

# Summons to attend meeting of Full Council



**Date:** Tuesday, 23 February 2021

**Time:** 2.00 pm

**Venue:** Virtual Meeting – via Zoom

**To:** All Members of Council

**Issued by:** Sam Wilcock, Democratic Services

City Hall, PO Box 3399, Bristol, BS1 9NE

Tel: 0117 92 23846

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**Date:** Friday, 12 February 2021



# Agenda

## 1. Welcome and Introductions

## 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**.

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. Minutes of the Previous Meeting

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

**(Pages 4 - 16)**

## 5. Lord Mayor's Business

To note any announcements from the Lord Mayor

## 6. Public Forum (Public Petitions, Statements and Questions)

Under the Council's constitution, there is no provision for public forum at the Budget Council meeting. However, in consultation with the Mayor and other party group leaders, the Lord Mayor has determined that public petitions and written statements will be accepted for this meeting on the following basis:

1. Petitions and statements for this meeting must be about the budget/reports included on the agenda.

2. The wording of all petitions and all written statements must be submitted by the deadline of **12 noon on Monday 22<sup>nd</sup> February**.

Petition details / written statements should be sent to:

[democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)



3. Questions are not permitted on this occasion.
4. Details of all petitions and statements submitted will be sent to the Lord Mayor, Mayor and all Councillors as soon as possible after the above deadline.
5. At the meeting, the Lord Mayor will permit a brief opportunity for petitions to be presented at the start of the meeting (up to 1 minute for each petition), to allow petitioners to formally present their petitions and to confirm the final number of signatures.
6. The Lord Mayor will ask Full Council to receive and formally note all petitions and written statements received.

## **7. 2020-2021 Budget Report**

Budget Procedure for the meeting to be finalised in consultation with Members (to follow).

**(Pages 17 - 121)**

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Signed



Proper Officer  
Friday, 12 February 2021



Bristol City Council  
Minutes of the Full Council

12 January 2021 at 6.00 pm



**Members Present:-** Mayor Marvin Rees, Donald Alexander, Lesley Alexander, Nicola Beech, Nicola Bowden-Jones, Mark Bradshaw, Mark Brain, Charlie Bolton, Tom Brook, Fabian Breckels, Tony Carey, Craig Cheney, Barry Clark, Jos Clark, Stephen Clarke, Harriet Clough, Eleanor Combley, Asher Craig, Chris Davies, Mike Davies, Carla Denyer, Kye Dudd, Richard Eddy, Martin Fodor, Helen Godwin, Paul Goggin, Geoff Gollop, John Goulandris, Fi Hance, Margaret Hickman, Claire Hiscott, Helen Holland, Gary Hopkins, Chris Jackson, Hibaq Jama, Carole Johnson, Steve Jones, Anna Keen, Tim Kent, Sultan Khan, Gill Kirk, Cleo Lake, Jeff Lovell, Brenda Massey, Matt Melias, Graham Morris, Anthony Negus, Paula O'Rourke, Steve Pearce, Celia Phipps, Ruth Pickersgill, Kevin Quartley, Liz Radford, Tim Rippington, Jo Sergeant, Afzal Shah, Steve Smith, Clive Stevens, Jerome Thomas, Mhairi Threlfall, Estella Tincknell, Jon Wellington, Mark Weston, Lucy Whittle, Chris Windows and Mark Wright

## 1. Welcome and Introductions

The Lord Mayor welcomed all attendees to the meeting..

## 2. Apologies for Absence

Apologies for absence were received from Councillors Abraham, English and Mead.

## 3. Declarations of Interest

None received.

## 4. Minutes of the Previous Meeting

On the motion of the Lord Mayor, seconded by Councillor Kent, it was

### **RESOLVED:**

**That the minutes of the meeting of the Full Council held on the 8<sup>th</sup> December 2020 be confirmed as correct record and signed by the Lord Mayor.**

## 5. Lord Mayor's Business



The Lord Mayor highlighted the Lord Mayor’s Medals which would be awarded in recognition of outstanding service and support provided to others in direct response to the coronavirus pandemic. The Lord Mayor invited members of the public and Councillors to nominate individuals, groups or organisations who met the criteria. Details of the applications process could be found on the Lord Mayor’s page of the Bristol City Council website and nominations would close on Friday 22<sup>nd</sup> January 2021.

## 6. Public Forum (Public Petitions, Statements and Questions)

### Public petitions:

There were none.

### Public statements:

The Full Council received and noted the following statements (which were also referred to the Mayor for his consideration/information):

Ref No	Name	Title
PS01	Andrew Varney	The Ecological Emergency and the Brislington Greenway
PS02	David Redgewell	Regional Transport Bodies and Public Transport
PS03	Dr Val Hennessy	Excluded UK (Golden Motion)
PS04	Keith Young and the Newbridge Road Neighbours Group	The proposal to close Langton Rad/Langton Court Road
PS05	Jim Smith	Creswicke Road
PS06	Mohamed Makawi	Add Chandos Road / Cotham to the Liveable Neighbourhoods proposed roads

Statements PS01 and PS02 were presented by individuals present at the meeting.

### Public Questions:

The Full Council noted that the following questions had been submitted:

Ref No	Name	Title
PQ01	William Mountford	Bristol’s Streets and Public Transport
PQ02	William Mountford	Development of residential spaces
PQ03	Matt Gibbs	Locally-led parking and road safety activity in BS3
PQ04 & PQ05	Mark Ashdown [Bristol Tree Forum]	A Manifesto for Protecting Bristol’s Existing Urban Forest
PQ06	Suzanne Audrey	Advertorials
PQ07	Rob Bryher	“Parklet Permits”
PQ08	Andrew Varney	eScooter trial
PQ09	Andrew Varney	Motorway-bound traffic
PQ10 &	David Redgewell	Regional Transport Bodies and Public Transport



PQ11		
PQ12	Julian Brenard	Victoria Rooms Covid-19 Test Centre
PQ13	Tom Bosanquet	St Luke's Road
PQ14	Katherine Grant	Mardyke Steps

Within the time available, the Mayor responded verbally to questions PQ01, PQ02, PQ07, PQ08, PQ09, PQ10, PQ11 and PQ14 also responding to supplementary questions.

## 7. Petitions Notified by Councillors

There were none.

## 8. Audit Committee Half Year Report to Full Council

The Full Council received a report of the Audit Committee which included the key areas the Committee would monitor to support further improvements.

There was a debate and it was:

### **RESOLVED:**

**The Council accepted the report of the Audit Committee and noted the key areas the Committee is monitoring to support improvements required in internal control, risk management and governance. Full Council also noted the areas for development identified by the Committee to enhance its effectiveness.**

## 9. Corporate Parenting Strategy (refresh) 2021-2023

The Full Council considered the Corporate Parenting Strategy Refresh 2021-2023.

Councillor Godwin, Cabinet Member for Children and Young People moved the report and the recommendations contained therein.

At this point in the meeting, three young people addressed the meeting sharing their thoughts with the Councillors.

Following debate, it was:

### **RESOLVED:**

#### **That Council:**

- 1. Noted the refreshed Corporate Parenting Strategy 2021-23**
- 2. Noted the progress on the delivery of Bristol's Corporate Parenting Strategy 2018**

## 10. Annual Report of Local Government and Social Care Ombudsman Decisions



The Full Council considered a report which summarised the findings made in respect of the Council by the Local Government and Social Care Ombudsman in 2019/20.

Following a debate it was:

**RESOLVED:**

**That the annual report of the Local Government and Social Care Ombudsman Decisions be noted.**

## 11. Motions

Following a short adjournment, it was moved by the Lord Mayor that standing order CPR2.1(xi) be suspended to allow the item to go past the 30 minutes time limit for motions. Following a vote it was agreed to proceed up until a 45 minute limit.

### Motion 1 – Excluded UK

Councillor Shah moved the following motion:

**Full Council notes that:**

- Three million people across the UK have missed out on the Government’s financial support schemes (‘the excluded’), due to technicalities such as: recently changing job, being a director of a limited company, being self-employed less than a year, earning less than half their income through self-employment, and a myriad of other reasons.
- The lack of financial support has had a devastating effect on people’s livelihoods and their mental wellbeing.
- Financially supporting these individuals and businesses is largely outside of the Council’s control and needs to be financed by central Government.
- The end of the Brexit transition period will lead to increased uncertainty for already-struggling small businesses, including small limited companies and the self-employed who have largely been excluded from the Government’s financial support schemes.

**Full Council believes that:**

- The Government should close the gaps in its financial support schemes, and explore options to retroactively compensate people and businesses that were ineligible for the Government’s financial support.

**Full Council resolves to:**

- Lend its support to ExcludedUK, its efforts to support ‘the excluded’ and its campaign for fair treatment of ‘the excluded’.
- Call on the Government to address the disparities in support, to ensure that all individuals and businesses currently excluded, entirely or largely, from Covid-19 grants are given the support they need and rightfully deserve.



- Call on all councillors to sign ExcludedUK's open letter to the Chancellor that calls for this.
- Call on Party Group leaders to consider writing a separate letter to the Chancellor to urge him to look at ways to provide support to businesses that have missed out on the Covid-19 financial support schemes, using Bristolian people and businesses as case studies, and give councillors the opportunity to contribute to, and co-sign this letter.
- Ask the Mayor to write to Bristol's MPs to arrange a roundtable discussion with them and their constituency's councillors to hear more of their excluded constituents' stories, and work alongside MPs to continue to offer support and advise their constituents wherever possible.

The motion was seconded by Councillor Johnson.

The Lord Mayor then invited Councillor Shah, as mover of the original motion to speak.

Following final remarks, upon being put to the vote, the motion was CARRIED and it was

**RESOLVED:**

**Full Council notes that:**

- **Three million people across the UK have missed out on the Government's financial support schemes ('the excluded'), due to technicalities such as: recently changing job, being a director of a limited company, being self-employed less than a year, earning less than half their income through self-employment, and a myriad of other reasons.**
- **The lack of financial support has had a devastating effect on people's livelihoods and their mental wellbeing.**
- **Financially supporting these individuals and businesses is largely outside of the Council's control and needs to be financed by central Government.**
- **The end of the Brexit transition period will lead to increased uncertainty for already-struggling small businesses, including small limited companies and the self-employed who have largely been excluded from the Government's financial support schemes.**

**Full Council believes that:**

- **The Government should close the gaps in its financial support schemes, and explore options to retroactively compensate people and businesses that were ineligible for the Government's financial support.**

**Full Council resolves to:**

- **Lend its support to ExcludedUK, its efforts to support 'the excluded' and its campaign for fair treatment of 'the excluded'.**
- **Call on the Government to address the disparities in support, to ensure that all individuals and businesses currently excluded, entirely or largely, from Covid-19 grants are given the support they need and rightfully deserve.**
- **Call on all councillors to sign ExcludedUK's open letter to the Chancellor that calls for this.**





- **Call on Party Group leaders to consider writing a separate letter to the Chancellor to urge him to look at ways to provide support to businesses that have missed out on the Covid-19 financial support schemes, using Bristolian people and businesses as case studies, and give councillors the opportunity to contribute to, and co-sign this letter.**
- **Ask the Mayor to write to Bristol's MPs to arrange a roundtable discussion with them and their constituency's councillors to hear more of their excluded constituents' stories, and work alongside MPs to continue to offer support and advise their constituents wherever possible.**

## **Motion 2 – Energy Efficiency Support for every Householder in Bristol: making ideas work**

Councillor Negus moved the following altered motion:

### **Council notes:**

- the Climate and Ecological Emergency Programme and its component documents set out where the city needs to go and what it seeks to achieve but not at this stage how this is to be accomplished
- addressing the poor energy performance of our current buildings, particularly homes, that will save energy, reduce carbon emissions and alleviate fuel poverty is crucial to achieving Bristol's adopted 2030 Climate Emergency resolutions
- the up-grading of the huge majority of our domestic buildings has been sporadic and piecemeal to date.. Technical and financial advice can be accessed but multifaceted interventions are challenging and a disincentive.
- the easier, more currently cost-effective measures such as loft and cavity-fill insulation , draught-proofing and smarter boilers have been much, though patchily, carried out - but are not enough where they are in place, and there are too many places where they are not
- retro-fitting by Bristol City Council is directed to our large social housing stock and advice is rightly focused on people experiencing fuel poverty
- the revenue-saving benefits from capital investment may be simply calculated over time where the owner is the occupier but this is a more complicated model for publicly-managed social housing and even more so in the Private Rented Sector.
- energy providers and bankers can manage initial investment for home-owners, and some do, as with the Green Deal model for larger investors. Landlords can recover investment through rent but there are poorly-adopted schemes for energy-saving passports and sales premiums for home-owners.

### **Council intends:**

- to assemble the details of a service by which every household in the city will be able to access appropriate support with home energy efficiency and renewable technology. The service will encourage a greater uptake of energy efficiency measures in Bristol; lowering emissions and energy bills, as well as promoting the creation of low-carbon skills and employment in the area.
- to extend the scope of the council's work to deliver our 2030 resolutions, to consider its role in encouraging all households , including individual private house-owners, to appreciate the value to



themselves, let alone society, of an investment to secure long –term savings, particularly when the calculated return falls outside their personal occupation period.

- to look beyond the good work in fuel poverty mitigation and capital schemes within our own housing stock and the wider Heat Network to be a hub for general advice and a facilitator for delivering beneficial schemes

**This Council agrees**

- that reducing domestic energy consumption, and the resultant carbon emissions, should be encouraged within Bristol by widening the advice and support on offer to incorporate every household in the city

**This council resolves:**

- to request the mayor to instruct officers to explore the feasibility of expanding the scope of work carried out by officers across the council including the setting up of a team to focus support on a wider range of households in Bristol to have access to green energy and to reduce their energy use to help Bristol to becoming Carbon Neutral by 2030. The scope of the study should be as wide as needed but should at least include technical and financial advice, practical on-site consultation and implementation support, all or any of which might be provided in-house or through commercial agencies
- to request the mayor to instruct officers to build a business case to create a comprehensive service offer and methodology for directing appropriate and tailored support to every household in the city. The business case will consider the level of resourcing currently available to BCC, and consider options to increase capacity; including the exploration of strategic partnerships to provide the comprehensive service and offer
- to request the mayor to instruct officers to explore a programme for developing a local, highly-skilled workforce to deliver low-carbon, energy efficiency installations within the city
- request the mayor to instruct officers to explore the potential of financing the capital cost of low-carbon technologies for private housing tenures, through the provision of grants and loans.
- to request that a further report on progress is requested to be brought back to the council within 6 months.

Councillor Carey seconded the motion.

Councillor Dudd then moved the following amendment:

That the motion be amended to read as follows:

**Council notes:**

- The Climate and Ecological Emergency Programme and its component documents set out where the city needs to go and what it seeks to achieve but not at this stage how this is to be accomplished.
- Addressing the energy performance of buildings in Bristol is essential to deliver our 2030 climate emergency and fuel poverty objectives.



- That progress has been made on the Council's corporate estate, and acknowledges that it is on track to meet its 2025 carbon-neutrality target.
- The up-grading of the huge majority of our domestic buildings has been sporadic and piecemeal to date, due to poor and short-term Government policy. Technical and financial advice can be accessed but multifaceted interventions are challenging and a disincentive.
- Acknowledges that long-term policy objectives and funding is needed to support the decarbonisation of buildings through the UK.
- Full Council notes there is a current scheme - the Green Homes Grant - but that it is time-limited and has significant flaws.
- Retro-fitting by Bristol City Council is directed to our large social housing stock and advice is rightly focused on people experiencing fuel poverty.
- The revenue-saving benefits from capital investment may be simply calculated over time where the owner is the occupier but this is a more complicated model for publicly-managed social housing and even more so in the Private Rented Sector. Full Council acknowledges that the Green Homes Grant Scheme is available for private rented properties, but acknowledges the flaws in this scheme.
- Energy providers and bankers can manage initial investment for home-owners, and some do, as with the Green Deal model for larger investors. Landlords can recover investment through rent but there are poorly-adopted schemes for energy-saving passports and sales premiums for home-owners.
- That the energy advice service is already operating in Bristol, mainly by the Centre for Sustainable Energy – a telephone advice service – and Bristol Tenant's Energy Advice Centre.

#### **This council resolves:**

- To request a report on the work being undertaken by the City Leap project to support a wider range of households in Bristol to have access to green energy and to reduce their energy use to help Bristol to becoming Carbon Neutral by 2030. The report should at least include technical and financial advice, and practical on-site consultation and implementation support, and any other additional support that could be made available.
- To request a report into the existing advice services and funding schemes for appropriate and tailored support to every household in the city, and consider options to increase capacity; including the exploration of strategic partnerships to provide the comprehensive service and offer
- to explore a programme for developing a local, highly-skilled workforce to deliver low-carbon, energy efficiency installations within the city. However, Council notes this area is devolved to WECA's Employment and Skills plan.
- Request a report on the existing methods of and future potential for financing the capital cost of low-carbon technologies for private housing tenures, through the provision of grants, and to call on the Mayor to lobby the Government for long-term, reliable, supportive policy and funding to support the decarbonisation of domestic and commercial properties, with a focus on providing help for financing the cost of low-carbon technologies for private housing tenures.
- To request that a report on the progress made on the aforementioned points is compiled at the nearest opportunity.



