Expenditure & Financing

	Period 9 2016/17 Budget	Capital Budget Adjustments	Period 10 2016/17 Combined Budget	2016/17 Forecast Outturn	2016/17 Forecast Outturn Variance	2016/17 Actual Spend to Date
	£m	£m	£m	£m	£m	£m
People	40.7	0.0	40.7	37.1	(3.6)	22.5
Place	87.7	(4.1)	83.6	81.8	(1.8)	49.2
Neighbourhoods	10.9	(1.2)	9.7	9.1	(0.6)	6.5
Resources	11.7	0.5	12.2	12.2	0.0	9.1
City Director	7.0	(6.2)	0.8	0.6	(0.2)	0.6
Housing Revenue Account	56.0	0.0	56.0	52.7	(3.3)	38.0
Corporate	10.3	1.3	11.6	14.7	3.1	14.5
Totals	224.3	(9.7)	214.6	208.2	(6.4)	140.4
Finance By:						
Prudential Borrowing			82.0	81.9	(0.1)	
Capital Grants			62.7	59.7	(3.0)	
Capital Receipts			0.4	0.4	0.0	
Revenue Contributions			13.5	13.5	0.0	
Housing Revenue Account (Self-Financing)			56.0	52.7	(3.3)	
TOTAL CAPITAL FINANCING			214.6	208.2	(6.4)	

22. The actual capital spend to the end of Period 10 is £140.4m (65% of Combined Budget). Whilst historic trends indicate that capital spending increases towards the end of the financial year, the level of forecast spend to date (31st January 2017) is low compared to the current budget for the financial year. Projected spend to the year end, based on a pro-rata basis, would be £168.5m or 79% of the current budget (75% as at Period 9).
23. During Period 10, there has been a number of technical adjustments resulting in the budget for Period 10 decreasing from £224.3m to £214.6m, a total reduction of £9.7m. These were primarily reprofiling from 2016/7 to 2017/18. Notwithstanding this, as at the end of January, there is a further forecast net underspend against this year's Capital Programme of £6.4m. The following is a summary of the significant variances.

Extract 4- Managing Income

36. At the end of each financial year, the Council is required to calculate a bad debt provision based on its level of outstanding debt. The amount of provision required is dependent on the age of the debt, with all debt over 2 years, being 100% provided for. The current bad debt provision (as at 31st March 2016) is £11.8m. Based on the current level of debt in table 8, if no further action is taken, the required bad debt provision is estimated to be £15.3m. Single, large debts can have a disproportionate impact on the provision required. However, action will continue to be taken between now and the end of the financial year to ensure that the value of outstanding debt is

reduced.

Table 7 – Outstanding Sundry Debt Analysis by Directorate

Directorate	Outstanding Value £000's	Average Value £
People	16,439	1,310
Resources	638	1,176
Neighbourhoods	3,344	364
Place	4,912	1,497
City Director	284	20,313
Corporate & Other	3,582	1,638
TOTALS	29,199	822

Extract 5 – Risk Assessment

APPENDIX D

OVERALL RISK ASSESSMENT: PERIOD 10 FINANCE REPORT

In the Budget Report presented to Full Council in February 2016, a number of significant risks were identified. The finance reports this year have identified that a significant number of these risks have come to fruition in the early part of the financial year, or remain relevant. The list below highlights the most significant of these risks:

- the scale of overall reductions to all directorate budgets (£35.4m identified and included in the approved budget) and the potential of non-delivery of these savings;
- the potential of overspends against budgeted net expenditure;
- care placements & budgets, both in terms of activity as a result of demographic pressures and also unit costs;
- potential delay in delivery of capital receipts;
- increase in pension liabilities;
- volatility in business rate income including the level of successful appeals, the result of the application for mandatory charitable relief made by a number of hospital trusts and the transfer of properties between rating lists. Once these changes are made the Council may have to refund several years back dated rates from a single years income.

As well as the risks highlighted above, the following additional risks have been identified:

- wholly owned company delivery of agreed business plans;
- sustainability of council owned and managed assets, including infrastructure previously identified, property, fleet and ICT.
- schools PFI contracts;
- living wage accreditation – this will require a full review of all external contracts and may result in additional contractual costs;
- inflationary pressure on contract and energy costs;
- increased capital costs of major projects, i.e. Metrobus, the delivery of the Arena and Bristol Temple Meads Easts (development area around the arena);

- current lack of policy clarity on proposed changes to business rate retention;
- effect of Brexit both on house building industry and general economic confidence;
- there will be other costs, such as the Mayoral Combined Authority, still to be fully quantified;

Any risk assessment requires constant review and will form part of the ongoing future monitoring.

DIRECTORATE RISK ASSESSMENT: RESOURCES

ICT Risks identified:

- Unexpected business demand, such as a result of an Ofsted, or other regulatory body, inspection.
- Any remedial actions that may be required to achieve compliance with connection standards, e.g. Public service Network (PSN).
- Remedial actions in event of serious cyber or other event, (e.g. ransomware), resulting in loss of data/access to key BCC systems and data.
- Information Commissioners fine in case of Data Breach or Loss (may not be an ICT related loss, i.e. may be loss of case papers) and remedial actions in event of Data Breach or Loss;
- Remedial actions in event of major supplier commercial failure.
- Remedial actions in the event of sudden or unanticipated change of law or statute.
- Potential additional costs incurred as result of local/regional elections.
- The potential for additional costs incurred as result of currency fluctuations or due to major external influences such as Brexit.
- Capacity to deliver the required pace of change, set upon a backdrop of reducing resources through VS.
- Restructure of the ICT function will require short term additional flexible resource to ensure that approved service projects that have savings requirements, can still be delivered.

The high level detail is given here. It is important to note that, at this point in time, if these items were to occur they would result in expenditure being drawn down from reserves or contingencies.

HR Risks identified:

- Unfilled vacancies plus staff leaving through VS will deliver savings but may increase workplace pressures and the ability of the service to respond to organisational requirement during a period of significant workforce change. Stress risk assessments may be required to assess the impact on employees and this could lead to a requirement to prioritise key activities that are achievable, consider temporary resources, or work ceasing.
- Capacity to deliver the required pace of change, set upon a backdrop of reducing resources through VS. Restructure of the HR function will require short term additional flexible resource to ensure that approved service projects that have savings requirements can be delivered. However, this is expected to be able to be delivered within the proposed financial envelope.
- The income target through the Annual Leave Top Up scheme is dependent on staff

take-up across the organisation and this may not be possible as staffing levels will be lower post-restructure. This may mean that the income target in 16/17 is not realised. Also, staff leaving on VS who are in the scheme will cause loss of income in the current year.

- The staff survey has highlighted a number of key areas for consideration that will require detailed attention to address them.

Legal Services Risks Identified (including Electoral Services, Mortuary & Coroner, & Register Office):

- demand led and cannot predict its spend – high cost/profile cases could happen at any time;
- there may be an increase in an area of work through e.g. court rulings or practice;
- income is more predictable over the short term as clients are known, but will fluctuate over the longer term with changes in external clients as work and projects come to an end and new work will need to be identified;
- there may be a parliamentary election in 2017 or other smaller elections and referenda, which are not currently included in the 4 year budget predictions and which would have budget implications;
- legislative changes, such as the introduction of medical examiners, could cause significant budget pressures;
- increases in the number of deaths due to widespread fatalities that could not be predicted;
- births and deaths registration are reactive services and cannot be completely estimated.
- **Electoral Services** - Currently the postage amount is estimated because printing is billed three months in arrears by Print and Mail Operations. The canvass printing for Oct and Nov for annual canvass printing is currently estimated.
- **Lord Mayor's Office** - Spending freeze - risk that no maintenance spend may reduce income generation potential. Democratic Services - Risk of impact of no longer supporting P&CP and also concerns that school appeals income is not covering reality of staffing costs - review required
- **Members Green** - Political Assistant is due to go on maternity cover in Feb 17, backfill process needs clarification in line with spending freeze
- **Member Development** - Limited Activity on member development, - risk of lack of training to members in chairing positions etc

Finance Risks identified:

- Unfilled vacancies plus staff leaving through Voluntary Severance will deliver savings but may increase workplace pressures and the ability of the service to respond to organisational requirement during a period of significant workforce change.
- Under resourcing finance can lead to a risk of not meeting the requirements of the role of S151 officer.
- Income targets for future years are dependent on successful bidding and provision of an effective, value for money service offer. There is a risk associated with the income from Avon Fire & Rescue for future years as the contract is due for renewal at the end of 2017/18.