The amendment was seconded by Councillor Rippington.

Following debate, the Lord Mayor then invited Councillor Negus, as mover of the original motion to speak.

Upon being put to the vote, the amendment was CARRIED (41 For, 8 against, 15 abstentions).

There was no further debate and following final remarks from Councillor Negus upon being put to the vote, the altered motion was CARRIED (44 Members voting for, none against with 21 abstentions) it was

#### **RESOLVED:**

#### **This Council Notes:**

- **The Climate and Ecological Emergency Programme and its component documents set out where the city needs to go and what it seeks to achieve but not at this stage how this is to be accomplished.**
- **Addressing the energy performance of buildings in Bristol is essential to deliver our 2030 climate emergency and fuel poverty objectives.**
- **That progress has been made on the Council's corporate estate, and acknowledges that it is on track to meet its 2025 carbon-neutrality target.**
- **The up-grading of the huge majority of our domestic buildings has been sporadic and piecemeal to date, due to poor and short-term Government policy. Technical and financial advice can be accessed but multifaceted interventions are challenging and a disincentive.**
- **Acknowledges that long-term policy objectives and funding is needed to support the decarbonisation of buildings through the UK.**
- **Full Council notes there is a current scheme - the Green Homes Grant - but that it is time-limited and has significant flaws.**
- **Retro-fitting by Bristol City Council is directed to our large social housing stock and advice is rightly focused on people experiencing fuel poverty.**
- **The revenue-saving benefits from capital investment may be simply calculated over time where the owner is the occupier but this is a more complicated model for publicly-managed social housing and even more so in the Private Rented Sector. Full Council acknowledges that the Green Homes Grant Scheme is available for private rented properties, but acknowledges the flaws in this scheme.**
- **Energy providers and bankers can manage initial investment for home-owners, and some do, as with the Green Deal model for larger investors. Landlords can recover investment through rent but there are poorly-adopted schemes for energy-saving passports and sales premiums for home-owners.**
- **That the energy advice service is already operating in Bristol, mainly by the Centre for Sustainable Energy – a telephone advice service – and Bristol Tenant's Energy Advice Centre.**

**This council resolves:**



- To request a report on the work being undertaken by the City Leap project to support a wider range of households in Bristol to have access to green energy and to reduce their energy use to help Bristol to becoming Carbon Neutral by 2030. The report should at least include technical and financial advice, and practical on-site consultation and implementation support, and any other additional support that could be made available.
- To request a report into the existing advice services and funding schemes for appropriate and tailored support to every household in the city, and consider options to increase capacity; including the exploration of strategic partnerships to provide the comprehensive service and offer
- to explore a programme for developing a local, highly-skilled workforce to deliver low-carbon, energy efficiency installations within the city. However, Council notes this area is devolved to WECA's Employment and Skills plan.
- Request a report on the existing methods of and future potential for financing the capital cost of low-carbon technologies for private housing tenures, through the provision of grants, and to call on the Mayor to lobby the Government for long-term, reliable, supportive policy and funding to support the decarbonisation of domestic and commercial properties, with a focus on providing help for financing the cost of low-carbon technologies for private housing tenures.
- To request that a report on the progress made on the aforementioned points is compiled at the nearest opportunity.

<b>Amendment to the Silver Motion (Amendment)</b>	
Marvin Rees	For
Councillor Donald Alexander	For
Councillor Lesley Alexander	Abstain
Councillor Nicola Beech	For
Councillor Nicola Bowden-Jones	For
Councillor Mark Bradshaw	For
Councillor Mark Brain	For
Councillor Charlie Bolton	For
Councillor Tom Brook	For
Councillor Fabian Breckels	For
Councillor Tony Carey	Against
Councillor Craig Cheney	For
Councillor Barry Clark	For
Councillor Jos Clark	No vote recorded
Councillor Stephen Clarke	For
Councillor Harriet Clough	Against
Councillor Eleanor Combley	Against
Councillor Asher Craig	For
Councillor Christopher Davies	Against
Councillor Mike Davies	For
Councillor Carla Denyer	Abstain



Councillor Kye Dudd	For
Councillor Richard Eddy	Abstain
Councillor Martin Fodor	For
Councillor Helen Godwin	For
Councillor Paul Goggin	For
Councillor Geoff Gollop	Abstain
Councillor John Goulandris	Abstain
Councillor Fi Hance	Abstain
Councillor Margaret Hickman	For
Councillor Claire Hiscott	Abstain
Councillor Helen Holland	For
Councillor Gary Hopkins	Against
Councillor Christopher Jackson	For
Councillor Hibaq Jama	For
Councillor Carole Johnson	For
Councillor Steve Jones	Abstain
Councillor Anna Keen	For
Councillor Tim Kent	Against
Councillor Sultan Khan	No vote recorded
Councillor Gill Kirk	For
Councillor Cleo Lake	For
Councillor Jeff Lovell	For
Councillor Brenda Massey	For
Councillor Matthew Melias	Abstain
Councillor Graham Morris	Abstain
Councillor Anthony Negus	Against
Councillor Paula O'Rourke	For
Councillor Steve Pearce	For
Councillor Celia Phipps	For
Councillor Ruth Pickersgill	For
Councillor Kevin Quartley	Abstain
Councillor Liz Radford	Abstain
Councillor Tim Rippington	For
Councillor Jo Sergeant	For
Councillor Afzal Shah	For
Councillor Steve Smith	Abstain
Councillor Clive Stevens	For
Councillor Jerome Thomas	For
Councillor Mhairi Threlfall	For
Councillor Estella Tincknell	For
Councillor Jon Wellington	For
Councillor Mark Weston	Abstain



Councillor Lucy Whittle	For
Councillor Chris Windows	Abstain
Councillor Mark Wright	Against
<b>Carried</b>	

Meeting ended at 8.30 pm

**CHAIR** \_\_\_\_\_

<b>Amendment to the Silver Motion (Amendment)</b>	
Marvin Rees	For
Councillor Donald Alexander	For
Councillor Lesley Alexander	Abstain
Councillor Nicola Beech	For
Councillor Nicola Bowden-Jones	For
Councillor Mark Bradshaw	For
Councillor Mark Brain	For
Councillor Charlie Bolton	For
Councillor Tom Brook	For
Councillor Fabian Breckels	For
Councillor Tony Carey	Against
Councillor Craig Cheney	For
Councillor Barry Clark	For
Councillor Jos Clark	No vote recorded
Councillor Stephen Clarke	For
Councillor Harriet Clough	Against
Councillor Eleanor Combley	Against
Councillor Asher Craig	For
Councillor Christopher Davies	Against
Councillor Mike Davies	For
Councillor Carla Denyer	Abstain
Councillor Kye Dudd	For
Councillor Richard Eddy	Abstain
Councillor Martin Fodor	For
Councillor Helen Godwin	For
Councillor Paul Goggin	For
Councillor Geoff Gollop	Abstain
Councillor John Goulandris	Abstain
Councillor Fi Hance	Abstain
Councillor Margaret Hickman	For
Councillor Claire Hiscott	Abstain



Councillor Helen Holland	For
Councillor Gary Hopkins	Against
Councillor Christopher Jackson	For
Councillor Hibaq Jama	For
Councillor Carole Johnson	For
Councillor Steve Jones	Abstain
Councillor Anna Keen	For
Councillor Tim Kent	Against
Councillor Sultan Khan	No vote recorded
Councillor Gill Kirk	For
Councillor Cleo Lake	For
Councillor Jeff Lovell	For
Councillor Brenda Massey	For
Councillor Matthew Melias	Abstain
Councillor Graham Morris	Abstain
Councillor Anthony Negus	Against
Councillor Paula O'Rourke	For
Councillor Steve Pearce	For
Councillor Celia Phipps	For
Councillor Ruth Pickersgill	For
Councillor Kevin Quartley	Abstain
Councillor Liz Radford	Abstain
Councillor Tim Ripington	For
Councillor Jo Sergeant	For
Councillor Afzal Shah	For
Councillor Steve Smith	Abstain
Councillor Clive Stevens	For
Councillor Jerome Thomas	For
Councillor Mhairi Threlfall	For
Councillor Estella Tincknell	For
Councillor Jon Wellington	For
Councillor Mark Weston	Abstain
Councillor Lucy Whittle	For
Councillor Chris Windows	Abstain
Councillor Mark Wright	Against
<b>Carried</b>	





# Full Council

23 February 2020



<b>Report of:</b>	Denise Murray, Chief Finance Officer & S151 Officer
<b>Title:</b>	2021/22 Budget Report
<b>Ward:</b>	City Wide
<b>Member Presenting Report:</b>	The Mayor and the Deputy Mayor / Cabinet Member for Finance, Governance and Performance

## Recommendation

For Council to consider and approve the Mayor's 2021/22 Budget recommendations which include the various elements of the Revenue budget, Capital programme, Bristol City Council's Council Tax for 2021/22 and Adult Social Care Precept.

To note additional information has been added to the following areas since Cabinet on 26 January 2021 and 3 February 2021 to reflect additional information from each individual budget report.

- Dedicated Schools Grant (Paragraph 9)
- Housing Revenue Account (Paragraph 11)
- West of England Combined Authority (paragraph 12)



## 1. MAYOR'S BUDGET RECOMMENDATIONS TO COUNCIL

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The approval of Mayor's budget proposals to Council in respect of 2021/22 as set out in this report, subject to any amendments agreed at the meeting:

### **To note:**

- a) The report from the Scrutiny Budget Task and Finish Group.
- b) The budget consultation process that was followed and feedback as outlined in Section 17 and Appendix 6.
- c) The categorisation of earmarked reserves and provisions set out in Section 16.
- d) That the consultation feedback and equality impact assessments relevance checks have been taken into consideration and have informed the final budget proposals.
- e) The feedback provided by the Schools Forum at Cabinet and Council, for their consideration in making final decisions on the Schools Budget for 2021/22.
- f) The uncertainty around COVID response spend, COVID income loss and central government COVID funding levels for the full impact 2021/22 and beyond, and that the estimates provided could be subject to significant change over the medium term.
- g) The comments of the Chief Finance Officer (s151 Officer) on the robustness of the Budget and adequacy of reserves as set out in Section 15.
- h) The Council's Ethical Investment Policy and Strategy is due for revision during 2021/22, which will be expanded to incorporate Equitable Policy for Investment in addressing racial and other economic inequalities in the city.
- i) The delegation of authority to the Director of Finance after consultation with the Deputy Mayor, Cabinet Member for Finance, Governance and Performance and the Mayor, to make any necessary technical adjustments or adjustments to the figures upon receipt of the final Local Government Finance Settlement, West of England Combined Authority Budget and Department for Education funding clarifications; with transfers to and or from reserves as appropriate.

### **To agree:**

- j) The Bristol City Council levels of Council Tax increase of 4.99%; which includes 3% precept to support Adult Social Care, noting the precepts of the Police and Crime Commissioner for Avon and Somerset and the Avon Fire Authority,
- k) The Council's General Fund net revenue budget for the year 2021/22 as £424.1 million and expenditure allocations as set out in Appendix 1; subject to any budget amendments properly notified to and approved by the Council in line with the Constitution.
- l) The temporary movement in general reserves of up to £3.9 million to mitigate the forecasted year end emergent pressures in the People directorate as outlined in Section 5 Current Revenue Budget.
- m) Agree the Council's capital budget for the years 2021/22 - 2025/26, totalling £890.1 million as set out in paragraph 13 and detailed in Appendix 2.

- n) The proposed Treasury Management Strategy for 2021/22 in Appendix 4, incorporating the Minimum Revenue Provision policy and the prudential indicators and limits.
- o) To approve the Strategy for the Flexible use of Capital Receipts as set out in Appendix 5.
- p) Delegation of authority to Cabinet, via a subsequent report to agree the detailed Public Health Budget and movement in the ring-fenced Public Health reserve upon receipt of the final grant allocation for 2021/22 and budget proposals from the Director of Public Health in consultation with the Deputy Mayor and Cabinet member for Communities, Equalities & Public Health and Director of Finance.
- q) the calculations for determining the Council Tax requirement for the year 2021/22 as outlined in Appendix 8 and in accordance with the Local Government Finance Act 1992.

**To agree:**

- r) The distribution of the 2021/22 Dedicated Schools Grant of £404.7 million as recommended by Cabinet and the Schools Forum and set out in section 9

**To agree:**

- s) No increase to dwelling rents for 2021/22 for existing tenants
- t) The 1-year Revenue budget for 2021/22 and 5-year Capital Programme 2021/22 – 2025/26, as detailed in Appendix 2, noting there is no additional borrowing requirement before 2024/25.
- u) An in-year draw-down from the HRA General Reserve to fund planned HIP works carried forward from 2020/21 due to Covid restrictions.
- v) Approve the delayed draw-down in 2021/22 from general fund reserve, of an agreed 2020/21 budget amendment (£100k) which was previously approved by Full Council Feb 2020, due to delays during the pandemic. This reserve was set aside to finance training for Housing and Landlord Services that would provide in-house skills to retrofit energy efficiency measures to council homes.
- w) Authorise the Executive Director of Growth and Regeneration, in consultation with the Cabinet Member for Finance, Governance and Performance, to set service charges in line with the anticipated and actual cost of delivery.

## 2. LIST OF APPENDICES

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This report should be read alongside a series of appendices:

- Appendix 1 – Detailed Budget Summary by Directorate
- Appendix 2 – Capital Programme 2021/22 – 2025/26
- Appendix 3 – Budget Risk Matrix
- Appendix 4 – Treasury Management Strategy
- Appendix 5 – Flexible Use of Capital Receipts Strategy
- Appendix 6 – Budget Consultation Report
- Appendix 7 – Equalities Impact Relevance Check
- Appendix 8 – Statutory Calculations in respect of Council Tax

### 3. EXECUTIVE SUMMARY

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3.1. The council has a legal responsibility to set an annual balanced budget (Local Government Finance Act 1992) which sets out how our financial resources are to be allocated and utilised. We have been successful in managing our finances and not only setting an balanced budget annually but also taking a medium-term approach, we can invest in and redirect resources to the areas with high priority, seek to protect the most vulnerable and to invest in our city during these uncertain times to build confidence for the future.

3.2. The Government's recent spending round, announced in November 2020, committed additional funding to key public services including Education and Adult Social Care, and further funding to support Local Authorities in responding to the prolonged COVID-19 pandemic. It also enabled councils to remain in the 100% business rates retention pilot for a further year and generate additional funding from local taxation via social care precept.

3.3. The Council's proposed budget should be seen in the context of the Corporate Strategy and Medium-Term Financial Plan (MTFP), it represents a further step on the journey to financial recovery and long-term sustainability. It establishes a resilient financial base to meet future challenges that could result from the uncertain financial, social, economic and environmental conditions.

3.4. COVID-19 has presented unprecedented financial challenges. It is not a single, 'in year' funding issue, but will continue to affect the Council beyond the next financial year. However, in managing our finances we are treating the medium-term impact of COVID-19 as a one off financial impact that we aimed to address through a financial response package of Council resources and further government support.

3.5. The financial impact on 2021/22 and future years can only be estimated, and officers will continue to update estimates and aim to mitigate any financial impacts.

3.6. The Council's strategy in funding core activity from base and one off funding for one off initiatives and not ongoing commitments has, placed it in a very strong position to address the COVID and one off pressures and produce a 'steady state' budget for the medium term 2021/22 - 2025/26 and also avoids the worst effects of sudden and unplanned decisions on service delivery and the most vulnerable members of the community.

3.7. The proposed General Fund revenue budget for 2021/22 totals £424.1 million, a net increase of £46.4 million from 2020/21 Baseline budget (£377.7 million, part of the total £397.7 million which includes an £18 million of one-off revenue investment). This £46.4 million increase includes £11.1 million investment in recurrent base budget as well as an £35.3 million one-off funding for COVID and one-off impact in 2021/21.

3.8. During the review assessment and evaluation of the budget assumptions and pipeline legacy savings agreed in 2017/18 and 2018/19 it became clear that some of the previously approved savings could no longer be delivered under the current economic and operating conditions. Therefore, mitigations have been explored and identified, which led to the alternative delivery plans and funding sources being identified for previously approved

savings marked at risk. A net impact of £1.4 million (including a savings contingency) has been included under the £11.1 million baseline investment explained above.

3.9. To finance the general fund base budget, it is proposed that the Council Tax for 2021/22 is increased by 4.99%. This includes the general increase of 1.99% and the Adult Social Care Precept of 3% which is earmarked for Adult Social Care, the overall increase will enable a balance position to be achieved for 2021/22.

3.10. Regarding ring-fenced funds, the government had announced the intention to maintain Public Health ring-fenced grant at the same level in 2021/22 compared to 2020/21. This entails no inflationary or other uplifts; however further funding clarity is urgently needed. If funding remains unchanged the indicative 2021/22 budget for Public Health would be £33.1million. Dedicated Schools Grant (DSG) is £404.7 million (an increase of £46.4 million from 2020/21) and Housing Revenue Account (HRA) is £122.1 million (an increase of £0.7 million from 2020/21).

3.11. In addition to the above, the Council continues to progress the delivery of an ambitious rolling capital programme over the period from 2021/22 to 2025/26, which has a gross value of £890.1 million (including the HRA) and is fully funded through the use of external funding, capital receipts and prudential borrowing.

## 4. COUNCIL STRATEGY & FINANCIAL PLANNING

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

4.2. The Council's Corporate Strategy remains the main strategic document and sets out our contribution to the city as part of the One City Plan. The approved Corporate Strategy 2018 - 2023 set out the vision for Bristol and the priorities to be delivered prior to the COVID-19 pandemic: It outlines our vision and values and informs everything we do, how we plan for the future and how we will demonstrate progress in delivering those priorities.

4.3. In achieving the vision for the city, we have based our activities around four themes:

- Empowering and Caring
- Fair and Inclusive
- Well Connected
- Wellbeing

4.4. Our key commitments aligned to each theme are outlined in the Corporate Strategy and the full document can be accessed via the link below. In light of the ongoing pandemic and its longer-term impact, the Corporate Strategy will need to be revised to respond to the changing external environment and the needs of our workforce, residents and businesses.

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

4.5. The Policy and Budget Framework provides the structure and process for budget decision making and the MTFP is a key financial planning document, covering a rolling five-year period refreshed annually. It sets out the Council's strategic approach to the management of its finances and provides a financial framework within which delivery of the Council's priorities can be progressed.

4.6. The MTFP approved by Full Council on 10 November 2020 outlined in broad terms, the economic outlook, the specific service and funding issues over the period and how the Council will, within its financial constraints, fund its priorities and ensure financial sustainability and resilience can be achieved during and after the pandemic.

4.7. The economic uncertainty and ongoing response to the COVID-19 pandemic and Brexit had led to the Government only providing a single year financial settlement for local authorities and retaining commitment to return to multi-year spending review when appropriate. It is also unknown when the planned series of reforms of local Government funding will now take place such as reforms to business rates retention (100% to 75%) and fair funding review aimed at designing a new system for allocating funding between councils via a renewed methodology. These reforms will set new funding baselines for every authority this presents a significant risk to future funding.

4.8. Following the same MTFP principles adopted for budget setting last year, we continue to follow the approach of de-risking the financial plan to ensure that government one-off funding for pandemic response or otherwise are removed from the base budget and that are treated separately offsetting one-off cost pressures. The Base budget should only reflect those on-going core service activities that are aligned to on-going, recurrent and sustainable funding sources. These include the agreed targeted funding to support areas of need, the achievement of budget reductions, efficiencies and savings proposals, and setting council tax at levels assumed each year which enables a balanced position to be achieved over the planning period.

4.9. The budget has been prepared and given full consideration to these strategic documents, ensuring that each year's budget is set within the context of the Council's ongoing sustainability over the whole planning period. This has been done using best estimates from available data and based on the announced information under Local Government Finance Settlement for 2021/22.

4.10. Throughout the process of setting the budget, the Council has been very mindful of the impact of changes or reductions on residents that the Equalities Impact Assessments (EQIAs) relevance checks are included in this and other associated reports. Decision makers will need to take these into account when considering these budget proposals.

4.11. Please note that the Council's Ethical Investment Policy and Strategy is due for revision during 2021/22, which will be expanded to incorporate Equitable Policy for Investment in addressing racial and other economic inequalities in the city.

## **5. CURRENT REVENUE BUDGET POSITION FOR 2020/21**

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5.1. This report is concerned mainly with the budget estimates for 2021/22 however, it is important to consider the current year financial performance and therefore the starting point for formulating these budgets is the latest 2020/21 (P8) forecast outturn.

5.2. During the year we have been reporting on the financial position for both the impact of the pandemic and the underlying base financial position of the Council.

5.3. The current full year forecast position, based on actual expenditure at the end of November 2020 for reason not directly attributed COVID, reports a £6.3 million (1.6%) overspend against the approved general fund budget. This is predominately attributed to Adult Social Care, increase in service demand and market costs pressures, and Home to School Transport services for children with high needs.

5.4. For the same period, COVID related budget pressure for 2021/22 is forecast to be £81m, largely funded by government grant.

5.5. For ring-fenced accounts, in-year forecast reports a £3.2 million underspend for HRA (2.6%), £11.4 million overspend for DSG (3.0%) and a balanced position on Public Health grant.

5.6. It is expected that mitigations will continue to be explored across services within the directorates to contained cost pressure within the delegated cash limits. However, the scale, nature and timing of the emergent pressures within Adult Social Care and lack of opportunities for mitigation across the People directorate means that it is unlikely these pressures can be contained before year-end therefore a supplementary estimate may be required at year-end funded by general reserves.

5.7. The planning assumptions in the budget therefore include an estimated £6m drawn down from the Adult Social Care earmarked reserve and general reserve if required in 2020/21. This attributes to the current pressures evident within Adult Social Care and Home to School Transport. Approval has been sought under this report to allow for an temporary draw-down from general reserves in 2020/21 up to £3.9 million, which would potentially reduce General reserve below policy compliant level on a short-term basis, followed by a reinstatement in April 2021/22 funded by one-off government grant.

<b>Approved Budget</b>	<b>General Fund 2020/21</b>	<b>Revised Budget</b>	<b>Forecast Outturn</b>	<b>Forecast Variance</b>	<b>COVID Variance</b>	<b>Non-COVID Variance</b>
<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
222.727	People	225.660	276.972	51.312	43.931	7.381
51.044	Resources	50.734	59.185	8.451	8.583	-0.132
59.210	Growth and Regeneration	64.451	91.890	27.439	26.681	0.758
62.727	Corporate Expenditure	54.862	54.945	0.083	1.833	-1.750
<b>395.708</b>	<b>General Fund Budget</b>	<b>395.708</b>	<b>482.992</b>	<b>87.285</b>	<b>81.028</b>	<b>6.257</b>

5.8. Further details of the forecast year end position can be found in the Period 8

## 6. GENERAL FUND REVENUE BUDGET 2021/22

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6.1. The General fund base budgets are by far the most significant element of the Council's budget, they are the mainstream budgets for services and are monitored monthly and reported to the Corporate Leadership Board, the Mayor and Cabinet. An incremental budgeting approach has been adopted. Whilst not the most efficient mechanism, it is an approach that can be easily understood publicly and applied consistently which enables the changes applied to year-on-year budgets to be transparent.

6.2. The Council's finances have been severely impacted by the pandemic, however most of the related increases in costs and changes in income are seen to be one-off or temporary and are separately reported under the budget to ensure that when the Council considers the longer term financial sustainability, it is not distorted by short-term loss of income or changes in costs.

6.3. The proposed General Fund revenue budget for 2021/22 totals £424.1 million, a net increase of £46.4 million from 2020/21 Baseline budget (£377.7 million, part of the total £397.7 million which includes an £18 million of one-off revenue investment). This £46.4 million increase includes £11.1 million investment in recurrent base budget as well as an £35.3 million one-off funding for COVID impact in 2021/21.

6.4. During budget setting it became clear that some of the previously approved savings can no longer be delivered under the current economic and operating condition, therefore mitigations had been identified, which led to the alternative delivery plans and funding sources being sought for previously approved savings marked at risk. A net impact of £1.4 million (including a savings contingency) has been included under the £11.1 million baseline investment explained above.

6.5. The table below provides a summary of the proposed General Fund Revenue budget for the 5-year MTFP period comparing to the approved 2020/21 budget.



20/21		21/22	22/23	23/24	24/25	25/26
£m		£m	£m	£m	£m	£m
222.727	People	233.315	236.812	243.149	249.485	255.822
51.044	Resources	52.528	54.115	55.542	56.968	58.395
59.210	Growth and Regeneration	54.977	56.638	57.131	58.624	60.117
62.727	Corporate Expenditure*	83.290	51.434	52.358	55.136	55.914
<b>395.707</b>	<b>General Fund Budget</b>	<b>424.110</b>	<b>398.999</b>	<b>408.180</b>	<b>420.214</b>	<b>430.248</b>
226.055	Council Tax	236.197	240.920	247.587	254.403	261.372
136.711	Business Rates (NNDR)	133.621	129.449	133.374	137.620	140.686
6.387	New Homes Bonus	3.812	1.410	0.000	0.000	0.000
28.19	Social Care Grant	30.355	28.191	28.191	28.191	28.191
0	COVID Grants	25.161	2.914	2.914	0.000	0.000
(1.636)	Collection Fund Surplus/(Deficit)	(5.037)	(3.886)	(3.886)	0.000	0.000
<b>395.707</b>	<b>Funding</b>	<b>424.110</b>	<b>398.999</b>	<b>408.180</b>	<b>420.214</b>	<b>430.248</b>
<b>0</b>	<b>Budget Surplus/(Deficit)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

\*Note: increase in corporate expenditure due to COVID indicative expenditure held in abeyance

6.6. The following specific changes and key assumptions have been made in the development of the 2021/22 budget.

- Council Tax increase of 4.99% (including 1.99% for general purposes and 3% Adult Social Care Precept)
- A decrease of £3.1 million in the amount of business rates income receivable
- A Pay rise for all employees earning above £24,000 median salary, and final pay award to all remaining is subject to agreement with trade unions.
- Centrally held general inflationary provision for supplies and services budgets, e.g. essential utilities such as gas, electricity and water, external insurance premiums and business rates payable by us.
- General inflationary increase of 2% on fees and charges.
- Specific inflationary increases in Private Finance Initiative (PFI) unitary charges based on contractual terms and conditions. Specific inflationary increases as set out in other (non-PFI) long-term contracts.
- Unallocated general reserve will be retained between 5%- 6% of the net revenue budget at each budget setting period.

6.7. It is important that the Council continues to plan and grow our local tax base which provides real additional resource that can assist with managing increases in service demand and changes in government funding.

6.8. Whilst council tax referendum threshold remains in place, for 2021/22 the threshold set by central government has increased to 5% for Bristol, which includes additional 3% precept for Adult Social Care. If council tax is set below this threshold, it would mean the permanent loss of council tax baseline yield with no opportunity to make up the losses in future years, without triggering a costly local referendum exercise.

6.9. During this period of continuous uncertainty, we are conscious of the impact of council tax increases on Bristol residents. Given the growth in demand for our services and the absence of any new permanent funding being made available by government, the Council is required to take action to ensure the sustainability of Social Care therefore proposes to take up the social care precept at 3%. This proposal seeks approval to increase 2021/22 council tax by 4.99% net off decrease in tax base (£10.1 million) split between:

- General Council Tax increase of 1.99% (i.e. £4.0 million)
- Social Care precept of 3.00% (i.e. £6.1 million)

6.10. In order to support residents that have difficulty with this increase, unlike many other councils, Bristol City Council continues to provide a fully funded local Council Tax reduction scheme (CTRS) that supports working age people on a similar basis to those who previously received 100% Council Tax benefit prior to this national scheme being abolished in 2013. Pensioners are also protected from any changes under the prescribed national scheme.

6.11. As outlined in the Council Tax Base report presented to Full Council on 8 December 2020, prior to the pandemic, Bristol had seen relatively low unemployment rate, and a decrease in the numbers of working age adults' claimants to the CTRS in recent years. However, since the pandemic, there has been a marked increase in the number of claimants of the working age CTRS which has increased the overall cost by £2.3 million in 2020/21. This is likely to continue into part of the 2021/22.

6.12. As part of the budget process each year, we look at unavoidable financial pressures on services that will have an on-going budgetary impact, some of which are outside of the control of the services and cannot be immediately mitigated by savings and efficiencies. Table below summaries the year on year baseline expenditure movement:

<b>General Fund Baseline Budget</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Corporate Assumptions</b>					
Pay Award	0.473	5.181	5.472	5.472	5.472
Remove residual provision from 20/21	(1.200)				
In year Inflation provision	3.441	5.114	3.784	3.784	3.784
Capital Financing	(1.250)				
<b>Savings changes</b>					
Pipeline Savings Previously Approved	(3.100)	(0.724)			
Pipeline Savings Removed	2.148	0.453			
Legacy Savings Proposed to be written off	4.692				
New Savings Proposed	(4.300)				
Savings Contingency	1.960				
<b>Previous Approved Pressures</b>					
Coroners	0.030				
Waste Contract Inflation & Pay-Mech Pressure			(1.000)		
Safer City - Youth Violence	0.030				
Land Charges- Legislative changes	0.290				
Climate Change / Air Quality - Delivery Capacity	0.150				
<b>Service Investments</b>					
Children Social Care increase in Remand	0.310				
Children Special Guardianship revised support and financial package	0.300				
Reprofile in-house Children carer package	0.500				
Invest in Children Care Leaver EET SIB delivers improved outcomes	0.067				
Adult Purchasing Costs Increases (Net of BCF 5.5% uplift £0.88m)	3.550	(3.550)			
Operational Property Unachievable Income (non-COVID)	0.500				
Facilities Management cost pressures and overspend	2.525				
<b>Baseline Budget Movement</b>	<b>11.116</b>	<b>6.474</b>	<b>8.256</b>	<b>9.256</b>	<b>9.256</b>

6.13. Within the existing budget, there are other areas where adequate resources are not provided for meeting the level of anticipated demand within the service, loss of grant or reduction in income some of which due to short to medium term impact of the pandemic and gradual recovery. Therefore, within the total proposed budget (£424.1 million) above £35.3 million of one-off funding (mainly government support grants) had been incorporated to balance the 2021/22 financial pressures estimated arising from the on-going pandemic. In addition, an estimated £0.4 million draw-down from earmarked reserves (business rates reserve) had also been included to balance remaining one-off financial pressure, following the MTFP principles of matching one-off funding with one-off pressures and commitments. The table below summarises the one-off funding position:

<b>General Fund Baseline Budget One Off Funding</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>5-year Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Social Care Grant (£1bn SR 2019)	8.210	8.210	8.210	8.210	8.210	41.050
Social Care Grant (£200m SR 2020)	2.165					2.165
<b>Subtotal Social Care</b>	<b>10.375</b>	<b>8.210</b>	<b>8.210</b>	<b>8.210</b>	<b>8.210</b>	<b>43.215</b>
Collection Fund Grant	2.914	2.914	2.914			8.743
20/21 Collection Fund losses	(5.037)	(3.886)	(3.886)			(12.809)
100% Business Rates pilot growth	2.490					2.490
New Homes Bonus Legacy Payments	3.485	1.410				4.895
Council Tax support grant - CTRS Working Age	5.803					5.803
Council Tax Reduction Scheme	(1.486)	(1.750)	(1.000)	(0.250)		(4.486)
Fees and Charges grant	1.300					1.300
COVID Response grant	14.371					14.371
New Homes Bonus 21/22 One-off	0.327					0.327
Lower Tier Authority services grant	0.773					0.773
<b>Subtotal COVID</b>	<b>24.939</b>	<b>(1.311)</b>	<b>(1.971)</b>	<b>(0.250)</b>	<b>0.000</b>	<b>21.407</b>
						<b>0.000</b>
<b>Total One-off Funding</b>	<b>35.314</b>	<b>6.899</b>	<b>6.239</b>	<b>7.960</b>	<b>8.210</b>	<b>64.622</b>

### Impact of COVID-19

6.14. The prolonged impact of the pandemic is expected to affect the Council's financial position over the medium term. Our planning assumption assumes the gradual recovery of the local economy over the MTFP period from both income and expenditure perspectives.

6.15. The government recognised these COVID related challenges, in response had announced further funding and support mechanism to Local Government under the 2021/22 financial settlement, which includes funding allocation to cover 2020/21 carried forward collection fund deficit spread over 3 years, further allocations of Local Council Tax Support grant, partial continuation of COVID emergency response funding and a 3 month extension of the Fees and Charges Income Compensation Scheme. However, in most cases the funding only covers the financial impact equivalent to one quarter in 2020/21, which implies the assumption that local economy could recovery back to pre-pandemic levels by summer 2021, that is contrary to the ONS's economic forecast.

6.16. At the time of writing this report, further clarity and details are yet to be provided by the government regarding funding allocation methodologies for 2020/21 Council Tax Support Grant and Fees and Charges Income Compensation Scheme following Local government consultation, as a result the expected funding levels included in the table above are based on the provisional settlement details.