Change Services (incl. PMO) Risks identified:

- Where projects were relying on internal resources to support the delivery of service related projects but due to lack of available resources may need to request external resource which could have a higher cost implication.
- Unfilled vacancies in the team due to the recruitment freeze, in addition to previous reduction through VS, leading to resource pressures. In particular in management roles increasing pressures and the ability of the service to respond quickly to requests/ needs
- Staff Retention – experienced change delivery staff (e.g. Project Managers, Business Analysts, IT Specialists) with marketable skills could opt to leave the organisation, intensifying resource pressures and resultant higher costs already referenced above.
- Unexpected business demand (winning unexpected bids and needing Change resource to deliver them, unexpected IT changes which require change input etc).
- Risk that CPG group will trigger previously unexpected/not-anticipated demand.
- The Change Business Partners are currently covering the Service Manager role and working with Finance colleagues to manage the budget position and year end forecast, to mitigate this risk.

Period 10 Budget Monitoring - Detailed budget summary by division\service

Division: ICT

Services provided by ICT

ICT provide high quality Information and Communications Technology (ICT) needed to enable the council to safely deliver efficient and effective business services.

Summary by Service		2016/17 - Year to date			2016/17 - Full Year				Period 9 Forecast	
Service		Revised Budget	Net Expenditure 201610	Variance	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
		£000s			£000s				£000s	
212	ICT Delivery	5,962	9,222	3,260	8,292	7,125	10,106	2,981	(332)	10,438
213	Digital Transformation	1,968	3,127	1,159	1,033	2,350	3,326	976	17	3,308
21A	Business Change & ICT	(1,447)	108	1,556	(1,711)	(1,737)	(1,736)	1	0	(1,736)
21B	ICT Sourcing	646	414	(232)	769	775	519	(257)	(10)	529
Total ICT		7,129	12,872	5,743	8,384	8,514	12,215	3,701	(325)	12,539

Summary by CIPFA group (Account Type)		2016/17 - Year to date			2016/17 - Full Year				Period 9 Forecast	
CIPFA description		Revised Budget	Net Expenditure	Variance	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
		£000s			£000s				£000s	
1	Employees	5,549	5,591	42	6,460	6,618	6,241	(378)	(183)	6,423
2	Premises-Related Expenditure	0	5	4	1	0	5	4	0	5
3	Transport-Related Expenditure	8	13	4	12	10	19	9	(0)	19
4	Supplies & Services	4,975	8,414	3,439	6,703	5,970	10,004	4,033	(77)	10,081
5	Third Party Payments	0	1	1	0	0	1	1	0	1
7	Support Services	19	77	58	309	23	68	46	(225)	293
Expenditure		10,552	14,100	3,548	13,483	12,622	16,337	3,715	(485)	16,822
9	Income	(3,424)	(1,228)	2,195	(5,100)	(4,108)	(4,122)	(14)	161	(4,283)
Income		(3,424)	(1,228)	2,195	(5,100)	(4,108)	(4,122)	(14)	161	(4,283)
NET Expenditure		7,129	12,872	5,743	8,384	8,514	12,215	3,701	(325)	12,539

Notes

As previously reported, the overspend against budget for ICT relates to additional hardware and maintenance costs (£2.8m) and software development service increases (£1.1m) as a result of growth in additional demand for license costs and investment in new technology and digital developments. The overspend is partly offset by savings on employees and additional income. The £325k movement in forecast relates to a budget reduction (moved to the Corporate Savings Programme) of £350k offset by a forecast £25k increase in net expenditure within the service.

Period 10 Budget Monitoring - Detailed budget summary by division\service

Division: Legal and Democratic Services

Services provided by Legal and Democratic Services

Legal Services includes the child protection team, community and litigation team, property team, planning transport and the regulatory team. The division also includes statutory registration services and democratic services.

Summary by Service		2016/17 - Year to date			2016/17 - Full Year				Period 9 Forecast	
Service		Revised Budget	Net Expenditure 201610	Variance	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
		£000s			£000s				£000s	
221	Legal - Place	675	1,126	451	934	807	1,311	505	64	1,248
222	Statutory & Democratic Services	2,260	2,109	(151)	3,506	2,703	2,584	(119)	(41)	2,625
224	Legal - People	1,100	1,515	415	1,404	1,320	1,388	68	89	1,300
225	Legal Services - Other	437	334	(104)	524	523	391	(132)	6	385
291	Electoral Services	836	2,934	2,098	993	1,003	1,027	24	1	1,027
Total Legal and Democratic Services		5,309	8,019	2,710	7,362	6,356	6,702	346	117	6,585

Summary by CIPFA group (Account Type)		2016/17 - Year to date			2016/17 - Full Year				Period 9 Forecast	
CIPFA description		Revised Budget	Net Expenditure	Variance	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
		£000s			£000s				£000s	
1	Employees	5,429	7,050	1,621	6,921	6,501	7,402	901	685	6,717
2	Premises-Related Expenditure	46	322	275	55	55	62	6	(2)	64
3	Transport-Related Expenditure	161	(0)	(162)	195	194	57	(137)	(101)	158
4	Supplies & Services	3,324	3,182	(142)	4,284	3,989	4,017	28	109	3,908
5	Third Party Payments	1	3	2	151	1	3	2	0	3
7	Support Services	401	743	342	622	481	861	380	278	582
Expenditure		9,362	11,300	1,938	12,229	11,221	12,401	1,181	969	11,432
9	Income	(4,054)	(3,281)	773	(4,868)	(4,865)	(5,699)	(835)	(852)	(4,847)
Income		(4,054)	(3,281)	773	(4,868)	(4,865)	(5,699)	(835)	(852)	(4,847)
N	Income & Expenditure outside of Net Cost of Service	0	0	0	0	0	0	0	0	0
Transfer to \ from reserves		0	0	0	0	0	0	0	0	0
NET Expenditure		5,309	8,019	2,710	7,362	6,356	6,702	346	117	6,585

Notes

Although the movement in forecast for Legal is shown as £117k, a budget reduction of £133k has also occurred to contribute to planned savings for the Corporate Savings Programme. These two figures explain the movement of the forecast from P9 of £96k overspend to the current £346k overspend. The forecasted net expenditure has increased by £117k, mainly due to a reduction in income forecast for Land charges whilst the budget movement to the Corporate Savings programme for court fees in child protection has brought this budget back to balance from a forecast underspend and this will continue to be closely monitored. Litigation cases are however showing an overspend due to a substantial increase in court fees to issue proceedings; increase in challenges to decisions to the High Court through claims and judicial review and costs awards against the council, which are paid through the legal services budget and monitored through reports to the Resources scrutiny commission.

As previously reported, there are cost pressures in year as a result of not significantly increasing the funding for Electoral Services when the election cycle changed to all outs and the additional election for the Bristol Mayor was added, £438k overspend electoral registration and £927k for elections. These pressures will be managed in this financial year through drawdown from reserves and in future through an offsetting arrangement, whereby budget is set

Period 10 Budget Monitoring - Detailed budget summary by division\service

Division: Finance

Services provided by Finance

Finance comprises our financial planning function, financial management budget support services, internal and external reporting, finance operations and finance business partnering. Finance also includes the management of our internal audit services.

Summary by Service		2016/17 - Year to date			2016/17 - Full Year				Period 9 Forecast	
Service		Revised Budget	Net Expenditure 201610	Variance	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
		£000s			£000s				£000s	
242	Corporate Finance	2,839	4,534	1,695	5,554	3,386	3,386	0	(34)	3,421
243	Chief Internal Auditor	642	618	(24)	788	766	713	(53)	(3)	717
Total Finance		3,482	5,152	1,671	6,341	4,152	4,100	(53)	(38)	4,137

Summary by CIPFA group (Account Type)		2016/17 - Year to date			2016/17 - Full Year				Period 9 Forecast	
CIPFA description		Revised Budget	Net Expenditure	Variance	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
		£000s			£000s				£000s	
1	Employees	4,368	4,745	377	5,615	5,216	4,965	(250)	(42)	5,007
2	Premises-Related Expenditure	0	0	0	367	0	0	0	0	0
3	Transport-Related Expenditure	4	5	1	366	5	5	(0)	0	5
4	Supplies & Services	649	812	163	1,833	779	1,140	361	87	1,053
5	Third Party Payments	102	0	(101)	122	122	5	(117)	(15)	20
7	Support Services	97	73	(24)	155	116	116	(0)	0	116
X	Capital Financing Costs	0	16	16	0	0	18	18	5	13
Expenditure		5,220	5,652	432	8,458	6,238	6,249	11	35	6,214
9	Income	(1,738)	(499)	1,239	(2,117)	(2,086)	(2,149)	(63)	(73)	(2,077)
Income		(1,738)	(499)	1,239	(2,117)	(2,086)	(2,149)	(63)	(73)	(2,077)
NET Expenditure		3,482	5,152	1,671	6,341	4,152	4,100	(53)	(38)	4,137

Notes

Finance has further reviewed spend against the service budget to minimise the outturn forecast spend. Expenditure is being maintained within budget by holding a number of vacancies within the service and stopping non essential expenditure against non staffing budgets. As previously reported, the Finance Trasformation work must continue and will be funded from reserves earmarked for this purpose. It should be noted that the budget for Corporate Finance has been reduced by £35k to contribute the the Corporate Savings Programme and this will be covered through vacancy management.