6.17. The table below illustrates the corresponding cost pressures that is proposed under this report to be funded from these one-off government funding streams:

<b>One off Budget Funding / (Cost)</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>5-year Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Contribution to general fund reserve (Adult overspend 2020/21)	(3.900)					(3.900)
Adult purchasing pressures	(2.670)					(2.670)
ASC Innovation Fund	(0.800)					(0.800)
Growth in Children's placements (mid-case estimates £3.1m over three years)	(1.400)					(1.400)
Children Pause Project	(0.360)					(0.360)
Children Cabot Learning Federation pilot	(0.060)					(0.060)
Child Sexual Abuse Inquiry Resource Support	(0.085)					(0.085)
Troubled Families Reserve	(0.643)					(0.643)
Home to School Transport	(0.500)					(0.500)
Serious Violence (Children and Young people. Street violence)	(1.500)					(1.500)
General Fund Support for Special Education Needs & Disability (SEND)	(0.500)	(0.500)				(1.000)
COVID Response and New burden (incl. Social Care)		(3.875)	(3.000)	(3.000)	(3.000)	(12.875)
Social Care Grant held in abeyance		(4.335)	(5.210)	(5.210)	(5.210)	(19.965)
<b>Subtotal Social Care</b>	<b>(12.418)</b>	<b>(8.710)</b>	<b>(8.210)</b>	<b>(8.210)</b>	<b>(8.210)</b>	<b>(45.758)</b>
Medium Term Business Rates Losses		(3.170)	(1.585)	(0.528)		(5.283)
Council Tax support grant / hardship expenditure	(2.498)					(2.498)
Fees and Charges Income losses	(7.047)	(2.350)	(1.853)			(11.251)
COVID Response Reserve Movements	(14.371)	1.366	5.055	0.778		(7.172)
<b>Subtotal COVID</b>	<b>(23.916)</b>	<b>(4.154)</b>	<b>1.617</b>	<b>0.250</b>	<b>0.000</b>	<b>(26.203)</b>
Business Rates Volatility Reserve	0.400	3.865	0.355			4.620
Capital Financing	2.320	3.000				5.320
Project Management Delivery Capacity	(0.400)	(0.400)				(0.800)
Developing Property Strategy/ Asset Management Plan	(0.500)	(0.500)				(1.000)
Operational Property Unachievable Income Target (Non-covid)	(0.500)					(0.500)
Temporary accommodation cost pressure (Costs in excess of subsidy)	(0.300)					(0.300)
<b>Subtotal Other One-offs</b>	<b>1.020</b>	<b>5.965</b>	<b>0.355</b>	<b>0.000</b>	<b>0.000</b>	<b>7.340</b>
<b>Total One-off Costs</b>	<b>(35.314)</b>	<b>(6.899)</b>	<b>(6.238)</b>	<b>(7.960)</b>	<b>(8.210)</b>	<b>(64.621)</b>

## People Directorate

### Adults

6.18. Local authorities have a legal duty to commission care services for any adults who meet the requirement of the centrally set needs and means tests. Since 2017/18 Adult social care had seen significant increases in cost base year on year, to a forecast outturn of

£183.4 million in 2020/21 despite any efficiencies they might have made. In 2020/21 £27.9 million of spend was estimated due to COVID and a further £7.2 million of overspend was reported not directly resulted from COVID.

6.19. There are various drivers resulting in financial pressures such as:

- In regards to COVID emergency response, the Council has acted as system leads in responding to the crisis working directly alongside the NHS and providers to create capacity and deal with increased demand meanwhile sustaining the market to ensure the local care market has sufficient capacity and of sufficient quality to meet the needs of the population and the Council direct financial support. No specific funding has been allocated to support the sector in 2021/22.
- The Council also increased the Council's frontline Staff Cover for short term targeted support for up to two weeks after discharge and to provide a short-term up-front response and additional capacity costs for Mental Health services. The Council had also spent resources on providing PPE to staff and suppliers.
- In addition, the planned efficiency savings had not been able to be progressed as anticipated and the entire savings programme suffers from further delays.
- There is also in inherent issues in the lack of capacity in the market for delivering services which has be exacerbated by COVID.

6.20. Whilst adult social care is delivered and mainly funded locally, decisions by central government strongly shape the local position. This makes adult social care a national as well as a local responsibility. These increasing costs are threatening to overwhelm the Council's ability to manage its finances and it is not clear whether public funding for adult social care will increase in the long run.

6.21. The Local Government – Spending Review 2020 announced an additional £300m one off social care grant (distribution options still subject to consultation). There is also confirmation that the £1bn social care grant in 2020/21 will be rolled forward for one more year (£2.2m for the Council). Existing social care funding such as BCF will continue, with BCF rising in line with NHS settlement of 5.5% but no uplift on iBCF.

6.22. Despite these emergency measures and funding, the government remains silent on previous commitments to “ensure that adult social care funding is such that it does not impose any additional pressures on the NHS over the coming five years” under the NHS long-term plan, there is currently no clear timetable for social care reform and the recent spending round only confirmed grants for social care in 2021/22.

6.23. Whilst we recognise the need for wider change at a national level to make the social care system fair and sustainable in the future, tackling our immediate social care challenges will require decisive action and appropriate funding to help enable the transition to an approach based on a higher level of early intervention and prevention.

### **Children's Social Care**

6.24. The Children's Social Care service has experienced escalating levels of serious youth

violence and extra-familial risk, including gang affiliation, criminal exploitation and abuse. This alongside a growing child population and improved intelligence and awareness of serious violence and complex safeguarding demands, has presented challenges to the directorate in achieving a balanced budget. These challenges are further exacerbated by the pandemic during which significant placement cost increase has been reported.

6.25. Considering the increases in demand and market pressures, further baseline and one-off funding had been allocated in 2021/22 to address these escalating pressures, and it has become clear that the pipeline savings for the Strengthening Family programme is no longer deliverable as previously planned, therefore provision has been made under this report to write-off these further year savings (details see savings section).

### **Education**

6.26. The Education service is reporting an in-year pressure of £0.4 million (£0.2 million reduction compare to the previous year) relating to Home to School Transport for children who have special education needs which is likely to result in a supplementary estimate at year-end. Some small cost reductions have also been achieved following the adoption of a new route planning systems, and that some routes were not needed when pupils are self-isolating during the pandemic.

6.27. Following an Ofsted review in 2019, the Education service has developed an action plan and invested significant resources in the Health and Care Plan (EHCP) assessment and planning process in order to address some of the concerns reported, which includes improvement of the Education, statutory processes and implement new diagnostic pathway for Autism Spectrum Disorder (ASD) assessment to impact on assessment times and offer clarity to parents and carers. The result of these improvements had led to a significant increase in SEND needs with in the DSG and Schools' budget.

### **Growth and Regeneration**

6.28. The Growth and Regeneration (G&R) directorate has several key priorities which this budget is designed to support. They are as follows:

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

6.29. During the pandemic, due to the social distancing measures introduced by the government and the general economic condition, G&R had seen significant losses on both service income and commercial income. The recovery of these income streams is likely to take some time. Most COVID income losses and additional expenditure were covered by government grant in 2020/21, 2021/22 remains a significant challenge where government funding significantly reduced.

6.30. In addition to the above, several growth-based savings pipeline schemes are no longer achievable, and some services such as waste management have experienced significant increases in volume and suffered from the volatility in the market e.g. (recycling income).

6.31. Last but not least, the capital programme had suffered from significant delays and

cost escalation. These are outlined in more detail the Capital Programme section.

## Resources

6.32. The Directorate contains the Council's key residence facing services (such as mortuaries and communication) as well as professional support services which support the strategic direction of the Council and provide essential support to Members and managers to improve outcomes and deliver change. The Directorate, beyond its core, statutory and regulatory duties, also serves some of the most vulnerable in the city.

6.33. During 2020/21 the Directorate has led key COVID emergency response activities for the city including the distribution of central government and local grant to businesses and residences in need. It also increased and redirected capacities in dealing with the direct impact of the pandemic such as mortuaries planning and citywide communications.

6.34. Similar to other directorates, Resources had also experienced difficulties in savings delivery during the pandemic and will be impacted by the lasting effect of COVID. Most significantly the Facility management services, and savings had been identified no longer deliverable please see details under the savings section.

## Corporate Expenditure Accounts

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

	<b>2021/22</b>
	<b>£m</b>
Capital Financing	22.495
Corporate and Democratic Core and Levies	10.118
One off funding held prior to transfer	39.654
Other including Contract Inflation and pay awards	11.023
<b>Total</b>	<b>83.290</b>

## Savings

6.36. Following a detailed review and risk assessment exercise during budget setting, it became clear that some of the previously approved legacy and pipeline savings in the recurrent base budget can no longer be delivered under the current economic and operating condition, led to the alternative delivery plans and funding sources being identified. Please see the table below for more detail:



## Savings Removed

Ref	Directorate	Description	Legacy £m	21/22 £m	22/23 £m
FP31	People	Strengthening Families	1.742	1.828	0.453
FP33	People	Better Lives	2.950		
IN04	Growth & Regen	City Centre Business Rate Development Team		0.240	
IN29	Growth & Regen	Development Management		0.080	
<b>Total Savings Removed</b>			<b>4.692</b>	<b>2.148</b>	<b>0.453</b>

## New Savings

Ref	Directorate	Description	Legacy £m	21/22 £m	22/23 £m
New	People	Monitoring and grip debt recovery and DPs	2.000		
New	Growth & Regen	Parking charges review	0.800		
New	Thematic	Common activities	0.500		
New	Thematic	3rd party saving	0.500		
New	Thematic	Corporate Landlord Delivery Model	0.500		
<b>Total New Savings</b>			<b>4.300</b>	<b>0.000</b>	<b>0.000</b>

## Long Term Investments / Shareholdings

6.37. The Council has a range of long-term investments and shareholdings some of which are wholly owned or to which it has a material interest. A set of business plans for these entities will be presented to Cabinet on 25 February 2021 and 9 March 2021.

6.38. In relation to the wholly owned companies, these are complex businesses and when entering into any long-term investments such as these it is important to assess the market conditions and to acknowledge that the industries are ever-changing, as such will always be subject to external influences, volatilities and risks. The financial performance of these companies and their assets and liabilities need to be regularly reviewed to ensure that there is not a financial implication for the Council in future years.

6.39. Annual business plans have been refreshed / developed and the submission is made to this Cabinet for consideration. The plans need to be agile and refreshed to reflect the changing market conditions and operating models required for sustainability. The business and commercial strategy needs to ensure that wider market condition had been assessed and business opportunities are explored in a timely manner in order to secure and generate additional income from customers. It is anticipated that from this investment the Council will benefit socially, economically, environmentally and financially. Following the pay-back period, any surplus can be used as appropriate to support the Council's revenue budget position or deliver key priorities.

6.40. The Council continue to assess the effectiveness of the Governance, monitoring and quality performance parameters and regularly reported to the Shareholder Group and members for informed decision making. It has been recommended that companies risk

assessment and reporting process needs to align with the Council' own process, where risk and issues are periodically reported, mitigations identified, financial risks qualified, and risk provision set aside accordingly. To ensure the Council's investment is protected, commercial information that could impact on an individual company value will be managed sensitively, considering the sensitivity of the information being requested at the time of the request whether due to the nature, any harm that would be caused prior to disclosure. However, as a public authority the Council should remain open and transparent as far as possible.

## 7. COLLECTION FUND SURPLUS / DEFICIT

7.1. Bristol City Council is required by statute, to maintain a Collection Fund separate from the General Fund of the Council. Income from council tax and business rates are fixed at the start of each financial year. Any variations from this are realised through the Collection Fund and are distributed in subsequent years. Following changes to council tax discounts and exemptions and localisation of business rates, there is now significantly greater volatility and risk in relation to collection fund income.

7.2. As previously reported to the Council on 8 December 2020, overall, there is an estimated deficit on the Collection Fund for the year ending 31 March 2020 of £14.143 million of which the Council's share is £12.809 million.

	21/22	22/23	23/24	Total
	£m	£m	£m	£m
Council Tax Deficit	2.549	1.103	1.103	4.754
Business Rates Deficit	2.488	2.783	2.783	8.055
<b>Total Collection Fund Losses</b>	<b>5.037</b>	<b>3.886</b>	<b>3.886</b>	<b>12.809</b>
Local tax income guarantee grant	(2.914)	(2.914)	(2.914)	(8.743)
<b>Net Collection Fund Losses</b>	<b>2.122</b>	<b>0.972</b>	<b>0.972</b>	<b>4.066</b>

7.3. As directed by Government the Council are required to spread any deficits from 2020/21 over three years which is reflected in the figures above and the medium-term outlook as set out in section 6.

7.4. For irrecoverable losses from the 2020/21 Collection Fund the Government have announced a support grant to fund 75% of irrecoverable losses council tax and business rates income. An estimate of £8.743 million has been included over the period 2021/22 – 2023/24.

7.5. For Council Tax this includes losses due to increases in Council Tax Reduction scheme and delays in growth but does not cover reduction in collection rates. Business Rates irrecoverable losses include losses due to reduced collection as well as estimated changes in rateable value of properties due to the pandemic.

## 8. COUNCIL TAX 2021/22

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8.1. The referendum threshold for increasing the council tax has increased to 5% which includes 3.00% Social Care Precept and core council tax increase of 1.99%. The precept will need to be identified separately and the s151 Officer will be expected to notify the Secretary of State of the amount intended to be raised and verify that the funding has been used for adult social care.

### Calculation of the Council's Tax Base

8.2. On 8 December 2020 Full Council approved the tax base for the year 2021/22 as 127,950. This represents a decrease of 0.5% on the previous year's tax base (128,566).

### Council Tax by Band

8.3. It is recommended that the following amounts be submitted for agreement by Full Council for the year 2021/22:

- £236,197,106 being the sum to be met from Council tax in 2021/22 for services provision (£226,055,751 in 2020/21)

Bristol City Council's share of the council tax for the year 2021/22 for the services it provides for each category of dwelling shown as follows:

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£
2021/22 Council Tax	1,230.68	1,435.79	1,640.90	1,846.02	2,256.24	2,666.47	3,076.70	3,692.04
2020/21 Council Tax	1,172.20	1,367.56	1,562.92	1,758.28	2,149.02	2,539.74	2,930.48	3,516.57
Percentage Increase	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
Annual Increase	58.48	68.23	77.99	87.74	107.22	126.73	146.22	175.47

## 9. DEDICATED SCHOOLS GRANT

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9.1. A summary of the planned use and distribution of the Dedicated Schools Grant is incorporated within this report and the full report and associated appendices can be accessed: <https://democracy.bristol.gov.uk/mgAi.aspx?ID=23217#mgDocuments>

9.2. The Dedicated Schools Grant (DSG) is calculated based on the following 4 funding blocks: Schools Block, High Needs Block, Central Services Block and Early Years. The overall headline increase in the 2021/22 DSG, considering the 2020/21 funding for teachers pay and pensions (of £14.280m), is £15.940m (4.1%) giving a total DSG of £404.729m.

9.3. The table below provides a high-level description for each block and shows the annual changes in funding.

DSG blocks	Purpose	2020/21 DSG (adjusted for teachers pay and pension grants)	2021/22 DSG Settlement	Increase	Increase
		£m	£m	%	£m
Schools Block	For distribution through the formula for mainstream schools and academies, and for growth in schools	287.008	297.264	3.57%	10.256
Central School Services Block	For Local Authority core functions, admissions and historic commitments	2.827	2.774	-1.91%	-0.054
High Needs Block	Funding for pupils with special educational needs in mainstream, special ad out-borough schools, for pupils in alternative provision and local authority or commissioned services for high needs pupils	61.834	67.506	9.17%	5.672
Early Years Block	Funding for distribution to Early Years settings for 2, 3 and 4-year-old early years provision, with some provision for central oversight and co-ordination	37.119	37.185	0.18%	0.066
<b>Total Funding Received</b>		<b>388.788</b>	<b>404.729</b>	<b>4.10%</b>	<b>15.940</b>

### Schools Block

9.4. The DSG advised by the Education and Skills Funding Agency takes into account the increase in minimum funding per pupil and the National Funding Formula (NFF). The funding is primarily generated by pupil numbers from the October census. The October 2020 census had 35,867 primary pupils, a decrease of 283 (0.78%) from October 2019, with secondary pupil numbers increasing by 757 (3.95%) to 19,938. Funding per pupil has also increased (by 7.95% for primary and 7.57% for secondary) and included in this increase is funding for teachers pay and pensions increases that was previously made via grant funding.

9.5. The Minimum Funding Guarantee was set at +0.5% for 2021/22 (in line with prior year) and £2.0 million was top sliced for the 2021/22 Growth Fund. Schools Forum endorsed the transfer £1.4million (0.5%) from the Schools Block to the High Needs Block to be earmarked to support the Education Transformation programme. Please note that this is the maximum threshold, and any amount beyond 0.5% would require Secretary of State Approval.

9.6. Within the average overall increase, individual schools will receive more or less depending on the impact of the changes in the formula and pupil numbers to their allocations.

#### High Needs Block

9.7. The key financial pressure within the DSG is in the High Needs block. The DSG overall started the year with a brought forward deficit of £2.892 million and is experiencing significant in-year pressures as the Council delivers SEND improvement activities, responds to the Written Statement of Action and supports children and young people with increasing need and complexity of support. The current in year forecast is of an £8.556 million overspend which results in a cumulative forecast deficit of £11.4 million for 2020/21. Under DSG regulations this will need to be “made good” in future years from the DSG allocations.

9.8. As recognition of the national issues in the Higher Needs block, the Spending Round has allocated more funding to support Higher Needs pressures. For 2021/22 the estimated increase in funding is £5.7 million (9.2%) including Teachers Pay and Pensions Grant. Although clearly welcome this funding broadly mirrors the prior years estimated costs leaving no growth or additional funding to address the deficit.

9.9. No clarity has been provided by the DfE how, when and if, this will be funded in the longer term. Whilst the Council “carries” this deficit by means of a negative reserve it is a significant risk to both the Council and to Schools.

9.10. Meanwhile a high needs transformation programme has begun, with four constituent projects: top-up funding; alternative provision; hospital education; and support services. These are focussed on how best to improve outcomes for children and young people, but may result in lower spend over time, if investment is made in activities most likely to promote such outcomes. To continue the funding for this programme, transfers between blocks are again proposed and these have been endorsed by Schools Forum,

#### Early Years Block

9.11. The allocation for Early Years is still indicative at this stage as the majority of the funding in this block is based on census data in January 2021 and January 2022, so the actual amount will be updated by ESFA once these census figures are known. Recent guidance on the census collection for January 2021 in the light of COVID restrictions has caused concern as the DfE will not allow settings to count places where closure or place restrictions due to the pandemic have reduced numbers. This could result in much lower census figures and reduced funding.

9.12. The funding allocation for the early year section is as below:

- The funding for 3 & 4 year olds remains unchanged at a rate £5.69 and as result the base rate to providers will see no increase from 2020/21 and remain at £4.88. This is an effect of real term’s cut for the sector which has experienced minimal support through the pandemic.

- For 2 year olds, the rate has increased by £0.08 to £5.59, this increase will be passed on in full to providers (increase from £5.48 to £5.56). In line with prior year, £0.03 will be retained for central administration.
- The Maintained Nursery School supplementary funding has remained at the same level (£0.716 million) as 2020/21

9.13. The Council will continue to support Nursery Schools in lobbying government to obtain a fair settlement for Early Years providers.

#### Central Services Block

9.14. The Central Services Block contains ongoing & historic responsibilities and ESFA propose to withdraw historic element over time. This has reduced by 20% (£0.186m) and within that the £0.147 million for Prudential Borrowing is proposed as a further transfer to the High Needs Budget. Please note that with the scale of these annual reductions by 2022/23 no spare funding will be available for transfer into the High Needs Budget.

9.15. The table below outlines the revised allocations following the proposed movement between the blocks.

DSG Blocks	2021/22 DSG settlement	Movement between blocks	Final DSG budget 2021/22
	£m	£m	£m
Schools block	297.264	(1.400)	295.86
Central Services Block	2.774	(0.147)	2.62
High Needs Block	67.506	1.547	69.05
Early Years	37.185	-	37.18
<b>Total</b>	<b>404.729</b>	<b>0.000</b>	<b>404.72</b>

9.16. Work is underway to complete the DSG Deficit Management Plan. This is a comprehensive tool that has been produced by the Department for Education to enable LAs to:

- Monitor how DSG funding is being spent.
- Compare data on high needs spend between LA's
- Form evidence-based and strategic future plans for the provision of services for children and young people with SEND.

9.17. Completion of the plan is being project managed and is due to be presented to Schools Forum on 30 March 2021. The completed plan will be kept up to date and used routinely for planning thereafter.

9.18. Schools Forum considered the proposals on the use and distribution of the available funding at its meeting on 14 January 2021, endorsed the approach and feedback final comments were presented at the Cabinet meeting by the Cabinet Member for Education.

## 10. PUBLIC HEALTH GRANT

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10.1. The annual Public Health grant is currently provided to the local authority by the Department of Health and Social care. The grant meets the cost of Public Health services and functions which transferred to the local authority under the terms of the 2012 Health and Social Care Act.

10.2. The allocations for 2021/22 are yet to be announced but the spending review 2020 indicated the grant will be maintained, indicating no increase from the 2020/21 grant of £33.1 million. This if accurate could effectively means a real-terms cut to this budget as it needs to meet additional obligations such as the cost of pay uplifts for all nursing staff in commissioning services.

10.3. Once the grant allocation is confirmed a report will be taken to Cabinet to approve the specific budget plans for 2021/22. Delegation is sought from Full Council to approve the detailed spending plans

10.4. The future of Public Health funding is uncertain and will be subject to the government's delayed fair funding review and may include moving from a grant to a baseline formula with attached conditions.

## 11. HOUSING REVENUE ACCOUNT

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11.1. Housing Revenue Account (HRA) is a ring-fenced self-financing account, where the Council retains all rental income but must finance all capital and revenue costs associated with its existing and new housing stock. The Council has a duty to agree a balanced HRA budget for the next financial year, as well as a sustainable long-term business plan, which takes account of capital investment needs of its stock and the revenue costs of managing and maintaining it. Although the account is ring-fenced, which means there can be no cross-subsidy between the revenue cost of services provided through the General Fund and the HRA, there are many services provided to both and paid for through recharges.

11.2. Although the Rent Policy and Rent Standard allows Local Authorities to increase rents by up to CPI plus 1% for 2021/22, considering the current economic conditions, the impact of pandemic and the hardship suffered by people in need, it is proposed that the Council will freeze rents for existing tenants for the coming year, effective from April 2021. Therefore, to maintain the existing level of service this will require an accelerated use of HRA reserve and an increase in borrowing requirement from 2024/25 onwards.

	2020/21 Budget £'m	2021/22 Proposed Budget £'m	Movement £'m
Gross Rent	(113.276)	(113.495)	(0.219)
Dwelling Voids	1.200	1.200	0.000
Net Service Charges	(8.488)	(8.928)	(0.440)
Other Revenue Income	(0.881)	(0.881)	0.000
<b>Total Funding</b>	<b>(121.445)</b>	<b>(122.103)</b>	<b>(0.659)</b>
Repairs & Maintenance	32.513	33.854	1.341
Supervision & Management	31.223	31.780	0.557
Special Services	9.719	9.771	0.052
Rents, rates, taxes and other charges	1.189	1.181	(0.008)
Depreciation, Revenue Funded Capital, Interest Payable and Bad Debt Provision	46.801	45.518	(1.283)
<b>Net Spend</b>	<b>121.445</b>	<b>122.103</b>	<b>0.659</b>

## HRA Capital Programme

11.3. The 5-year capital programme includes: Housing Investment Programme to maintain and improve existing stock; a baseline development programme; and a small amount for HRA IT infrastructure.

20/21 £m		21/22 £m	22/23 £m	23/24 £m	24/25 £m	25/26 £m	Total £m
7.122	Planned Programme - Major Projects	30.438	33.710	29.889	23.059	19.033	136.130
27.233	New Build and Land Enabling	64.765	25.792	8.501	4.638	0.040	103.736
15.292	Building Maintenance and Improvements	14.886	16.595	16.090	16.205	16.145	79.920
0.524	HRA Infrastructure	0.500	0.500	0.500	0.500	0.500	2.500
<b>50.171</b>		<b>110.589</b>	<b>76.597</b>	<b>54.980</b>	<b>44.402</b>	<b>35.718</b>	<b>322.286</b>
	Financed by:						
(22.452)	HRA Self-Financing (MRR)	(40.382)	(30.033)	(30.633)	(31.246)	(31.871)	(164.165)
0	Prudential Borrowing	0	0	0	(7.447)	(3.847)	(11.294)
(27.195)	Capital Receipts	(58.775)	(10.614)	(3.102)	(1.686)	0	(74.177)
(0.524)	Revenue and Reserves	(11.432)	(35.950)	(21.244)	(4.023)	0	(72.649)
<b>(50.171)</b>		<b>(110.589)</b>	<b>(76.597)</b>	<b>(54.980)</b>	<b>(44.402)</b>	<b>(35.718)</b>	<b>(322.286)</b>



11.4. The development programme aims to deliver 571 new homes of which approximately 70% will be social rented properties and 30% affordable homes. Of these, 182 new homes are proposed for completion in 2021/22,

11.5. The 2021/22 capital programme will be financed by a combination of contributions from Major Repairs and revenue reserves, capital receipts unapplied, external income (Homes England grant, income from sale of shared ownership and pooled Right to Buy receipts).

11.6. It is planned to utilise HRA reserves over the five-year programme until the minimum level is reached at around c£21 million (forecast to be in 2024/25) at which point further borrowing of £11.3 million will be required.

11.7. Additional information regarding the HRA budget is available on the Council's website:

<https://democracy.bristol.gov.uk/ieListDocuments.aspx?CId=135&MId=8724&Ver=4>

## 12. WEST OF ENGLAND COMBINED AUTHORITY (WECA)

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12.1. The West of England Combined Authority (WECA) was formed in 2017 by Bath and North East Somerset, Bristol and South Gloucestershire councils. Working with our constituent councils and partners including the West of England Local Enterprise Partnership and local service providers, we aim to deliver inclusive economic growth for the region and address some of the challenges we face together. The West of England is an economic leader and will be key to the UK's recovery from the impact of Covid-19.

12.2. Since its formation, in total, £1.2billion of funding (new and redirected) has been provided for our region as follows:

- £900m as part of the initial devolution deal
- £103m for major transport schemes
- £3.7m emergency active travel funding (cycling and walking)
- £32m for MetroWest
- £24m for a Future Transport Zone
- £13.7m to accelerate infrastructure development work
- £5m to trial superfast 5G networks
- £4m for the Future Bright skills programme
- £75m from our business rates retention\*
- £3m to progress housing development and attract additional funding
- £5.7m to improve roads
- Circa. £15m per annum (redirected) to invest in adult education
- £4m to help SMEs plan and support their current and future workforce
- £2.2m to help people with learning disabilities gain job opportunities
- £2.8m for a new Energy Hub and Low Carbon Fund
- £1.35m to support the region's creative sector
- £3m to run the Combined Authority

\* 5% of business rates growth in the region is passported to WECA.

12.3. WECA is working with its constituent councils and other regional partners in supporting our region's residents and businesses through Covid-19, and is taking action to help people and businesses affected to get the support they need.

12.4. In addition to circa £18million discretionary business support funding deployed by the Council in 2020/21 and £10million recovery fund earmarked in the Councils 2021/22 Capital programme, WECA has committed £9.4million additional funding for regional recovery with a Recovery Plan, which builds on our region's Local Industrial Strategy, and aims to:

- Rebuild business
- Get residents back to work
- Strengthen inclusion
- Support a green recovery
- Renew places

12.5. The 2021/22 Budget for WECA was set on 29 January 2021 by the WECA Committee and the budget assumptions set out below are based upon the WECA Budget proposals.

### **Transport Authority Costs**

12.6. The following elements of the WECA Budget and medium-term financial plan have therefore been incorporated within the Council Budget proposal and considered for future financial planning.

12.7. An annual revenue transport levy to reflect the cost of the core regional Integrated Transport services of:

- Concessionary Travel
- Real Time Information for bus services
- Community Transport
- Bus Service Information
- Supported Bus Services (whilst remaining a joint function with the constituent councils)
- TravelWest and
- Metrobus operations

12.8. The levy that the Council will pay for these services for 2021/22 is £10.3m. Unitary Authority levies are pooled by the WECA Transport Integration Team and managed on a regional basis. Projected surpluses or deficits are managed on a regional basis and a transport smoothing reserve has been created to help manage financial risk.

12.9. Due to the current Covid situation, in line with government guidance, WECA has maintained payments to bus operators in line with budgeted profile level which has helped to stabilise the provider base through extended periods of significantly reduced patronage. This arrangement is expected to roll forward into 2021/22.

### **100% Business Rates Retention**

12.10. Within the Business Rates Collection Fund the Council continues to provide for a 5% share of business rates to be allocated to the WECA in accordance with the 100% Business Rate Retention pilot. The fund meets the costs of Highways Maintenance and Transport

Improvement Grants and revenue running costs. WECA will continue to passport £17.572 million of capital funding to the constituent authorities and the total allocation for the Council is £6.527 million broken down as follows:

	<b>£m</b>
Highways Maintenance	3.132
Highways Incentive	0.652
Integrated Transport	2.743
<b>Total</b>	<b>6.527</b>

12.11. The sustainability of this funding will need to be reviewed as the government moves to a national 75% business rates retention system, which is still intended to be from April 2022.

### **Investment Programme**

12.12. The published WECA investment programme will continue to support a number of projects and initiatives for our Unitary Authority throughout 2021/22 including:

- Bristol High Streets - Bedminster
- Temple Meads Masterplan
- South Bristol Enterprise Support
- Realising Talent [NEET]
- WE Work for Everyone
- Local CEIAG Action Research
- Reboot West
- High Street Regeneration (22/23 onwards)

12.13. These are funded from the additional investment funds received by WECA as part of the devolution arrangements and reflected accordingly within the councils' capital programme dependent on the stage of maturity and formal endorsement received from WECA.

12.14. Further bids for infrastructure funding may be made in line with the WECA Strategy and Local Growth Assurance Framework and may come forward for inclusion in the capital programme in line with future delivery arrangements.

12.15. Alongside specific projects, WECA will continue to support the Council in developing, and progress, key longer term strategic initiatives including mass transit options, strategic rail investment and spatial planning to enable clean and green sustainable growth.

### **Adult Education Budgets**

12.16. Adult Education Budgets was formally devolved to the Combined Authority with effect from the 2019/20 academic year. The 2021/22 funding for Bristol based settings is £1.028m (subject to confirmed contract).

12.17. WECA is not permitted to raise a Council Tax to fund any of its activity and therefore no precept will be requested.

12.18. Full details of the WECA Budget proposals are available at [www.westofengland-ca.gov.uk](http://www.westofengland-ca.gov.uk).

## 13. CAPITAL PROGRAMME

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13.1. The Council plays a key role in investing in the infrastructure of the city and its communities; providing facilities for local people to use as well as stimulating investment to support growth in housing and business premises that provide jobs and opportunities. This role becomes even more essential considering recent pandemic and its effect on employment and the economy.

13.2. The Capital Programme includes £10 million for a COVID Recovery Fund to help support the economic recovery across Bristol following the impact of the current pandemic.

13.3. The Council's capital strategy which was approved in December is aligned to the financing principles set out in the MTFP, ensuring that the development of all prospective schemes is based on clear evidence base and whole-life costing with where appropriate, anticipated pay-back of the investment. The capital strategy is reviewed annually and particularly in line with the development of an asset management strategy, which will outline the approach to capital investment, ensuring that it is affordable, sustainable and prudent as well as aligned to the Council's corporate priorities. It will support the provision of the right blend of investment in key priority areas to do the following:

- Undertake mandatory duties keeping the public safe and maintain its investment,
- Invest for inclusive economic growth;
- Invest to save by reducing costs that would be borne by the revenue account or generating external income.

13.4. The Council has an ambitious capital programme over the next five years. A significant proportion of this programme is aligned to large infrastructure investments that will support long term regeneration across the city, such as programme of new housing building and developing the Temple Quarter area. This is balanced against areas which will support improvements in on-going Council services such as investing in infrastructure to support delivery of Social Care and Education services.

13.5. The Capital Programme as over the next five years is fully funded through the use of external funding, capital receipts and borrowing where appropriate. A number of the schemes are earmarked only with business cases pending approval. Should approval not be forthcoming, these funds may be redirected to ensure maximum available capital investment is targeted to works that begin to address the ambition to make Bristol a more equal, aspirational and resilient city, where everyone can share in its success. Further details on the refreshed rolling capital programme are contained in Appendix 2.

13.6. Capital and revenue expenditure cannot be considered in isolation of each other. The capital strategy set a principal to contain the annual revenue expenditure to finance capital investment at 10% of the annual net revenue budget.

13.7. High levels of capital investment means the Council will incur a higher level of fixed annual costs for the foreseeable future and impacts upon revenue resources available to fund day-to-day services. Any new proposals go through defined prioritisation criteria as set out in the strategy to ensure it remains within an affordable envelope. This has involved broadly ranking any new pressures as priority 1 or priority 2 and the outcome of that

exercise is reflected in the programme that is now recommended to the Council. Improved governance arrangements for the development and management of capital projects will be introduced to ensure greater assurance of delivery.

13.8. The Council has significant capital investment requirements in its HRA Housing stock, which includes regular planned maintenance and refurbishments to existing assets as well as programmes to deliver new housing stock.

13.9. The Council must ensure sufficient funding is available to meet the requirements of the agreed projects within its Treasury Management Strategy, which is reviewed annually and updated to reflect projects as they are refined or become ready for delivery. The draft Treasury Management Strategy is set out as Appendix 4 to this report.

13.10. The table below summarises our current capital spending plans for the next five years that total £890 million. The detailed draft programme and its financing are set out in Appendix 2.