Period 10 Budget Monitoring - Detailed budget summary by division\service

Division: HR & Workplace

Services provided by HR & Workplace

HR provides both a strategic and advisory role for the attraction, delivery and continuous development of a strong, capable, agile and effective workforce.

Summary by Service		2016/17 - Year to date			2016/17 - Full Year				Period 9 Forecast	
Service		Revised Budget	Net Expenditure 201610	Variance	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
		£000s			£000s				£000s	
251	People Operations	2,642	3,338	696	3,966	3,120	2,713	(407)	(20)	2,733
252	Change & Performance	1,715	1,472	(242)	2,066	2,054	1,829	(225)	22	1,807
283	Corporate Communications	585	1,204	619	696	702	688	(13)	39	650
Total HR & Workplace		4,942	6,014	1,073	6,728	5,876	5,230	(646)	41	5,189

Summary by CIPFA group (Account Type)		2016/17 - Year to date			2016/17 - Full Year				Period 9 Forecast	
CIPFA description		Revised Budget	Net Expenditure	Variance	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
		£000s			£000s				£000s	
1	Employees	5,681	5,651	(30)	7,511	6,763	6,391	(372)	44	6,347
2	Premises-Related Expenditure	3	(0)	(3)	4	3	(0)	(3)	(0)	(0)
3	Transport-Related Expenditure	30	110	80	43	36	8	(28)	1	7
4	Supplies & Services	2,010	2,158	148	2,481	2,412	2,550	138	28	2,522
5	Third Party Payments	11	0	(11)	13	13	0	(13)	0	0
6	Transfer Payments	4	0	(4)	4	4	0	(4)	0	0
7	Support Services	28	32	4	62	34	41	7	8	33
Expenditure		7,766	7,951	184	10,118	9,265	8,990	(276)	80	8,910
9	Income	(2,825)	(1,937)	888	(3,390)	(3,390)	(3,760)	(370)	(39)	(3,721)
Income		(2,825)	(1,937)	888	(3,390)	(3,390)	(3,760)	(370)	(39)	(3,721)
NET Expenditure		4,942	6,014	1,073	6,728	5,876	5,230	(646)	41	5,189

Notes

Human Resources is reporting a forecast underspend of £645k (£911k underspend at period 9). The underspend is mainly due to unfilled vacancies, recharges and the spending freeze and also includes a one-off saving of £174k from Learning and Development within Change and Performance. There has been minimal movement in forecast since period 9 (£41k) however the reason the underspend has reduced by £266k is due to previously identified savings which have now been taken from budgets and moved to the Corporate Savings Programme.

2016/17 Capital Proposed Budget, Forecast and Variance Analysis

Directorate	PERIOD 9 2016/17 BUDGET TOTAL £000's	2016/17 BUDGET ADJUSTMENTS £000's	PERIOD 10 2016/17 BUDGET TOTAL £000's	2016/17 FORECAST TOTAL £000's	2016/17 VARIANCE TOTAL £000's	2017/18 BUDGET TOTAL £000's	2018/19 BUDGET TOTAL £000's	2019/20 BUDGET TOTAL £000's
Resources								
Information & Communication Technology								
ICT Refresh Programme	0	0	0	0	0	1,500	1,500	1,500
Total - Information & Communication Technology	0	0	0	0	0	1,500	1,500	1,500
Bristol Workplace Programme								
BWP - Design Contract, Buildings & Technology	11,700	533	12,233	12,233	0	802	900	0
Total - Bristol Workplace Programme - Buildings	11,700	533	12,233	12,233	0	802	900	0
Totals - Directorate: Resources	11,700	533	12,233	12,233	0	2,302	2,400	1,500

**Bristol City Council
Resources Scrutiny Commission
25TH April 2017**

Heading: Resources Risk Register

Ward: City Wide

Author: Denise Murray

Job title: Service Director; Finance and
s.151 Officer

City Outcome overview: N/A

Health Outcome: N/A

Sustainability Outcome: N/A

Equalities Outcome: N/A

Impact / Involvement of Partners: N/A

Recommendation(s) / steer sought

The Commission are asked to consider the biannual review of the Resource Directorate's risk register and comment on any issue of interest.

Summary

The risks defined in this report are captured under the following four sections:

- Financial Risks
- People and Culture
- Legal and Governance
- Strategic / Operational Delivery Risks

The following represent the top 5 risks for Resources:

1. New Risks - Failure to effectively target limited change resources (Score -15)
2. The organisation's ability to maintain a balanced budget in the short and medium terms (S-12)
3. New Risks - Failures / weaknesses in internal control could put the organisation at financial risks (S-12)
4. New Risks –Required Internal Audit Plan is not deliverable within existing resources(S-12)
5. The ongoing availability and stability of core ICT systems (S-12)

Purpose of briefing, summary of issue / proposal

1. Policy

- 1.1. The Audit Committee is responsible for providing independent assurance to the Council regarding the effectiveness of its strategic risk management arrangements. The Council has a Risk Management Policy which requires strategic risks to the Council, and details of how they are managed to be recorded in the Corporate and Directorate Risk Registers (strategic risk registers).
- 1.2. Whilst the Corporate risk Register is scrutinised by the Audit Committee on a six monthly basis, it was agreed at Overview and Scrutiny Management Board, that the Directorate Risk Registers will be scrutinised by each Directorate scrutiny twice a year. They will however also be provided once each year to Audit Committee, for information (not scrutiny) to provide the Audit Committee with assurance that Directorate Risk Registers is

in place and effectively scrutinised.

2. Risk Management and the Corporate Risk Register

- 2.1. As part of good governance, the Council manages and maintains a register of its Significant Risks - assigning named individuals as responsible officers for ensuring the risks and their treatment measures are monitored and effectively managed.
- 2.2. The Corporate Risk Register (CRR) is a critical tool for capturing and reporting on risk activity, the organisations risk profile and an integral element of the Council's internal governance and performance frameworks. The risk register is a working document where new risks are captured, others are managed to extinction and some require on-going close and regular monitoring.
- 2.3. The data within the register is used to inform the business of the threats it faces in delivering outcomes and services to the Council. It is used to ensure the organisation operates effectively and Strategic Leadership Teams take assurance that all necessary steps are being taken to ensure the risks are managed to a level acceptable to them.

3. The Directorate Risk Register

- 3.1. The effect of uncertainty that could adversely affect the ability of the Council to deliver on an organisation's objectives is risk and a register of risks is maintained for each directorate. By ascertaining what might go wrong, what the potential consequences may be, what could trigger the occurrence and deciding how best to minimise the risk materialising; If it does go wrong, as some things inevitably will, proactive risk management will ensure the impact is kept to a minimum.
- 3.2. The Council is clear that the responsibility for managing risk belongs to everyone and that there needs to be an appropriate level of understanding of the nature of risk by all stakeholders. The actions to manage risks are contained within the risk register and where appropriate in the Council's improvement plans.
- 3.3. The directorates reports biannually Members, ensuring that they are aware of the high level risks facing the directorate and how the council are ensuring these risks are effectively managed.

3.4. These risks can be defined as follows:

- *Financial Risk*
This is the risk of changes in the Councils' financial condition and circumstances; for example, in its funding, income and spending levels. The Council aims to maintain long term financial viability whilst aiming to achieve its strategic and financial objectives.
- *People and Culture Risk*
The Councils' recognise that staff are critical to achieving the objectives and therefore the support and development of staff is key to making the Councils' an attractive and safe place to work, and a learning organisation that seeks to continually improve.
- *Legal and Governance Risk*
The Council recognises the need to place high importance on governance, regulation and public protection and has no appetite for breaches in statute, regulation, professional standards, ethics, bribery or fraud and corruption.
- *Strategic / Operational Delivery Risks*
This is the risk of a failure to achieve our strategic vision and day to day business and operations; for example, the risk of a failure to deliver services to residents, to fail to provide required quality in services, or to provide appropriate services in the event of an

emergency and as such accepts a high level of risk arising.

3.5. The environment that the Council work in is continually changing through both its internal operations and the services it provides. The Council recognises that this may require increased levels of risk and is comfortable accepting the risk subject to always ensuring that risks are appropriately managed.

3.6. The Directorate Risk Register was developed following:

- Risk identification and assignment of a risk owner who is responsible to ensure each risk is effectively managed; current mitigations and further actions to ensure the risk is identified and interventions planned
- Review by DLT to ensure risk levels are correctly identified; and target risk levels where stated are acceptable

4. Resources Directorate - Risk Register

4.1. The Resources Directorate Risk Register is attached at Appendix 1. The register is presented in the standard format agreed by ELT / SLT and uses the risk management methodology in the risk management policy agreed by the SLT and the Audit Committee in November 2014.

4.2. Appendix 2, 3 & 4 provides helpful extracts from that policy to assist Members in understanding risk levels recorded in the register. The risk matrix, guidance parameters used to measure impact and Guidance parameters used to measure likelihood.

4.3. The Resources Scrutiny Commission last received the Directorate Risk Register in September 2016. The timing of presentation of the Risk Register to Scrutiny is such that the commission are also receiving information concerning Directorate performance at this meeting. It is envisaged that both the risk and performance information provided to the Committee should be reviewed together to aide effective challenge to both sets of information.

4.4. The following paragraphs summarise the key changes to the risk environment since its last presentation:

4.5. **New risks identified and added to the register include:**

Financial Risks

- New Risks - Lack of understanding of financial management across the Council
- New Risks - Failure to align Council aspirations for service delivery with application of revenues
- New Risks – Material Overspends / underspends against 2017/18 budget
- New Risks - Failure to optimise income from more business like approaches and commercial use of our assets
- New Risks - Closure of Accounts & Regulatory Returns Qualified opinion or late return
- New Risks - Failures / weaknesses in internal control could put the organisation at financial risks
- New Risks – Required Internal Audit Plan is not deliverable within existing resources

Legal & Governance Risks

- New Risk – Legal Services’ ICT project fails to deliver the planned improvements, efficiencies and consequential savings planned
- Budget - Costs awarded against Council in litigation exceed the budget provision
- New Risk – Legal staff capacity to cover in-house and external case loads
- Budget – additional Capacity is supported by external legal resource incurring expenditure in excess of budget provision
- New Risk – Changes in legislation requiring implementation across the Council for compliance (e.g. the introduction of General Data Protection Regulation “GDPR”)
- New Risk – Reputational risks to the Council arising from significant changes in legislation and compliance within the Council’s Companies (again, e.g. GDPR).
- New Risk – Failure of in-house Service Areas to use legal resource appropriately, leading to failure demand and reduction in capacity
- New Risk – Failure to generate income to meet budget target or optimise the opportunity to do so resulting in budget deficit

Strategic / Operational Delivery Risks

- New Risks - ABS unable to flex to respond to business need
- New Risks - Organisation unable to make decisions at the pace required to deliver savings
- New Risks - Failure to effectively target limited change resources

4.6. Previous risks which are no longer relevant and removed from the register include:

- Bristol Workplace Programme governance and control mechanisms
- Service Transition –the activity designed through BWP is not effectively transitioned to the business to manage
- Performance Management Framework and System not being effectively embedded into BAU Business Change activities

4.7. Previous risks which have changed into new risks:

- None

4.8. The following table demonstrates where risk levels have increased/decreased or stayed the same compared to the Risk Register in September 2016

Current	Risk	Sep-16	Mar-17
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Risk ref		Previous risk level	Current risk level
Financial			
1	The organisation's ability to maintain a balanced budget in the short and medium terms		
2	New Risks - Failures / weaknesses in internal control could put the organisation at financial risks	New	
3	New Risks – Required Internal Audit Plan is not deliverable within existing resources	New	
4	New Risks - Lack of understanding of financial management across the Council	New	
5	New Risks - Failure to align Council aspirations for service delivery with application of revenues	New	
6	New Risks – Material Overspends / underspends against 2017/18 budget	New	
7	New Risks - Failure to optimise income from more business like approaches and commercial use of our assets	New	
8	New Risks - Closure of Accounts & Regulatory Returns Qualified opinion or late return	New	
People and Culture			
9	Recruitment and retention		
10	Over reliance on interim senior management in Resources		
Legal and Governance Risk			
11	New Risk – Failure to generate income to meet budget target or optimise the opportunity to do so resulting in budget deficit	New	
12	New Risk – Legal Services' ICT project fails to deliver the planned improvements, efficiencies or savings	New	
13	Budget - Costs awarded against Council in litigation exceed the budget provision	New	
14	New Risk – Legal staff capacity to cover caseloads for in-house and external work	New	
15	Budget – additional capacity supported by external resource incurring expenditure in excess of budget provision	New	
16	New Risk – Failure of in-house Service Areas to use legal resource appropriately leading to failure demand and reduction in capacity	New	
17	New Risk – Changes in legislation requiring implementation across the Council for compliance (e.g. the introduction of General Data Protection Regulation "GDPR")	New	
18	New Risk – Reputational risks to the Council arising from significant changes in legislation and compliance	New	

	within the Council's Companies (again, e.g. GDPR).		
Strategic Operational Delivery			
19	New Risks - Failure to effectively target limited change resources	New	
20	The ongoing availability and stability of core ICT systems.		
21	Effects of ICT under-delivery on business confidence and knock-on effect to in-flight projects.		
22	The integration of new technology into business operations, training and empowering users.		
23	New Risks - ABS unable to flex to respond to business need	New	
24	New Risks - Organisation unable to make decisions at the pace required to deliver savings	New	

Consultation:

Internal - Directorate Leadership Team / Risk Owners / Cabinet Member

External - Not applicable

Finance Issues: None arising from this report

Legal Issues: None arising from this report

Reputational Issues: None arising from this report


Policy/Comms Officer: None arising from this report

Other Issues - Human Resources:


DLT sign-off	SLT sign-off	Cabinet Member sign-off
	N/A	Cllr Cheney [date]

Appendix 1 – Resources Directorate Risk Register	YES
Appendix 2 – Risk Matrix	YES
Appendix 3 – Severity of Impact Guidance	
Appendix 4 - Assessment of the likelihood guidance	
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	NO
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Exempt Information	NO


Appendix 1

Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
Category of risk: Financial									
Portfolio Holder: Councillor Craig Cheney - Finance, Governance and Performance									
1. The organisation's ability to maintain a balanced budget in the short and medium terms									
Risk description: The organisation's ability to maintain a balanced budget in the short and medium term Cause Increasing demand for services. Ongoing external funding reductions and changes in funding regimes. Poor financial management and under achievement in delivery of savings / income generation proposals. Consequence Budget deficit resulting in the need to make unplanned reductions in services and draw on reserves, as an emergency measure Failure to meet Corporate discretionary objectives and deliver Mayoral commitments. Reputational damage. Weakened resilience to future shocks.	Denise Murray	2017/18 Budget and forward look set and agreed by Full Council on 21 February 2017. Freeze on non-essential spending implemented and will continue to 31 March 17 Regular financial monitoring to each DLT, SLT, Scrutiny and Exec Board / Cabinet. Delivery Working Group established to track delivery of savings with review mechanism for all services; role revised for 2017/18 governance (see subsequent section for full details). The Capital Programme has been reviewed and where appropriate expenditure has been re-profiled / slipped into 2017/18 and beyond. Technical accounting adjustments have being considered to increase funding including review of the use of reserves; flexible use of capital receipts; revise Minimum Revenue Provision (MRP) Policy;	 Until 31/03/17 Regularly reviewed and ongoing Ongoing New-approach to be implemented for 17/18 Ongoing Completed and change implemented to reduce the budget gap	Critical / Probable (12)	Critical / possible (9)	Continue finance transformation project Improved reporting which aligns financial budget monitoring (which focuses more intently on key costs drivers; run rates, operational activity etc) with delivery of savings and performance Developing and embedding the Delivery Working Group arrangements and aligning the savings tracker and budget monitoring process as key benefits realisation reporting framework Issue guidance to all budget holders re managing finances in BCC and delegated powers - Officers shall not have any authority to expend beyond the provision made in the revenue or capital budgets for their service	30 June 2017 30 June 2017 30 June 2017 31 March 2017	Denise Murray / Annabel Scholes Denise Murray / SLT Denise Murray / SLT Denise Murray / SLT	Monthly


2. New Risks - Failures / weaknesses in internal control could put the organisation at financial risks

Risk description: Failures / weaknesses in internal control could put the organisation at financial risks Cause Weakness resulting from Human error, System error / failure or fraud, can be extenuated due to lack of proactivity by finance officers Consequence Financial loss Reputation Additional workload Loss of investment interest	Denise Murray	Review and assess the strength / limitations of systems Internal controls Ensure appropriate Separation of duties (including in staff cover / absence) and quality assurance by officer at relevant level Staff training and reporting procedures Staff to be reminded of Whistleblowing policy	 Mar 2017 (all items below)	Critical / Probable (12)	Significant / probable (8)	Staff training / knowledge transfer and ability to rotate to provide cover as and when required Financial regulations and scheme of delegation Reconciliations to source to confirm accuracy of historic data Assurance report following review and regular incorporation in performance measures for finance. Audit review and refresh assessment of internal controls if necessary	Apr – May 2017 (all items below)	Denise Murray / Chris Holme / Annabel Scholes Alison Mullis / Melanie Henchy-McCarthy	Ongoing
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3. New Risks – Required Internal Audit Plan is not deliverable within existing resources