20/21 £m		21/22 £m	22/23 £m	23/24 £m	24/25 £m	25/26 £m	Total £m
31.109	People	31.374	14.241	11.958	2.072	0.000	<b>59.645</b>
98.683	Growth & Regeneration	142.096	81.045	61.050	42.839	20.654	<b>347.684</b>
17.031	Resources	8.321	6.587	4.711	2.500	2.500	<b>24.619</b>
	- Corporate	12.000	12.000	12.000	12.000	12.000	<b>60.000</b>
	- Pending Schemes	17.000	22.445	17.320	11.350	7.800	<b>75.915</b>
50.171	Housing Revenue Account	110.589	76.597	54.980	44.402	35.718	<b>322.286</b>
<b>196.994</b>	<b>Total</b>	<b>321.380</b>	<b>212.915</b>	<b>162.019</b>	<b>115.163</b>	<b>78.672</b>	<b>890.149</b>
	<i>Financed by:</i>						
(38.418)	Prudential Borrowing	(76.928)	(37.631)	(20.236)	(18.631)	(17.400)	<b>(170.826)</b>
(76.230)	Grant	(83.612)	(29.306)	(33.151)	(13.632)	(9.610)	<b>(169.311)</b>
(4.157)	Capital Receipts (GF)	(8.446)	(13.373)	(11.610)	(6.400)	(5.000)	<b>(44.829)</b>
(16.424)	Developer Contributions	(26.798)	(23.598)	(39.478)	(22.280)	(10.944)	<b>(123.098)</b>
(1.122)	Revenue/Reserves (GF)	(1.116)	(1.796)	-	(1.500)	-	<b>(4.412)</b>
(10.472)	WECA/Economic Development Fund	(13.891)	(30.614)	(2.564)	(8.318)	-	<b>(55.387)</b>
(50.171)	Housing Revenue Account	(110.589)	(76.597)	(54.980)	(44.402)	(35.718)	<b>(322.286)</b>
<b>(196.994)</b>	<b>Total</b>	<b>(321.380)</b>	<b>(212.915)</b>	<b>(162.019)</b>	<b>(115.163)</b>	<b>(78.672)</b>	<b>(890.149)</b>

## 14. TREASURY MANAGEMENT STRATEGY

14.1. The Council's Treasury Management Strategy, Minimum Revenue Provision Policy, Investment Strategy and Prudential Indicators are set out in Appendix 4.

## 15. RISK MANAGEMENT AND FINANCIAL ASSURANCE STATEMENT

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15.1. Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer of the authority must report to the Council on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The Council has a statutory duty to have regard to the Chief Finance Officers report when making decisions about the calculations.

15.2. The future uncertainty regarding future funding for local authorities makes a robust and evidenced assessment of financial governance and future resilience critical and in considering the robustness of any estimates, the following criteria has been assessed:

- Is performance against the current year's budget on track and where variances are evident, ongoing and unavoidable, are they appropriately reflected in the plans?
- Are arrangements for monitoring and reporting performance against the savings plans robust?
- The reasonableness of the underlying budget assumptions based on information available.
- The alignment of resources with the Council's service and organisational priorities.
- A review of the major risks associated with the budget.
- The availability of un-earmarked reserves to meet unforeseen cost pressures.
- Have realistic income targets been set and 'at risk' external funding been identified?
- Has a reasonable estimate of cost pressures been made?
- Are arrangements for monitoring and reporting performance against the budget robust?
- Is there a reasonable contingency available to cover the financial risks faced by the Council?
- Is there a reasonable level of reserves which could be used to mitigate any issues arising and are they reducing as the risks decrease?
- The strength of the financial management function and reporting arrangements.
- Has there been quality of engagement with colleagues and councillors in the process to develop and construct the budget?

15.3. Responses to the above are outlined in section 15.15 below. In addition sensitivity analysis has been carried out in relation to the major assumptions used within the budget to ascertain the levels of potential financial risk in the assumptions being used.

15.4. As a result of unprecedented economic and financial uncertainty there will undoubtedly be risks inherent in the budget process and it is important that these are identified, mitigated and managed effectively. These are outlined in depth within the MTFP and the key financial planning risks that may affect the projections over the medium term and delivery of a balanced budget are summarised below:

### Revenue:

- The table below illustrates the impact of any changes in standard key planning assumptions for any given year:

	<b>£m</b>
<b>Income</b>	
Change in Council Tax Collection Rates by 1%	1.8
Change in Business Rates Collection by 1%	2.3
Change in Council Tax Growth by 1%	2.4
Changes in Government Funding Settlement by 5%	6.0
<b>Expenditure</b>	
Change in Pay Award by 1%	1.8
Change in General Contract Inflation by 1%	2.6
In Year Pressure 2020/21 c/fwd (50% of P5 reporting)	3.6
	<hr/> <b>20.5</b>

- Other uncertainties also include uncertainty in relation to the prolonged pandemic, its severity and the impact on economic recovery.
- The potential effects of Brexit on the Council.
- Future local government finance framework including business rates retention and lower core funding.
- Ongoing demand and cost of social care for both Adults and Children.
- 2023 Pension actuarial Review.
- Achievement of the Council's current and future year's budget savings in both their timing and income target.
- Income projections built into the budget may not be achievable due to factors outside of the council's control e.g. a worsening economic outlook and or reduction in investment yields.

### Capital:

- Delays in the delivery of the Capital Programme.
- Potential risk of overspends on major capital projects.
- Risk of achievement of income targets on major capital investment projects, in particular those funded from prudential borrowing where there is a known additional MRP and interest cost or anticipated surpluses have been underwritten.

### Investment:

- Impact from Bristol Holding and its related companies' expansion into new trading areas including Bristol Heat Network and potentially Cleaning and Security Services.
- Impact of Council ownership / winding up of BE2020/Bristol Energy.
- Failure of Bristol Holding and its related companies to deliver growth and profit targets in line with agreed business plans.
- Risk that non treasury Impact Investments does not achieve the desired outcomes and that the investment may not necessarily be returned to the Council.

### General

- Collection fund balances and collection of Council Tax, Business Rates and impact of appeals.
- Risk to both the Council and to Schools from the accumulating DSG deficit carried as a negative reserve.

- Risk of exposure of any major legal claims against the Council.
- Reserve levels “resilience” to future financial pressures.

15.5. The significant budget risks have been identified above and suitable proposals are being put in place to mitigate against these risks where possible. The Corporate Risk Register (CRR) is a live document which seeks to provide assurance to senior management and Members that the Council’s main risks have been identified and that arrangements are in place to manage those risks within agreed tolerance. The Council’s wholly owned Companies carry out their own individual risk assessment which is incorporated into the Risk Registers contained within the Business Plans with the key significant strategic risks summarised in the Councils CRR.

15.6. Appendix 3 – Budget Risk Matrix contains a summary of selected key strategic risks, causes, impact, mitigating actions and provides an indicative assessment of how the risks identified in the CRR could be managed should they be realised during this medium term.

15.7. The Chief Finance Officer considers that the assumptions on which the budget have been proposed whilst challenging are manageable within the flexibility allowed by the Contingencies and General unallocated reserves. The fact that the Council holds other reserves earmarked for alternative purposes that could be called on if necessary means that the Chief Finance Officer is confident that overall the budget position of the Council can be sustained within the overall level of resources available.

15.8. The Council’s financial controls are set out in the Council’s financial regulations and scheme of delegations. The Council has a well-established framework for financial reporting at Executive Director Meetings, Corporate Leadership Board, Scrutiny Commissions and Cabinet with a separate dashboard for each directorate. Regular budget monitoring reports will be provided throughout the period to enable the Council to actively monitor the position during the year and take the necessary action to reduce activity or increase the provision.

15.9. The Council needs to be satisfied that it can continue to meet its statutory duties and meet the needs of vulnerable young people and adults. Proposals have been drawn up on the basis that Executive Directors and Directors are satisfied that this will enable them to continue to meet their statutory duties and the needs of the most vulnerable.

15.10. Where unavoidable pressures are identified that cannot be mitigated, collective ownership is taken and where appropriate, funds are held in abeyance, subject to mitigations or a supplementary estimate being agreed to minimise significant variations to net approved budgets. However, to the degree that the budget savings are not achieved in a timely manner and reserves are called on to achieve a balanced position, further savings will need to be identified and implemented in order to ensure the Council’s future financial stability is maintained.



15.11. The collection of council tax and the generation of business rate yields are two key risks which need to be closely monitored. As the Council becomes more reliant on locally raised resources and commercial income it is more susceptible to any downturn in the economy

- Council tax collection rates and level of arrears will be subject to regular reviews.
- Provisions for the impact of business rates appeals have been reviewed for sufficiency and activity in this regard will be proactively monitored.
- Volatility of Business rates income continues to be a significant risk, exacerbated by the pandemic, channel shift and expected slow recovery.

15.12. The potential effects of Brexit on the Council are too early to tell as they are largely overshadowed by the pandemic. impact may be experienced on future revenue budgets, capital projects, treasury management and the pension scheme (all adversely impacted by COVID). As the risks associated with BREXIT are so difficult to quantify the approach, in line with a number of local authorities is to protect the level of the General reserve to help mitigate any adverse impact. More detailed planning and risk assessments for the different scenarios are being carried out within the Council.

15.13. The Council must ensure reserves and balances are retained at an appropriate level in order to provide an adequate buffer for any series of one-off pressures – or to provide sufficient time to identify on-going mitigations in a systematic way. Based on the results of the risk assessments undertaken, an adequate level of reserves is as follows:

- General Fund un-earmarked reserve of £23.7 million at 1 April 2021 (6% of net baseline revenue budget of £388.8 million) and a financial risk resilience reserve totalling £5 million as at 1 April 2021, which when combined represent 7.4% of the 2021/21 net revenue budget.
- Other earmarked reserves totalling £93.4 million as at 1 April 2021 (excluding, HRA and school balances), which in an emergency can be utilised on a short-term temporary basis, provided the funding is replaced in future year When combined in a worst case scenario represent 30% of the 2021/21 net revenue budget.

15.14. In the context of the above, the Chief Finance Officer considers the proposed budget for 2021/22 is robust and that the level of reserves is adequate, given a clear understanding by members and senior management of the following:

- Directors and other budget holders should accept their budget responsibilities and subsequent accountability for all savings associated or inherited within the budget.
- The level of reserves is in line with the risk matrix, but their enhancement will be a prime consideration for the use of any fortuitous in-year saving.
- Risk based budget monitoring and scrutiny arrangements need to be in place and must include arrangements for the identification of remedial action.

- Budget risks are identified and recorded at the earliest opportunity and will be subject to focused control and management.
- To prevent the realising of operational earmarked reserves, directorates are required to have in place a clear plan for the drawdown of the reserves in line with the profile.
- Effective governance arrangements at a service and corporate level, to monitor the overall delivery of the 2021/22 budget plus regular finance monitoring reports to Cabinet and Scrutiny Commissions.
- There is a clear understanding of the duties of the Council’s statutory finance officer and that the service implications of them being exercised are fully understood.

15.15. Table – Assessment of robustness of any estimates

Area	Y/N	Response
Is performance against the current year’s budget on track and where variances are evident, ongoing and unavoidable, are they appropriately reflected in the plans?	N / Y	COVID has had a significant impact, increasing the demand for many council services, particularly social care, homelessness and welfare support and coupled with a loss of income has led to higher than budget assumptions across the council. The uncertainty and volatility have made in year mitigation plans a challenge for some service areas. Detailed monitoring and report have ensued, and ongoing and unavoidable pressures have been considered by EDM’s CLB Scrutiny and members and are included in the plan.
Are arrangements for monitoring and reporting performance against the savings plans robust?	Y	Monthly Budget Monitoring, including Savings tracker. Governance via EDM, CLB, Delivery Executive, Cabinet and commissioning scrutiny.
The reasonableness of the underlying budget assumptions	Y	The major assumptions used in the budget calculation have been examined, where practical benchmarked, associated risks assessed, and impact of sensitivity assessment reported para. 15.
The alignment of resources with the Council’s service and organisational priorities	Y	Integrated budget and service planning exercise is undertaken for 2021/22 budget with alignment to the corporate strategy and MTFP.
A review of the major risks associated with the budget	Y	The Council and its subsidiary companies corporate and other risk have been reviewed, likelihood and impact assessed.
The availability of un-earmarked reserves to meet unforeseen cost pressures	Y	Unallocated general reserve in line with policy 5-6% net revenue budget; however, should this be exceeded or insufficient; as a short-term emergency measure longer term earmarked reserve could be

		utilised.
Have realistic income targets been set and 'at risk' external funding been identified?	Y	The income aspects of the overall budget are calculated based on previous and current trends, taking into account known external factors and external funding changes extrapolated over the medium term. The one off and core revenue estimates including demand pressures and anticipated income lead to the calculation of the council tax requirement and the setting of the overall budget and council tax.
Has a reasonable estimate of demand cost pressures been made?	Y	
Have one-off cost pressures been identified?	Y	Yes see above. In addition, risks and pressures are identified, provisions made where evidence and or mitigating opportunities explored.
Has a reasonable estimate of future income been made?	Y	Yes, for income streams material to the council's financial position, subject to significant volatility and a small change could have a material impact. E.g. Business rates and council tax. Trends have been obtained, analysed and extrapolated based on a range of, scenarios, realistic scenario determined, and sensitivity tested.
Are arrangements for monitoring and reporting performance against the budget and savings plans robust?	Y / N	A detailed review of social care related and other savings which were not delivered in 2020/21 and the impact for 2021/22 has been carried out with revised proposals contained within the budget. Arrangements for monitoring revenue are robust to enable early corrective action to be taken.  The governance and monitoring of the delivery of the schemes in the capital programme are at early stages and still need to be embedded in the council.
Is there a reasonable contingency available to cover the financial risks faced by the council?	Y	Risk reserves are outlined in Section 15, a material capital contingency has been established to reflect the major project risks and small revenue contingency set aside for non-delivery of savings which are in their infancy.
Is there a reasonable level of reserves, which could be used to mitigate any issues arising and are they reducing as the risks decrease?	Y	The adequacy of the level of reserves is fully assessed and set annually. It is reviewed periodically throughout the course of the year to check appropriate direction or release where no longer required. Request for new reserves are outlined in the budget report.
The strength of the financial management function and reporting	Y / N	The Council is making good progress on the implementation of the principles outlined in the FM

arrangements?		Code. Key elements of the Code are a long-term approach to financial planning (which has been hampered by the short-term nature and uncertainty of funding) and sound governance throughout the organisation. The Annual Governance statement and audits have identified some areas such as greater transparency in public reporting which we will continue to strengthen.
Has there been a degree and quality of engagement with colleagues and councillors in the process to develop and construct the budget?	Y	There has been widespread and practical engagement throughout the budget development and construction process with senior colleagues, Executive Councillors and Scrutiny MTFP task and Budget Task and finish group.

## 16. RESERVES AND BALANCES

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16.1. The Council holds several reserves as part of its approach to maintaining a sound financial position and to demonstrate that there are no material uncertainties about the Council as a going concern. The requirement for financial reserves is linked to legislation such as Local Government Act 1992, which requires Councils to “have regard” to the level of reserves needed to meet future expenditure when calculating a budget.

16.2. The application and use of reserves support the achievement of service delivery and improvements and can support any in year service budgetary pressures or budget pressures arising from funding reductions. The Council’s reserves policy is described below and reflects the guidance previously provided by the Audit Commission, in respect of the appropriate level of general reserves.

16.3. Additionally, some specific earmarked reserves are set aside to manage timing differences between the receipt of income and expenditure being incurred, in accordance with accounting rules.

### General Reserve

16.4. The purpose of the Council’s General Reserve will be to meet costs arising from any unplanned or emergency events such as unforeseen financial liabilities or natural disasters. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to ‘smooth’ expenditure on a one-off basis across years. It will be maintained at a minimum level of between 5% and 6% of the council’s net revenue budget as endorsed in the MTFP.

16.5. The balance of the General Fund Reserve at 31 March 2021 is anticipated to be £19.8 million (5%) This is reviewed regularly and if this balance is forecast to reduce below this level in 2021/22 a provision to replenish this reserve will be included in future year budget proposals to the target level.

### Earmarked Reserves

16.6. The purpose of the Council's earmarked reserves is to meet identified spending commitments. These reserves will only be used for the purpose for which they were created and will be reviewed periodically but as a minimum annually.

16.7. The opening balance in earmarked reserves on 1 April 2020 was £212.9 million of which £114.4 million relates to the general fund, £91.1 million the HRA and £7.3 million Schools. During the year 2020/21 there was a planned contribution of £21 million approved by Full Council under 2020/21 budget setting.

16.8. During 2020/21 a net contribution of £0.9 million has been added the balance of earmark reserves. Due to the uncertainty, prolongation and severity of the COVID impact on the Council's budget and government funding awarded will be held in reserves.

16.9. The Council is an extremely complex organisation with a wide scale and diversity of activities and assets, interest and liabilities. By their nature many of the risks cannot be quantified and in this current challenging financial climate it is essential that the Council maintains adequate levels of reserves.

<b>Reserve Type</b>	<b>Opening Balance 01.04.2020 £m</b>	<b>Net Movement £m</b>	<b>Closing Balance at 31.03.2021 £m</b>	<b>Forecast Movement £m</b>	<b>Closing Balance at 31.03.2021 £m</b>
Statutory/Ring-Fenced	(18.521)	0.950	(17.571)	0.343	(17.227)
Capital Investment	(25.666)	(4.700)	(30.366)	7.351	(23.015)
Business Transformation	(3.131)	2.210	(0.921)	(1.185)	(2.107)
Financing	(9.218)	4.145	(5.073)	2.492	(2.581)
Risk and Legal	(16.050)	(1.286)	(17.336)	(0.510)	(17.846)
Service	(24.854)	(2.268)	(27.122)	(5.318)	(32.439)
<b>Earmarked Reserve Total</b>	<b>(97.440)</b>	<b>(0.949)</b>	<b>(98.389)</b>	<b>3.173</b>	<b>(95.216)</b>
<b>General Reserves</b>	<b>(17.001)</b>	<b>(2.800)</b>	<b>(19.800)</b>	<b>(3.900)</b>	<b>(23.700)</b>

#### Reserve type and description

Capital Investment Reserves	The capital reserve is maintained to provide funding for the Council's capital and commercial investments.
Business Transformation Reserves	Invest to save funds and feasibility funds for transformation programmes
Specific Risk Management Reserves	Risk Reserves Funds set aside to mitigate known risks not otherwise provided for including, contribute to costs of Waste contract, volatility in Housing Benefit Subsidy and uninsured risks.
Statutory/Ring-Fenced Reserves	Amounts required by statute or accounting code of practice to be set aside and ring-fenced for specific purposes, e.g. Public Health Reserve, City Deal Business Rate Pooling, Stoke Park Dowry.