Risk description: Required Internal Audit Plan is not deliverable within existing resources Cause Scale of Governance and Finance improvements required; level of historic cooperation / management support has been low; lack of resource; areas requiring specialist skills could put delivery of the audit plan at risks. Consequence If not appropriately resourced risks that problems are undetected, reduced assurances re Annual Governance Statement	Denise Murray	Following DLT engagement produce draft Audit plan for discussion / endorsement by Audit committee. DLT briefings being rolled out on the AGS, IA Plan and reporting dashboard ICT Audit specialist commissioned to undertake the IT Audit.	 Mar 2017 (all items below)	Critical / Probable (12)	Critical / unlikely (6)	Commission Peer review audit plan to ensure all key areas are covered Prioritisation mechanism needs to be introduced to identify critical areas and best skill fit Recruit to unfilled posts in the structure Procure a strategic partner to provide reach back capacity	Apr – May 2017 (all items below)	Denise Murray / Alison Mullis / Melanie Henchy-McCarthy	Monthly
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4. New Risks - Lack of understanding of financial management across the Council


<p>Risk description:</p> <p>Lack of understanding of financial management across the Council</p> <p>Cause Corporate failure to develop effective Financial Management across all directorates and budget holders and embedded the policies and principles in place.</p> <p>Consequence</p> <p>Poor financial management and poor decision making, leading to failure to deliver MTFP and longer term financial difficulties.</p> <p>Annual budget 17/18 not secured. Variances against budgets increase leading to greater need for intervention</p> <p>Members and managers not able to obtain robust financial advice when exploring options.</p> <p>Damage to reputation of the Council.</p>	<p>Denise Murray</p>	<p>Financial guidance to be issued on key funds and processes.</p> <p>Budget management to be core competency embedded in performance framework of BCC budget managers</p> <p>Briefings and drop in sessions arranged on key themes e.g. Annual Governance Statement, closure of accounts</p> <p>Produce and socialise draft plan for the production of Medium Term Financial Plan (MTFP) and continuous engagement throughout the process</p> <p>Delivery Officer / Executive Board established</p>	 <p>Mar–Apr 2017</p> <p>30 April 2017</p> <p>Mar–Apr 2017</p> <p>Mar–Apr 17 Ongoing thereafter</p>	<p>Critical / possible (9)</p>	<p>Critical / unlikely (6)</p>	<p>Further mitigation actions as follows:</p> <p>Centralised line management of all finance officers in the organisation; to maintain professional link, seamless advice / guidance and single version of the truth.</p> <p>Training / Development programme established for in-house staff, including officer & member – comprising of mixed learning approaches, workshops, cross directorate hot houses on specific themes; 1:1 few and learning lunches. Some of which will be mandatory for budget holders</p> <p>Capital and revenue projects - delivery plans, overall project plan are being reviewed or where not in place, completed with operational and financial milestones to assess delivery. Forward plan to be produced for BC</p> <p>Medium Term Financial Plan to be refreshed with evidence based trend analysis, long term pressures / risks / growth identified and incorporated into financial plans. E.g., new burdens</p> <p>Financial assessment in complex procurement exercises and going concern assessments in contract management / value for money</p> <p>Widen finance breadth - engagement in some cross cutting and corporate initiatives</p>	<p>30 June 2017</p> <p>30 June 2017</p> <p>30 June 2017</p> <p>30 June 2017</p> <p>31 August 2017</p> <p>31 Dec 2017</p> <p>31 Dec 2017</p>	<p>Denise Murray / SLT</p>	<p>Monthly</p>
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5. New Risks - Failure to align Council aspirations for service delivery with application of revenues


Risk description: Failure to align Council aspirations for service delivery with application of revenues Cause Impact of material budget variations, change and transformation programmes not delivered, could affect the ability to deliver against strategic Priorities. workforce may not engage and maintain the motivation, momentum and resilience required to deliver key priorities and the continued ambition for the City. Consequence Reactive approach to financial planning, bottom up finances, rather than top down strategy driven	Denise Murray	A Medium Term Financial Planning process is in development and will seek to strengthen the alignment between the resourcing principles and key priorities outlined in the Corporate Strategy Comprehensive review / refresh of all capital and revenue funding assumptions following publication of devolution order with transitional funding, business rate retention pilot. Confirmed Major Project's financial planning assumptions to inform the 2018/19 budget process. Greater scrutiny / due diligence of reports, focus on outcomes and benefit realisation.	 Mar–Apr 2017 31 May 2017 Ongoing	Critical / possible (9)	Critical / unlikely (6)	Further mitigation actions as follows: Golden thread from vision priorities, MTFP with strong linked service planning / risk management and annual budget preparation Regular reconciliations, strategic / economic assessments and bi annual reporting Revenue and Capital Gateway aligning bids to strategic priorities. Continual monitoring, updates and reporting the national / local implications of political decisions. Into long term financial planning Appropriate internal / external engagement, presentations / reporting to Members	31 Dec 2017 31 March 2018 30 Sept 2017 30 Sept 2017 Feb 2018	Denise Murray / Chris Holme / Michael Pilcher / SLT	Monthly
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6. New Risks – Material Overspends / underspends against 2017/18 budget

Risk description: Material overspends / underspends against 2017/18 budget Cause Indicates poor control mechanisms and poor forecasting Consequence Reduced level of resources available in subsequent periods,	Denise Murray	Spending freeze to be lifted and replaced with delegated authority where service directors have agreed the cash limit for their respective services Only genuine crosscutting savings to be held centrally. Virement policy to be revised, to maintain greater control of budget movements. Guidance notes / Procedures;	 1 April 2017 30 April 2017	Critical / possible (9)	Critical / unlikely (6)	Further mitigation actions as follows: Financial training for Finance and non-finance staff ; realistic budget profiles, costs drivers, run rates and accurate forecasts for volatile / demand driven budgets CPD for finance professionals Budgetary monitoring control system in place; requiring supplementary estimates to exceed function cash limit Monthly reconciliation checks and	30 June 2017 Ongoing Ongoing	Denise Murray / Tian Ze Hao / Ken Ashong SLT	Monthly
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<p>further efficiency reductions</p> <p>Unplanned material underspends - Increase cash held in reserves, which is not best use of revenue funds</p> <p>Leads to poor internal and external audit judgements and damage to council's reputation.</p>		<p>rules of the corporate funds e.g. reserves - to be drafted and made available to all</p> <p>New Monthly monitoring reporting format to Exec, Cabinet / Scrutiny to include risks and opportunities</p>	<p>Mar–Apr 2017</p> <p>31 May 2017</p>			<p>balances, to provide high level assurance</p> <p>Internal/external audit assessment of compliance in key areas or as an integral part of audits.</p>	<p>Ongoing</p> <p>ongoing</p>	<p>Alison Mullis / Melanie Henchy-McCarthy</p>	
7. New Risks - Failure to optimise income from more business like approaches and commercial use of our assets									
<p>Risk description:</p> <p>Failure to optimise income from more business like approaches and commercial use of our assets</p> <p>Cause</p> <p>Processes and data are not streamlined, evidence not gathered at source or information presented in an easily accessible transparent manner to facilitate charging and collect of income due.</p> <p>Consequence</p> <p>Failure to optimise income opportunities or collect income due, which impacts on ability to deliver services in reducing cash limits.</p>	<p>Denise Murray</p>	<p>Decision pathway – arrange of opportunities for income generation ideas to come forward for member consideration.</p> <p>Commercialisation Greenhouse – process for facilitating the initial assessment of commercial ideas</p> <p>Review all fees & charges; full costs recovery principles, transparent decision re subsidies, Inflationary default</p> <p>Financial improvement plan will undertake a council wide review of Internal Recharges to enable greater transparency and ease of calculation of total costs; for the purpose of benchmarking and full costs recovery</p>	<p></p> <p>Process established</p> <p>Mar – April 2017 Ongoing</p> <p>30 Sept 2017</p>	<p>Significant / probable (8)</p>	<p>Significant / Unlikely (4)</p>	<p>Where clear alignment exists with Strategic priorities maximise opportunities to bid for grant funding at Council and City level - ensure that these are optimum in that they make the most positive net contribution to the Council in terms of funding and outcomes.</p> <p>Debt management functions are being consolidated and more robust systems for accounting for transactions, monitoring and action around debt recovery will be developed.</p> <p>Directorate approach to debt management to be strengthened in key areas Adults, Highways green claims</p> <p>Development of best practice approaches that bear down on fraud risks in areas such as Housing Benefit, C-Tax, NNDR</p> <p>Opportunity to review the council's assets and develop a better balance between commercial and community benefit.</p> <p>Assets to be maintained through asset register and all Commercial Property rents subject to ad- hoc review and on renewal of lease</p>	<p>Ongoing</p> <p>30 June 2017</p> <p>30 Sept 2017</p> <p>31 Mar 2018</p>	<p>Denise Murray / Tian Ze Hao / Ken Ashong SLT</p> <p>Alison Mullis / Melanie Henchy-McCarthy</p> <p>Tian Ze Hao / SLT</p>	<p>Monthl y</p>

8. New Risks - Closure of Accounts & Regulatory Returns Qualified opinion or late return


Risk description: Closure of accounts & Regulatory Returns Qualified opinions or late return Cause Technical specialism, poor quality data, dependence on key staff, high workload, Staff shortages e.g. long term sickness, all of which could weaken the robustness of the accounts. Consequence Reputation Governance failures Poor staff morale and increase staff time / payment Financial penalties Additional costs of external auditors	Denise Murray	Timetables for closure of accounts published Hothouse to ensure staff are aware of their responsibilities in this processes Redirect resources to provide additional interim capacity to the areas required System and processes streamlined and appropriate quality assurance approach and sample testing agreed Annual Governance Statement issued to Directorates Issue instructions to companies in preparation for consolidation.	 Mar 2017	Critical / possible (9)	Critical / unlikely (6)	New Member / officer briefings Commission specialist external advice or availability of reach back facility Monitoring of key returns / reconciliations and full audit trail Change in staff duties as necessary allow sharing of knowledge e.g. Asset reconciliation work Internal Audit Assurance System and processing controls for consolidated accounts. Audit Officer training	Mar - Apr 2017 Mar - Apr 2017 31 May 2017 31 May 2017 31 May 2017	Denise Murray / Chris Holme / Alison Mullis / Melanie Henchy-McCarthy	Annually & Monthly
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Category of risk: People and Culture

Portfolio Holder: Councillor Craig Cheney - Finance, Governance and Performance

Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
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9. Recruitment and retention

Risk description: Recruitment and retention Cause: - Failure to recruit to critical posts within service structures owing to uncompetitive pay lines and employment proposition in Legal and Finance - Badly designed and defined roles that hinder effective	Sandra Farquharson	<ul style="list-style-type: none"> Review of recruitment and resourcing processes (Recruitment Hot House) to ensure that applications can be made easily and the process is in the hands of recruiting managers. 		Critical / possible (9)	Critical / possible (9)	<ul style="list-style-type: none"> Review of phase 2 (BG1-15) pay structure to be incorporated in the Pay Policy for 2017/18 Implementation of workforce planning that enables services to design for future need and establish effective supply of suitably qualified personnel. 		Mark Williams	
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<div>applications</div> <div>- Lack of effective workforce planning to develop a clear understanding of demand and supply issues</div>									
<div>10. Over reliance on interim senior management in Resources</div>									
<div>Risk description:</div> <div>Over reliance on interim senior management in Resources</div> <div>Cause</div> <div>- Interim arrangements covering vacancies in Service Director level roles and recruitment decisions are pending organisational redesign. The availability of suitable candidates in the local labour market and the relative uncompetitiveness of the financial package for these roles may prove challenging to recruit to.</div>	<div>Sandra Farquharson</div>	<div>Acting up arrangements being considered in order to recruit lower in the structure.</div> <div>Contract negotiations with agencies underway for business critical posts. Negotiations are focussed on any percentage increase is not absorbed by the council.</div> <div>- Service Director Finance successfully recruited to with new s151 starting in Nov 2016</div> <div>- Service Director Legal – interview to be held October 2016</div> <div>Targeted search underway for other senior finance roles to ensure a permanent cadre of senior finance personnel.</div> <div>Senior pay review completed and implemented with 15% uplift available for recruitment and retention</div>	<div>Joint HR/finance and legal meetings are being set up to negotiate the position.</div>	<div>significant / probable (8)</div>	<div>significant / probable (8)</div>	<div>Review of senior structure in Business Change to consolidate services under fewer Service Directors in order to achieve in year and recurring savings.</div>	<div>March 2017</div> <div>March 2017</div>	<div>Anna Klonowski</div> <div>Sandra Farquharson</div>	

Category of risk: Legal and Governance			Portfolio Holder: Councillor Craig Cheney - Finance, Governance and Performance						
Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
11. External income generation									
Risk description Failure to generate income to meet budget target or optimise the opportunity to do so resulting in budget deficit Caused by: <ul style="list-style-type: none"> - Lack of market research lack of potential new business, lack of marketing/advertising, - lack staffing or ICT/other resource capacity to facilitate increased external work 	Nancy Rollason	<ul style="list-style-type: none"> - Interim business manager in place - Business plan drafted to include market research, business development - Actions in risks identified above to be implemented to manage capacity and demand in-house 		Probable/ Critical (12)	Possible/ Marginal (3)	<ul style="list-style-type: none"> - Approve and Implement Business plan - Target for Business manager to identify income generating opportunities - Regular review of performance targets for business manager post 	3 months	Nancy Rollason Business Manager	3 mths
12. New Risk - ICT Project									
Risk description: ICT Upgrade and Development Cause: <ul style="list-style-type: none"> - Delay in upgrading/developing case management system and implementing other ICT improvements - Revised cost of improvements may exceed budgetary provision - Savings predicted from implementation no longer achievable 	Nancy Rollason	<ul style="list-style-type: none"> - Updated costings being obtained; - business case being prepared for all ICT needs in Legal Services to authorise the necessary expenditure - Review of estimates to limit expenditure over budget provision 		Critical / possible (8/9)	Possible/ significant (6)	<ul style="list-style-type: none"> - Finalising business case - Implementing changes/upgrade - Identify whether previously predicted savings are still achievable 	3 months	Jane Johnson	Monthly

13. New Risk – Budget – Cost Awards

<p>Risk description:</p> <p>Costs Awards against the Council</p> <p>Cause:</p> <ul style="list-style-type: none"> - Costs awarded against the council in consequence of litigation 	<p>Nancy Rollason</p>	<ul style="list-style-type: none"> - Monitoring all litigation or threats of litigation to identify risks of significant costs in particular cases - Ensure Service Managers are kept informed of cost implications and risks - Challenge decisions to pursue litigation in cases where legal advice indicates a significant likelihood of costs against the council. - Agree memorandum of understanding with service areas about payment of legal costs - Agree procedure to use resource allocated for legal costs 		<p>Critical / possible (8/9)</p>	<p>Possible/ Marginal (3)</p>	<ul style="list-style-type: none"> - Sign off memorandum of understanding - Agree process to access legal reserve 	<p>1 month</p>	<p>Nancy Rollason</p>	<p>Monthly</p>
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14. New Risk – Staffing/Capacity

<p>Risk description</p> <p>Staffing Capacity</p> <p>Cause:</p> <ul style="list-style-type: none"> - Legal staff at capacity to cover existing in-house and external (income generating) caseloads. - Workloads are increasing in some areas due to increase of work – internal and external, and late urgent instruction 	<p>Nancy Rollason</p>	<ul style="list-style-type: none"> - Recruitment is underway to populate new posts in the new organisational structure - cover is being engaged/retained to cover vacancies and absences - Some part-time staff have also agreed to work additional hours to provide cover - Use external solicitors/barristers for additional cover as a last resort - Drafting Memorandum of Understanding (MOU) for in-house use. 		<p>Probable / significant (8)</p>	<p>Possible/ Significant (6)</p>	<ul style="list-style-type: none"> - complete recruitment - Implementing MOU with in-house Service Areas to encourage better demand management - Monitor demand/new instructions and individual work loads - Retain temporary staff where necessary to minimise external private-sector spend 	<p>2 - 4 months</p>	<p>Nancy Rollason/ Team Leaders</p>	<p>Monthly</p>
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15. Budget for Temporary cover

Risk description Budget for temporary Cover Caused by: - Continued reliance on locum lawyers has not been factored into the current year's budget for in-house service provision (i.e. it needs additional external income generation over and above new income targets to support the additional costs)	Nancy Rollason	- Recruitment is underway to populate new posts in the new organisational structure - Some part-time staff have also agreed to work additional hours to provide cover		Probable / significant (8)	Unlikely / significant (4)	- Finalise recruitment	2 – 4 months	Nancy Rollason Business Manager Team Leaders	Monthly
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16 Management of Demand for Legal Services