Financing Reserves	Includes PFI sinking fund, grant income carried forward in accordance with accounting regulations, including troubled families grant and resources set aside to match known contract liabilities,
Service Specific Reserves	Amounts set aside to finance specific projects or to meet known expenditure plans, for example election reserve for local elections
Legal Reserve	Funds set aside to commission advice and mitigate risks of potential litigation/claims.
Consultation Reserve	Funds set aside to mitigate risks of delays to delivery of savings as a result of consultation outcomes
General Risk Reserve	Funds set aside to mitigate risks aligning to risk register not specifically quantified

16.10. In accordance with the policy on reserves, all forecasted balances to 31 March 2021 have been reviewed for their continuing need, alignment with council priorities and a risk assessment considering internal and external factors has been undertaken.

16.11. The following reserves have been identified for redirection or collation into a single fund to ensure more efficient management and deployment:

- Goram Homes – in order to progress the further pipeline opportunities for housing delivery additional working capital and development investments are needed in the company’s business plan.
- Digital Transformation & Business transformation – additional funding to support changes to IT systems and new ways of working to improve efficiency and reduce risk.
- Legal – The nature of Council business means there is continued underlying risk of legal claims and further funding is needed to respond to these pipeline claims.
- Resilience – the significant uncertainty over future Council funding indicates a greater level of reserve is needed to manage this uncertainty and maintain balanced budgets for any unexpected shocks.

Redirected to:	Goram Homes	Digital Transformation	Business Transformation	Legal	Resilience	Total
Existing Reserve	£m	£m	£m	£m	£m	£m
Capital Investment Reserve	1.200					1.200
Capital Financing - HIF	5.100	0.900				6.000
Loans Fund		2.332				2.332
GDPR & Information Security		0.393				0.393
Business Information Management Systems		0.068				0.068
Commercialisation			0.950			0.950
Property Asset Management			0.235		0.165	0.400
Operational Reserves					0.331	0.331
Future Risk					0.744	0.744
Saving consultation reserve					0.229	0.229
Pledges					0.438	0.438
Safecam decommissioning					0.094	0.094
Coroner Equipment Replacement Fund				0.059		0.059
Bristol Standard Reserve				0.087		0.087
Western Gateway				0.050		0.050
Thrive				0.018		0.018
<b>Total</b>	<b>6.300</b>	<b>3.693</b>	<b>1.185</b>	<b>0.214</b>	<b>2.000</b>	<b>13.392</b>

16.12. During 2020/21 there is a planned contribution to reserves of £21.0m. This will be allocated to the areas as outlined below:

Reserve Name	Proposed Transfers in 21/22	Proposed Transfers in 22/23
	£m	£m
Capital Investment	(6.000)	(4.076)
Serious violence and Contextual safeguarding	(1.500)	-
Adult Social Care Innovation Fund	(0.600)	-
Property Asset Management Plan	(0.500)	(0.500)
Project Management Office	-	(0.400)
Asset management plan	-	(0.500)
COVID Emergency Expenditure	(14.371)	-
Council Tax Support	(2.498)	-
<b>Sub-Total</b>	<b>(25.469)</b>	<b>(5.476)</b>
<b>General Reserves</b>	<b>(3.900)</b>	<b>0.000</b>
<b>Total</b>	<b>(29.369)</b>	<b>(5.476)</b>
<b>Financed by:</b>		
New Homes Bonus	2.600	1.400
MRP Claw-back	6.000	4.076
COVID Emergency Funding Grant	14.371	-
Council Tax support grant	2.498	-
Social Care Grant	3.900	-
<b>Total</b>	<b>29.369</b>	<b>5.476</b>

16.13. The levels of General and Earmarked reserves recommended in this report for the financial year 2021/22 are believed to be sufficient to meet all the Council's obligations and have been based on a detailed risk assessment. The reserve limits will be reviewed on an annual basis against prevailing risk assessments which consider both internal and external factors.

## 17. CONSULTATION AND SCRUTINY INPUT

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### **Internal consultation:**

17.1. Development of the MTFP and budget has been reviewed and challenged by a Task and Finish Group of the Council's Resources Scrutiny from September to December 2020. The Resources Scrutiny commission will consider the final budget proposals in meetings scheduled for 4 February 2021.

17.2. Comments received from Overview and Scrutiny Management Board on any individual matter arising will be incorporated in this report for Full Council.

### **External consultation:**

17.3. The consultation on the Council's 2021/22 budget was open for six weeks from 16 November 2020 until 28 December 2020. The consultation sought views about alternative options for the level of Council Tax increase and Social Care Precept in 2021/22, before decisions on the 2021/22 budget are made by Full Council in February 2021.

17.4. The consultation was widely publicised through media, social media and communications with the public, including partner organisations, non-domestic rate payers and other stakeholders, a range of formats were available and utilised to boost response and individual responses were received and responses from organisations and individuals via email, suggestion boxes and at events.

17.5. The final report summarising the result is attached at Appendix 6.

17.6. The proposed budget contains propositions for increasing income and reducing costs. These proposals were included in previous consultations over the last three years.

### **Consultation Principles for New Proposals**

17.7. The Mayor and the Cabinet are keen to listen to any ideas for generating efficiencies and increasing income. Where it has been identified that further public consultation is required in relation to a new initiative or specific implementation of an existing proposition the opportunity will be provided to discuss with the city the details of exactly how the proposal could be delivered within the approved cash limits.

17.8. Principles:

- Where specific consultation is still considered necessary, Full Council will set the service cash limit but will not make decisions on operation issues within the service budget.
- Decision (and consultation) in respect of detailed operational proposals are a matter for Cabinet.



- Following Full Council, Cabinet will decide how best to allocate funds within the designated cash limits. When making decisions on specific proposals within budget lines it will take into consideration consultation responses and Equalities Impact Assessments where needed, fully recognising the constraints on any departure from the Council's budget / financial plan.
- Services should ensure consultation is undertaken on defined proposals, giving consultees enough time and information to respond properly and that responses are considered. Informal engagement at a formative stage of proposals can also be beneficial.

## 18. OTHER OPTIONS CONSIDERED

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18.1. Throughout the budget process, large number options are proposed and assessed in terms of opportunities, pressures, income generation, investments and risks. All of which need to be considered in the context of a balanced budget and appropriate level of reserves. This is a complex process with many iterations and possibilities too numerous to present as discrete options. This report presents the final overall package of detailed proposals, which together seek to balance the delivery of our strategic priorities and statutory and regulatory duties.

## 19. PUBLIC SECTOR EQUALITY DUTIES

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19.1. As part of this decision-making process, the Public Sector Equality Duty Decision requires council staff and elected members to consider what will be the impact on people with protected characteristics, whether in the wider city or in our own organisation and have due regard to the need to eliminate discrimination and advance equality of opportunity. We need to understand who will be affected, how will they be affected and where possible, how to minimise unintended negative consequences by planning in mitigations from the start.

19.2. This report sets out the Mayor's budget proposals for Full Council to set the budget. Some proposals will need further development for Cabinet to make a specific decision. The process for this is set out in the section on consultation on new proposals (Para 17.7). For these proposals a relevance check is required and, where it is indicated as needed by the relevance check, a full Equalities Impact Assessment will be undertaken to inform Cabinet when making that decision.

## Proposed Budget 2021/22 - Full Council Summary by Division (General Fund)

Division	2021/22 Budget - Proposed					Proposed 2021 / 22 Budget
	Base Budget 2021 / 22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
£000						
<b>People</b>						
14 Adult Social Care	148,413	2,655	2,380	0	(2,000)	151,448
15 Children and Families Services	61,710	607	1,815	1,207	(224)	65,115
16 Educational Improvement	11,546	455	(3)	0	0	11,998
34 Public Health	0	0	0	0	0	0
36 Public Health - General Fund	3,991	0	762	0	0	4,753
<b>People</b>	<b>225,660</b>	<b>3,717</b>	<b>4,954</b>	<b>1,207</b>	<b>(2,224)</b>	<b>233,315</b>
<b>Resources</b>						
21 Digital Transformation	15,460	0	(282)	0	0	15,178
22 Legal and Democratic Services	8,164	0	(0)	320	0	8,484
24 Finance	9,044	0	(159)	0	0	8,885
25 HR, Workplace & Organisational Design	14,475	400	(335)	2,506	(500)	16,546
28 Policy, Strategy & Partnerships	3,384	0	51	0	0	3,436
<b>Resources</b>	<b>50,527</b>	<b>400</b>	<b>(725)</b>	<b>2,826</b>	<b>(500)</b>	<b>52,528</b>
<b>Growth &amp; Regeneration</b>						
37 Housing & Landlord Services	14,896	0	0	0	0	14,896
42 Development of Place	1,431	0	80	150	(70)	1,591
46 Economy of Place	5,027	120	570	500	(903)	5,314
47 Management of Place	33,836	(0)	225	0	(885)	33,175
<b>Growth &amp; Regeneration</b>	<b>55,190</b>	<b>120</b>	<b>875</b>	<b>650</b>	<b>(1,858)</b>	<b>54,977</b>
<b>Corporate Funding &amp; Expenditure</b>						
X2 Levies	10,118	0	0	0	0	10,118
X3 Corporate Expenditure	30,467	(4,237)	(8,606)	28,471	4,582	50,677
X4 Capital Financing	23,745	0	(1,250)	0	0	22,495
X8 Corporate Revenue Funding	(395,708)	0	4,751	(33,154)	0	(424,110)
<b>Corporate Funding &amp; Expenditure</b>	<b>(331,377)</b>	<b>(4,237)</b>	<b>(5,104)</b>	<b>(4,683)</b>	<b>4,582</b>	<b>(340,820)</b>
<b>General Fund Total</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

## Proposed Budget 2021/22 - Directorate summary with savings

### Directorate: People

Summary by Division		2021/22 Budget					
Division		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	Proposed 2021/22 Budget
		£000	£000	£000	£000	£000	£000
14	Adult Social Care	148,413	2,655	2,380	0	(2,000)	151,448
15	Children and Families Services	61,710	607	1,815	1,207	(224)	65,115
16	Educational Improvement	11,546	455	(3)	0	0	11,998
34	Public Health	0	0	0	0	0	0
36	Public Health - General Fund	3,991	0	762	0	0	4,753
<b>Total People</b>		<b>225,660</b>	<b>3,717</b>	<b>4,954</b>	<b>1,207</b>	<b>(2,224)</b>	<b>233,315</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					
CIPFA description		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	Proposed 2021/22 Budget
		£000	£000	£000	£000	£000	£000
1	Employees	81,718	500	288	0	0	82,506
2	Premises-Related Expenditure	1,101	0	68	0	0	1,170
3	Transport-Related Expenditure	5,819	0	(18)	0	0	5,800
4	Supplies & Services	12,299	0	(1,266)	67	0	11,100
5	Third Party Payments	216,789	3,217	2,957	840	(224)	223,579
6	Transfer Payments	18,680	0	0	0	0	18,680
7	Support Services	12,530	0	(631)	0	0	11,899
<b>Expenditure</b>		<b>348,935</b>	<b>3,717</b>	<b>1,398</b>	<b>907</b>	<b>(224)</b>	<b>354,733</b>
9	Income	(121,804)	0	2,794	300	(2,000)	(120,710)
<b>Income</b>		<b>(121,804)</b>	<b>0</b>	<b>2,794</b>	<b>300</b>	<b>(2,000)</b>	<b>(120,710)</b>
N	Income & Expenditure outside of Net Cost of Service	(766)	0	762	0	0	(4)
<b>Other items outside of the Net Cost of Service</b>		<b>(766)</b>	<b>0</b>	<b>762</b>	<b>0</b>	<b>0</b>	<b>(4)</b>
R	Transfer to \ from Reserves	(705)	0	0	0	0	(705)
<b>Transfer to \ from reserves</b>		<b>(705)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(705)</b>
<b>NET Expenditure</b>		<b>225,660</b>	<b>3,717</b>	<b>4,954</b>	<b>1,207</b>	<b>(2,224)</b>	<b>233,315</b>

### Savings proposals within People

Saving Name	Description	Savings £000	Savings Reference
Monitoring and grip	Improved Debt Recovery and direct payments processes	(2,000)	<b>NEW</b>
Previously agreed savings	As per previous Full Council Budget sign-off	(224)	
<b>Total savings proposals</b>		<b>(2,224)</b>	

## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Adult Social Care

#### Services provided by Adult Social Care

The service's key function is the provision of support services for adults aged 18 plus including care, support and safeguarding for those people in our communities who have the highest level of need and for their carers.

Summary by Service		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
111	Joint Commissioning (Adults)	1,180	0	0	0	0	1,180
141	Maximising Independence and Specialist Teams	107,146	2,655	2,442	0	(2,000)	110,243
142	Hospitals and Front Door	4,734	0	(5)	0	0	4,729
143	Safeguarding/Deprivation of Liberty	2,931	0	(54)	0	0	2,877
145	Reablement, Intermediate Care & Regulated Services	13,152	0	0	0	0	13,152
146	Technical Specialist Mental Health/PSW	1,172	0	0	0	0	1,172
147	Head of Service – Senior Professional Lead	322	0	(2)	0	0	321
148	Contracts & Quality Assurance	8,670	0	(2)	0	0	8,667
152	0-25 Integrated Service	9,106	0	0	0	0	9,106
<b>Total Adult Social Care</b>		<b>148,413</b>	<b>2,655</b>	<b>2,380</b>	<b>0</b>	<b>(2,000)</b>	<b>151,448</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	33,188	0	64	0	0	33,252
2	Premises-Related Expenditure	382	0	20	0	0	402
3	Transport-Related Expenditure	456	0	(22)	0	0	433
4	Supplies & Services	3,348	0	(439)	0	0	2,909
5	Third Party Payments	138,226	2,655	2,387	0	0	143,268
6	Transfer Payments	18,141	0	0	0	0	18,141
7	Support Services	948	0	(189)	0	0	760
<b>Expenditure</b>		<b>194,690</b>	<b>2,655</b>	<b>1,821</b>	<b>0</b>	<b>0</b>	<b>199,166</b>
9	Income	(46,273)	0	559	0	(2,000)	(47,714)
<b>Income</b>		<b>(46,273)</b>	<b>0</b>	<b>559</b>	<b>0</b>	<b>(2,000)</b>	<b>(47,714)</b>
N	Income & Expenditure outside of Net Cost of Service	(4)	0	0	0	0	(4)
<b>Other items outside of the Net Cost of Service</b>		<b>(4)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4)</b>
<b>NET Expenditure</b>		<b>148,413</b>	<b>2,655</b>	<b>2,380</b>	<b>0</b>	<b>(2,000)</b>	<b>151,448</b>

#### Savings proposals within Adult Social Care

Saving Name	Description	Savings £000	Savings Reference
<b>Monitoring and grip</b>	<b>Debt Recovery and DPs</b>	(2,000)	
<b>Total savings proposals</b>		<b>(2,000)</b>	

## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Children and Families Services

#### Services provided by Children and Families Services

This service provides and commissions targeted and specialist services to children, young adults, and families in Bristol. These services aim to meet the needs of children where universal services alone will not ensure their well-being.