Risk description Failure of in-house Service Areas to use legal resource appropriately, leading to failure demand and reduction in capacity. Caused by: - Lack of planning or lack of resource in the Service Area requesting legal services - Lack of understanding of <ul style="list-style-type: none"> the impact on legal services when late/urgent work is required what is needed from legal services inadequate instructions /missing information 	Nancy Rollason	- MOU in draft - Compliance with self-serve referral system to manage demand		Probable / significant (8)	Possible / significant (6)	- MOU to be agreed - Reinforce use of self service for legal services referral - Development of training for in-house clients including clarification of what is required from them to facilitate better demand management - Better management of decision pathway process	MOU: 4 weeks Training etc starting within a month - ongoing	Shahzia Daya, Nancy Rollason Team Leaders Lawyers	3 mths
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17. New Risk – Legislative Change affecting the Council									
Risk description Legislative Change Caused by: - Changes in statute, case law statutory guidance affecting one or more areas of the Council	Nancy Rollason	- Alerts to Legal managers and MO through line-management reporting lines - Detailed advance briefings provided through MO and/or Lawyers and other relevant staff as and when necessary - Risk Register used when individual legal changes cause serious enough level of risk		Probable / significant (8)	Likely/ Marginal (5)	- Continued monitoring	As necessary	Shahzia Daya, Nancy Rollason Team Leaders Lawyers	3 mths
18. Reputational Risk re Legislative Change affecting BCC Companies									
Risk description Reputational risk of Companies not adapting to new legislative changes Caused by: - Failure of BCC Company failing to comply with change in law affecting it	Nancy Rollason	- Alerts to Legal managers and MO/Company Secretary through line-management reporting lines - Detailed advice provided to BCC and/or to Company as required - Risk Register used when individual legal changes cause serious enough level of risk		Probable / significant (8)	Likely/ Marginal (5)	- Continued monitoring	As necessary	Shahzia Daya, Nancy Rollason Team Leaders Lawyers	3 mths

Category of risk: Strategic / Operational Delivery			Portfolio Holder: Councillor Craig Cheney - Finance, Governance and Performance						
Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
19. New Risks - Failure to effectively target limited change resources									
Risk description: Failure to target limited change resources to the areas they are needed most and can have the greatest impact. Cause <ul style="list-style-type: none"> - Reduction in change team size - Overreliance on change resource support work beyond their core responsibilities - Lack of pace in decision making to remove resources from existing work. - Resource allocation prioritisation criteria not yet defined Consequence <ul style="list-style-type: none"> - Inability to deliver the budget savings required - Spend the full £5m transformation fund too quickly, leaving limited funding/capacity for change delivery in future years 	Nicki Beardmore	Established Delivery Working Group with Terms of Reference which includes remit for resource prioritisation New Business Case template in place which captures resource needs - supporting wider resource allocation work DWP and DLT's currently reviewing where change resources are currently allocated & if this is fully optimised to best support delivery	Prototype phase New template live, and being prototyped In progress as at March '17	Critical/Likely (15)	Significant / probable (8)	<ul style="list-style-type: none"> Establish clear process for monitoring the £5m transformation fund – including how costs are recharged/used and reported at DWG monthly Establish process for prioritising resource to ensure resource is allocated to highest priority work (high value/high need/high urgency) Provide support and challenge to services requiring change resources to consider if alternative, lower cost/lower need options may suffice Establish adapted service offering for change resources based around 3-tier model offering - using a work-package / time-boxed / commissioning approach Set up forums for professional views to feed into business cases to ensure early challenge/ clear identification of full resource needs Service areas to consider what BAU work could be deprioritised in order to free up capacity for delivering change/savings 	April '17 April '17 April '17 & ongoing May '17 May '17 May '17	Tar Dillon (Lee Ford) Tara Dillon (with DWG) Tara Dillon (Sian Houdmont & Declan Cooney) Tara Dillon Tara Dillon DLTs (supported by Change Business Partners)	Monthly Quarterly Quarterly Quarterly Monthly Monthly
20. The ongoing availability and stability of core ICT systems									
Risk description: The ongoing availability and stability of core ICT systems. Cause:	Nicki Beardmore Annabel Scholes	Appropriate business continuity and disaster recovery plans in place. Analysis of current business needs	Ongoing	Probable / critical (12)	Critical / possible (9)	Steering group to provide option appraisal to SLT for review. Review all support contracts to ensure business continuity.	May 17 April 17	Annabel Scholes Annabel Scholes	Quarterly

- The failure of a system to deliver current and emerging business needs.	Denise Murray	Appropriate governance boards set up to oversee future requirements of core ICT systems and ensure continuity of system availability. Routine reporting to SLT,							
Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
21. Effects of ICT under-delivery on business confidence and knock-on effect to in-flight projects									
Risk description: Delivery of an ICT function that is able to respond to business needs and enable the organisation to meet the needs of its customers Cause: - Unexpected business demand, such as a result of an Ofsted, or other regulatory body, inspection. Any remedial actions that may be required to achieve compliance with connection standards, e.g. Public service Network (PSN). Remedial actions in event of serious cyber or other event, (e.g. ransomware), resulting in loss of data/access to key BCC systems and data.	Nicki Beardmore	New ICT Strategy currently under development that will highlight new delivery model and road map for future development and ongoing business requirements. New governance structure in place that has ICT input into the design and sign off of ICT related projects before they are signed off for delivery and that budget is aligned for project delivery and ongoing business as usual costs such as licencing etc. Architectural Review Board (ARB) in place to review all technical ICT projects to ensure there are no unknown impacts on the ICT estate that could have an adverse effect. Ongoing staff training and routine testing of security framework i.e. Phishing, to test resilience and reduce the risk	Ongoing New governance structure in place and Delivery Working Group is underway Ongoing	significant / likely (10)	Significant / probable (8)	Review of ICT infrastructure to rationalise the number of systems that are operated and fully utilise the remaining systems to ensure they are maximised across the whole of the council and deliver efficiency. (Ian Gale) Review ICT budgets to ensure the most appropriate model of managing costs and that they are aligned to the appropriate services. (Ian Gale/Gavin Beckett/Steven Pendleton) Develop a training module as part of the 'Bristol Manager' programme to enable managers to fully understand the ICT infrastructure, data handling and security requirements. Ian Gale/Gavin Beckett/Steven Pendleton)	April 2017 Commence March 2017 Monthly Ongoing	Ian Gale/Gavin Beckett/Steven Pendleton Ian Gale/Gavin Beckett/Steven Pendleton Gavin Beckett	Annual Weekly Monthly

<p>Information Commissioners fine in case of Data Breach or Loss (may not be an ICT related) and remedial actions in event of Data Breach or Loss.</p> <p>Remedial actions in the event of major supplier commercial failure.</p> <p>Remedial actions in the event of sudden or unanticipated change of law or statute.</p> <p>Potential additional costs incurred as result of local/regional elections.</p> <p>The potential for additional costs incurred as result of currency fluctuations or due to major external influences such as Brexit.</p> <p>Capacity to deliver the required pace of change, set upon a backdrop of reducing resources through VS.</p> <p>Restructure of the ICT function will require short term additional flexible resource to ensure that approved service projects that have savings requirements, can still be delivered.</p> <p>GDPR; to be able to demonstrate compliance to the ICO, who can now audit at any time, May 2018. Risk of fine for non-compliance.</p>		<p>of attacks.</p> <p>CSRM team work closely with all ICT suppliers to maintain strong relationships and understand potential risks associated with suppliers. Strong contract management and review framework in place (Contract & Review Board). Use of government frameworks that reduce the risk of using already procured and vetted services.</p> <p>All contracts are being reviewed from an inflationary perspective to ensure full sight on potential cost fluctuations are understood and built into the medium term financial plan.</p> <p>ICT is being restructured to ensure that the new structure is fit for purpose with the right skill to be able to deliver the new ICT Strategy.</p> <p>Realignment of ICT budgets to ensure they fall within the budget envelope. Hothouse on ICT budgets to taking place.</p> <p>DP Officer in place. Communication plan in place. Budget and resource request has been made.</p> <p>Directorates to have named representative as part of GDPR project team.</p> <p>Organisational data map to be developed. IAO to be re-trained. Mandatory Data Protection training to be rolled out.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Review currently underway</p> <p>Underway</p> <p>March 2017</p> <p>Underway</p>				<p>Ongoing</p> <p>March 2017</p> <p>May 2017</p> <p>March 2017</p> <p>May 2018</p>	<p>Steven Pendleton</p> <p>Steven Pendleton</p> <p>Steven Pendleton</p> <p>Ian Gale</p> <p>Ian Gale/Gavin Beckett/Steven Pendleton</p> <p>Steven Pendleton</p>	<p>Quarterly</p> <p>Monthly</p> <p>Annual</p> <p>Quarterly</p>
Risk Description,	Risk	Current Risk Management	Status of	Current	Target	Further Actions Required	Timeframe	Responsible	Risk

Causes, Consequences and Horizon	Owner	Arrangements (Current Mitigation) Responsible officer (RO):	Current Mitigation	Risk Like/Imp	Risk Like/Imp		for Action	Officer for Action	Review Period
22. The integration of new technology into business operations, training and empowering users.									
Risk description: The integration of new technology into business operations, training and empowering users. Cause: <ul style="list-style-type: none"> - The workforce does not understand use or benefits - Introduction of new technology not signposted to potential users. - 'Technophobic' culture amongst a significant proportion of staff - difficulties embedding new technology within user communities and empowering users to exploit these tools Consequence: Below optimal take up and exploitation of technology. Inability to realise the direct and indirect financial benefits, as set out in the BWP business case, as a result of new ways of working supported by new technology.	Lucy Murray Brown Nicki Beardmore	Delivery through the technology workstream of the Bristol Workplace programme. Monitored through the BWP Steering group Mitigations: -Tech deployment training which 'brings technology opportunities to life'. -BWP discovery process now includes additional support on use of technology -Paperless environment more robustly encouraged through discovery -Reduced storage New behaviour challenge and communications approach being tested at core office accommodation and some 'swing space' sites such as St Annes, Parkview, B Bond etc.	All mitigations are in place and the programme plan is on track. Confidence on delivery of savings is high.	significant / probable (8)	Critical / unlikely (6)	Additional transition workshops with ICT, Finance and Property colleagues planned. (responsible officer: LMB) BWP Transition plan to be signed off by DLT/SLT or at an appropriate forum as directed by Nicki Beardmore. (responsible office: LMB) Phase 4 plan (disposal of 4 assets and decommissioning) and associated delivery of the benefits to be monitored and reported corporately by Property Services. (responsible officer: Bob Baber) Enterprise Communications Business case to be brought to Delivery Group to seek approval (responsible officer: LMB)	Throughout February and March 2017. Mid-March 2017 From March 2017 Early March 2017	Lucy Murray Brown (BWP) Bob Baber (Property) Chris Williams (Finance) Ian Gale (ICT)	Quarterly

Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
23. New Risks - ABS unable to flex to respond to business need									
<p>Risk description: ABS unable to flex to respond to business need</p> <p>Cause: Unpredictability of demand from services that are changing rapidly</p> <p>New ways of cross-directorate working still embedding in ABS, too early to –</p> <ul style="list-style-type: none"> a) predict demand b) assess benefits of efficiencies <p>Services making efficiencies that have the effect of increasing demand for ABS support</p> <p>Changes to legislation impacting on demand</p> <p>Consequences:</p> <p>Inability to plan effectively across the service Inability to guarantee appropriate response within required timeframes, knock-on effect to services supported (and therefore to service provision to customers) Specific risk in Subject Access Requests: change in legislation due 2018 will impose new time limits for response; this together with unpredicted increase in demand has led to risk breaching ICO regulations.</p>	Anne Wall	<p>Programme of cross-skilling for ABS staff to build resilience</p> <p>Development of single routes of access to ABS services to improve information re demand</p>	<p>On track. Significant progress since Jan 17</p> <p>On track. Biggest work area (finance) complete, hothouse booked for Events. Other areas to follow</p>	Significant / probable (8)	Significant / possible (6)	<ul style="list-style-type: none"> Framework to be developed to measure demand / throughput (Will look at one work area at a time - some will be dependent on the single routes of access work taking place) Work to begin this month on a Business Contingency plan for ABS Re SAR work: Full assessment of current situation underway in conjunction with council's Snr DPO, action plan to be developed 	<p>Apr-Sep 17</p> <p>Mar-May 17</p> <p>Mar-May 17</p>	<p>Anne Wall</p> <p>Anne Wall</p> <p>Anne Wall Steve Pendleton</p>	Quarterly

Risk Description, Causes, Consequences and Horizon	Risk Owner	Current Risk Management Arrangements (Current Mitigation) Responsible officer (RO):	Status of Current Mitigation	Current Risk Like/Imp	Target Risk Like/Imp	Further Actions Required	Timeframe for Action	Responsible Officer for Action	Risk Review Period
24. New Risks - Organisation unable to make decisions at the pace required to deliver savings									
Risk description: Organisation unable to make decisions at the pace required to deliver savings Consequence: Work grinds to a halt; savings targets are missed Limited resources are misaligned through failure to clearly and quickly prioritise work Causes: Large backlog of work which needs to be prioritised and assessed. Budget savings were identified through a rapid piece of work and now require further analysis and decisions creating a large backlog	Nicki Beardmore	Establish Delivery Working Group and Delivery Executive with clear terms of reference, Chaired by CEX with SLT (or nominated reps) and regular meeting dates. New Business Case template in place allowing decision to be made quickly by following a consistent format	Prototype phase underway New template in place and being prototyped	significant / probable (8)	significant / possible (6)	Align Decision Pathway with new governance boards, business case lifecycle and associated processes. Review ToR of DWG in context of the Commissioning and Procurement Group (CPG) to ensure boards are working together to support the new process and not introducing additional unnecessary steps. Change Partners to establish closer working relationships with DLT's to support quicker identification of decisions required and seeking prompt resolution Change Services PMO being reshaped to support the new organisational direction of travel Regular review points to be built in to ensure pace in processes and continuous improvement being applied	May '17 May '17 June '17 April '17 April '17	Tara Dillon Tara Dillon Tara Dillon (Sian Houdmont / Declan Cooney) Tara Dillon Tara Dillon	Monthly Monthly Monthly Quarterly Quarterly

Appendix 2

Risk Matrix

Likelihood	6	Almost Certain	6	12	18	24
	5	Likely	5	10	15	20
	4	Probable	4	8	12	16
	3	Possible	3	6	9	12
	2	Unlikely	2	4	6	8
	1	Almost Impossible	1	2	3	4
			Marginal	Significant	Critical	Catastrophic
			1	2	3	4
			Impact			

Appendix 3

Severity of Impact Guidance

		Effect on service provision	Potential Financial loss/gain	Potential Fraud & Corruption loss	Reputation	Legal	Environmental	Communities	Personal safety
1	Marginal	Very limited effect (positive or negative) on service provision. Impact can be managed within normal working arrangements	Under £0.5m	Under £50k	Minimal and transient loss of public trust. Contained within the individual service	No significant legal implications or action is anticipated	No effect (positive/negative) on the environment/community	Minimal effect on community	Minor injury to citizens or staff may result or can be prevented.
2	Significant	Noticeable and significant effect (positive or negative) on service provision. Effect may require some additional resource, but manageable in a reasonable time frame.	Between £0.5m - £5m	Between £50k - £100k	Significant public 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.	Tribunal/ BCC legal team involvement required (potential for claim)	Short term effect (positive or negative) on the natural and or built environment.	Short term effect (positive or negative) on a small number of vulnerable groups/individuals	Significant injury or ill health of citizens or staff may result or be prevented.
3	Critical	Severe effect on service provision or a corporate Plan priority area. Effect may require considerable additional resource but will not require a major strategy change.	Between £5m - £10m	Between £100k - £1m	Serious potential for enhancement of or damage to reputation. Dissatisfaction regularly reported through Council Complaints procedure. Higher levels of local or national interest. Higher levels of local media/social media interest.	Criminal prosecution anticipated and or civil litigation.	Serious local discharge of pollutant or source of community annoyance that requires remedial action.	Medium term effect (positive or negative) on a significant number of vulnerable groups/individuals.	Major injury or ill health of citizens or staff may result or be prevented. Long term disability/absence from work.
4	Catastrophic	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.	More than £10m	More than £1m	Highly significant potential for enhancement of or damage to reputation Intense local, national and potentially international media attention. 'Viral' on line social media Public enquiry or poor external assessor report.	Criminal prosecution anticipated and or civil litigation (> 1 person)	Lasting effect on the natural and or built environment.	Lasting effect (positive or negative) on a significant number of vulnerable groups/individuals.	(Avoidable) Death of citizens or staff may result or be prevented. Long term disability/absence from work.

Appendix 4

Assessment of the likelihood guidance

	Likelihood	Likelihood Descriptors	Numerical likelihood
1	Almost impossible	This will probably never happen	Less than 1%
2	Unlikely	Do not expect it to happen, but it is possible it may do so	Less than 25%
3	Possible	Might happen on rare occasions	Less than 50%
4	Probable	Probably will happen on rare occasions	50% or more
5	Likely	Probably will happen at regular intervals	75% or more
6	Almost certain	Surely will happen and possibly frequently	99% or more