Summary by Service		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
112	Joint Commissioning (Children)	4,631	0	3	67	0	4,701
113	Targeted Support	9,465	0	0	340	(224)	9,581
153	Quality Assurance, BSCB	1,667	45	128	0	0	1,840
154	Area Social Work (North)	2,439	0	0	0	0	2,439
155	Area Social Work (East/Central)	3,547	0	0	0	0	3,547
156	Area Social Work (South)	2,656	0	0	0	0	2,656
157	Children & Aftercare teams	7,807	0	(58)	0	0	7,749
158	Internal & External Placements	24,741	562	1,244	800	0	27,347
159	Children & Family Support - Management	1,171	0	0	0	0	1,171
15A	Safeguarding and Area Services	1,916	0	0	0	0	1,916
15B	Specialist Services	1,671	0	498	0	0	2,169
<b>Total Children and Families Services</b>		<b>61,710</b>	<b>607</b>	<b>1,815</b>	<b>1,207</b>	<b>(224)</b>	<b>65,115</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	30,110	45	522	0	0	30,677
2	Premises-Related Expenditure	320	0	32	0	0	352
3	Transport-Related Expenditure	558	0	2	0	0	561
4	Supplies & Services	2,576	0	77	67	0	2,720
5	Third Party Payments	35,181	562	1,096	840	(224)	37,456
6	Transfer Payments	538	0	0	0	0	538
7	Support Services	6,269	0	0	0	0	6,269
<b>Expenditure</b>		<b>75,553</b>	<b>607</b>	<b>1,730</b>	<b>907</b>	<b>(224)</b>	<b>78,573</b>
9	Income	(13,138)	0	86	300	0	(12,752)
<b>Income</b>		<b>(13,138)</b>	<b>0</b>	<b>86</b>	<b>300</b>	<b>0</b>	<b>(12,752)</b>
R	Transfer to \ from Reserves	(705)	0	0	0	0	(705)
<b>Transfer to \ from reserves</b>		<b>(705)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(705)</b>
<b>NET Expenditure</b>		<b>61,710</b>	<b>607</b>	<b>1,815</b>	<b>1,207</b>	<b>(224)</b>	<b>65,115</b>

#### Savings proposals within Children and Families Services

Saving Name	Description	Savings £000	Savings Reference
Previously agreed saving	As per previous Full Council Budget sign-off	(224)	
<b>Total savings proposals</b>		<b>(224)</b>	

## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Educational Improvement

#### Services provided by Educational Improvement

This service has statutory duties for Early Years including providing a Children's Centre offer, Specialist Education & Access, School Partnerships and provide Trading with Schools and Employment, Learning & Skills

Summary by Service		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
162	Learning City for All	623	0	0	0	0	623
163	Education Management	3,579	0	0	0	0	3,579
164	Additional Learning Needs	5,677	0	0	0	0	5,677
165	Skills City	734	0	0	0	0	734
166	Trading with Schools	(441)	0	(0)	0	0	(441)
168	Inclusive City	290	0	0	0	0	290
169	Accessible City	1,084	455	(3)	0	0	1,536
<b>Total Educational Improvement</b>		<b>11,546</b>	<b>455</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>11,998</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	14,652	455	(298)	0	0	14,809
2	Premises-Related Expenditure	375	0	16	0	0	391
3	Transport-Related Expenditure	4,783	0	2	0	0	4,784
4	Supplies & Services	3,089	0	(904)	0	0	2,186
5	Third Party Payments	3,945	0	(442)	0	0	3,503
7	Support Services	3,273	0	(242)	0	0	3,031
<b>Expenditure</b>		<b>30,117</b>	<b>455</b>	<b>(1,868)</b>	<b>0</b>	<b>0</b>	<b>28,704</b>
9	Income	(18,570)	0	1,865	0	0	(16,705)
<b>Income</b>		<b>(18,570)</b>	<b>0</b>	<b>1,865</b>	<b>0</b>	<b>0</b>	<b>(16,705)</b>
<b>NET Expenditure</b>		<b>11,546</b>	<b>455</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>11,998</b>

#### Savings proposals within Educational Improvement

Saving Name	Description	Savings £000	Savings Reference
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## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Public Health

#### Services provided by Public Health

Public Health comprises health protection and sexual health protection, mental health and social inclusion, services for adults and older people, children and young people and core support provided to the CCG.

Summary by Service		2021/22 Budget				
Service	Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	Proposed 2021/22 Budget
£000						

Summary by CIPFA group (Account Type)		2021/22 Budget				
CIPFA description	Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	Proposed 2021/22 Budget
£000						
1	Employees	2,702	0	0	0	2,702
3	Transport-Related Expenditure	12	0	0	0	12
4	Supplies & Services	3,023	0	0	0	3,023
5	Third Party Payments	30,519	0	0	0	30,519
7	Support Services	1,693	0	0	0	1,693
<b>Expenditure</b>		<b>37,950</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,950</b>
9	Income	(37,950)	0	0	0	(37,950)
<b>Income</b>		<b>(37,950)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(37,950)</b>
<b>NET Expenditure</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Savings proposals within Public Health

Saving Name	Description	Savings £000	Savings Reference
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## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Public Health - General Fund

#### Services provided by Public Health - General Fund

Public Health activity enabled by the general fund includes the management of our sports strategy, city-wide leisure contracts and sports and physical activity development

Summary by Service		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
331	Neighbourhood and Communities (Clean Streets)	268	0	0	0	0	268
336	Bristol Impact Fund	2,356	0	762	0	0	3,118
342	Public Health - Non PHE Funded	716	0	0	0	0	716
371	Safer Bristol	650	0	(0)	0	0	650
<b>Total Public Health - General Fund</b>		<b>3,991</b>	<b>0</b>	<b>762</b>	<b>0</b>	<b>0</b>	<b>4,753</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	1,065	0	0	0	0	1,065
2	Premises-Related Expenditure	25	0	0	0	0	25
3	Transport-Related Expenditure	10	0	0	0	0	10
4	Supplies & Services	262	0	0	0	0	262
5	Third Party Payments	8,917	0	(84)	0	0	8,833
7	Support Services	346	0	(200)	0	0	146
<b>Expenditure</b>		<b>10,625</b>	<b>0</b>	<b>(284)</b>	<b>0</b>	<b>0</b>	<b>10,340</b>
9	Income	(5,872)	0	284	0	0	(5,587)
<b>Income</b>		<b>(5,872)</b>	<b>0</b>	<b>284</b>	<b>0</b>	<b>0</b>	<b>(5,587)</b>
N	Income & Expenditure outside of Net Cost of Service	(762)	0	762	0	0	0
<b>Other items outside of the Net Cost of Service</b>		<b>(762)</b>	<b>0</b>	<b>762</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET Expenditure</b>		<b>3,991</b>	<b>0</b>	<b>762</b>	<b>0</b>	<b>0</b>	<b>4,753</b>

#### Savings proposals within Public Health - General Fund

Saving Name	Description	Savings £000	Savings Reference
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## Proposed Budget 2021/22 - Directorate summary with savings

### Directorate: Resources

Summary by Division		2021/22 Budget					
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	Proposed 2021/22 Budget
		£000	£000	£000	£000	£000	£000
21	Digital Transformation	15,460	0	(282)	0	0	15,178
22	Legal and Democratic Services	8,164	0	(0)	320	0	8,484
24	Finance	9,044	0	(159)	0	0	8,885
25	HR, Workplace & Organisational Design	14,475	400	(335)	2,506	(500)	16,546
28	Policy, Strategy & Partnerships	3,384	0	51	0	0	3,436
<b>Total Resources</b>		<b>50,527</b>	<b>400</b>	<b>(725)</b>	<b>2,826</b>	<b>(500)</b>	<b>52,528</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	Proposed 2021/22 Budget
		£000	£000	£000	£000	£000	£000
1	Employees	59,844	0	160	0	0	60,004
2	Premises-Related Expenditure	1,627	0	0	0	0	1,627
3	Transport-Related Expenditure	2,903	0	(107)	0	0	2,796
4	Supplies & Services	19,561	0	(668)	75	0	18,968
5	Third Party Payments	187	0	0	0	0	187
6	Transfer Payments	133,397	0	0	0	0	133,397
7	Support Services	2,528	0	(502)	0	0	2,026
8	Depreciation and Impairment Losses	202	0	0	0	0	202
<b>Expenditure</b>		<b>220,249</b>	<b>0</b>	<b>(1,117)</b>	<b>75</b>	<b>0</b>	<b>219,206</b>
9	Income	(168,072)	0	(53)	2,751	0	(165,373)
<b>Income</b>		<b>(168,072)</b>	<b>0</b>	<b>(53)</b>	<b>2,751</b>	<b>0</b>	<b>(165,373)</b>
N	Income & Expenditure outside of Net Cost of Service	(944)	0	445	0	(500)	(999)
<b>Other items outside of the Net Cost of Service</b>		<b>(944)</b>	<b>0</b>	<b>445</b>	<b>0</b>	<b>(500)</b>	<b>(999)</b>
R	Transfer to \ from Reserves	(706)	400	0	0	0	(306)
<b>Transfer to \ from reserves</b>		<b>(706)</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(306)</b>
<b>NET Expenditure</b>		<b>50,527</b>	<b>400</b>	<b>(725)</b>	<b>2,826</b>	<b>(500)</b>	<b>52,528</b>

### Savings proposals within Resources

Saving Name	Description	Savings £000	Savings Reference
Common Activities	Further review of cross council common activities to improve efficiencies	(500)	NEW
<b>Total savings proposals</b>		<b>(500)</b>	

## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Digital Transformation

#### Services provided by Digital Transformation

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		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
212	Service Operations	9,944	0	(194)	0	0	9,750
213	Applications & Digital	3,714	0	0	0	0	3,714
21A	Digital Transformation	(1,652)	0	0	0	0	(1,652)
21D	Enterprise Architecture	67	0	0	0	0	67
21E	Service Improvement & Performance	(66)	0	37	0	0	(29)
232	Citizen Services	3,454	0	(125)	0	0	3,329
<b>Total Digital Transformation</b>		<b>15,460</b>	<b>0</b>	<b>(282)</b>	<b>0</b>	<b>0</b>	<b>15,178</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	11,841	0	(0)	0	0	11,841
2	Premises-Related Expenditure	0	0	0	0	0	0
3	Transport-Related Expenditure	44	0	0	0	0	44
4	Supplies & Services	8,813	0	(157)	0	0	8,656
7	Support Services	249	0	0	0	0	249
<b>Expenditure</b>		<b>20,948</b>	<b>0</b>	<b>(157)</b>	<b>0</b>	<b>0</b>	<b>20,791</b>
9	Income	(5,340)	0	(125)	0	0	(5,465)
<b>Income</b>		<b>(5,340)</b>	<b>0</b>	<b>(125)</b>	<b>0</b>	<b>0</b>	<b>(5,465)</b>
N	Income & Expenditure outside of Net Cost of Service	(148)	0	0	0	0	(148)
<b>Other items outside of the Net Cost of Service</b>		<b>(148)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(148)</b>
<b>NET Expenditure</b>		<b>15,460</b>	<b>0</b>	<b>(282)</b>	<b>0</b>	<b>0</b>	<b>15,178</b>

#### Savings proposals within Digital Transformation

Saving Name	Description	Savings £000	Savings Reference
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## Proposed Budget 2021/22 - Divisional summary with savings

### 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		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
221	Legal Services	2,793	0	0	0	0	2,793
222	Democratic Services	2,570	0	0	0	0	2,570
225	Statutory Registration	212	0	(0)	320	0	532
226	Information Governance Service	1,011	0	0	0	0	1,011
245	Companies Lead	329	0	0	0	0	329
291	Electoral Services	1,250	0	0	0	0	1,250
<b>Total Legal and Democratic Services</b>		<b>8,164</b>	<b>0</b>	<b>(0)</b>	<b>320</b>	<b>0</b>	<b>8,484</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	8,590	0	(10)	0	0	8,580
2	Premises-Related Expenditure	61	0	0	0	0	61
3	Transport-Related Expenditure	323	0	(107)	0	0	216
4	Supplies & Services	3,736	0	97	75	0	3,907
5	Third Party Payments	1	0	0	0	0	1
7	Support Services	349	0	(29)	0	0	320
<b>Expenditure</b>		<b>13,060</b>	<b>0</b>	<b>(49)</b>	<b>75</b>	<b>0</b>	<b>13,086</b>
9	Income	(4,820)	0	49	245	0	(4,525)
<b>Income</b>		<b>(4,820)</b>	<b>0</b>	<b>49</b>	<b>245</b>	<b>0</b>	<b>(4,525)</b>
R	Transfer to \ from Reserves	(77)	0	0	0	0	(77)
<b>Transfer to \ from reserves</b>		<b>(77)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(77)</b>
<b>NET Expenditure</b>		<b>8,164</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>0</b>	<b>8,484</b>

#### Savings proposals within Legal and Democratic Services

Saving Name	Description	Savings £000	Savings Reference
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## Proposed Budget 2021/22 - Divisional summary with savings

### 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		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
231	Benefits	3,441	0	(29)	0	0	3,412
242	Corporate Finance	3,419	0	0	0	0	3,419
243	Chief Internal Auditor	967	0	(50)	0	0	917
244	Procurement & Sourcing	1,460	0	0	0	0	1,460
246	Revenue – (Local Tax)	(243)	0	(80)	0	0	(323)
<b>Total Finance</b>		<b>9,044</b>	<b>0</b>	<b>(159)</b>	<b>0</b>	<b>0</b>	<b>8,885</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	14,242	0	(55)	0	0	14,187
2	Premises-Related Expenditure	368	0	0	0	0	368
3	Transport-Related Expenditure	379	0	0	0	0	379
4	Supplies & Services	2,101	0	(29)	0	0	2,072
6	Transfer Payments	133,397	0	0	0	0	133,397
7	Support Services	416	0	0	0	0	416
<b>Expenditure</b>		<b>150,903</b>	<b>0</b>	<b>(84)</b>	<b>0</b>	<b>0</b>	<b>150,819</b>
9	Income	(141,631)	0	(75)	0	0	(141,706)
<b>Income</b>		<b>(141,631)</b>	<b>0</b>	<b>(75)</b>	<b>0</b>	<b>0</b>	<b>(141,706)</b>
R	Transfer to \ from Reserves	(229)	0	0	0	0	(229)
<b>Transfer to \ from reserves</b>		<b>(229)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(229)</b>
<b>NET Expenditure</b>		<b>9,044</b>	<b>0</b>	<b>(159)</b>	<b>0</b>	<b>0</b>	<b>8,885</b>

#### Savings proposals within Finance

Saving Name	Description	Savings £000	Savings Reference
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## Proposed Budget 2021/22 - Divisional summary with savings

### Division: HR, Workplace & Organisational Design

#### Services provided by HR, Workplace & Organisational Design

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		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
251	People Operations	1,075	0	55	0	0	1,130
252	Change & Performance	1,903	0	0	0	0	1,903
253	Admin Business Support	3,598	0	0	0	(500)	3,098
271	Change Services	1,090	400	0	0	0	1,490
2B1	FM Services	4,154	0	(503)	2,506	0	6,157
381	Commercialisation	(67)	0	189	0	0	122
541	Executive Office	1,097	0	(25)	0	0	1,072
542	Senior Leadership Team	1,625	0	(51)	0	0	1,574
<b>Total HR, Workplace &amp; Organisational Design</b>		<b>14,475</b>	<b>400</b>	<b>(335)</b>	<b>2,506</b>	<b>(500)</b>	<b>16,546</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	21,048	0	174	0	0	21,221
2	Premises-Related Expenditure	1,183	0	0	0	0	1,183
3	Transport-Related Expenditure	2,143	0	0	0	0	2,143
4	Supplies & Services	4,141	0	(579)	0	0	3,562
5	Third Party Payments	68	0	0	0	0	68
7	Support Services	1,482	0	(473)	0	0	1,009
8	Depreciation and Impairment Losses	202	0	0	0	0	202
<b>Expenditure</b>		<b>30,265</b>	<b>0</b>	<b>(878)</b>	<b>0</b>	<b>0</b>	<b>29,387</b>
9	Income	(14,594)	0	98	2,506	0	(11,990)
<b>Income</b>		<b>(14,594)</b>	<b>0</b>	<b>98</b>	<b>2,506</b>	<b>0</b>	<b>(11,990)</b>
N	Income & Expenditure outside of Net Cost of Service	(796)	0	445	0	(500)	(851)
<b>Other items outside of the Net Cost of Service</b>		<b>(796)</b>	<b>0</b>	<b>445</b>	<b>0</b>	<b>(500)</b>	<b>(851)</b>
R	Transfer to \ from Reserves	(400)	400	0	0	0	0
<b>Transfer to \ from reserves</b>		<b>(400)</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET Expenditure</b>		<b>14,475</b>	<b>400</b>	<b>(335)</b>	<b>2,506</b>	<b>(500)</b>	<b>16,546</b>

#### Savings proposals within HR, Workplace & Organisational Design

Saving Name	Description	Savings £000	Savings Reference
<b>Common Activities</b>	<b>Further review of cross council common activities to improve efficiencies</b>	(500)	
<b>Total savings proposals</b>		<b>(500)</b>	

## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Policy, Strategy & Partnerships

#### Services provided by Policy, Strategy & Partnerships

The services included are: Equality and Inclusion; External Communications and Consultation; Insight, Performance and Intelligence; International Affairs; Policy and Public Affairs; Bristol City Office.

Summary by Service		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
282	External Communications and Consultation	789	0	0	0	0	789
284	Insight, Performance & Intelligence	959	0	0	0	0	959
285	Policy and Public Affairs	806	0	0	0	0	806
288	Equality and Inclusion	414	0	51	0	0	465
512	International Affairs	318	0	0	0	0	318
543	City Office	98	0	0	0	0	98
<b>Total Policy, Strategy &amp; Partnerships</b>		<b>3,384</b>	<b>0</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>3,436</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	4,123	0	51	0	0	4,174
2	Premises-Related Expenditure	16	0	0	0	0	16
3	Transport-Related Expenditure	13	0	0	0	0	13
4	Supplies & Services	771	0	0	0	0	771
5	Third Party Payments	118	0	0	0	0	118
7	Support Services	32	0	0	0	0	32
<b>Expenditure</b>		<b>5,071</b>	<b>0</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>5,123</b>
9	Income	(1,687)	0	0	0	0	(1,687)
<b>Income</b>		<b>(1,687)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,687)</b>
<b>NET Expenditure</b>		<b>3,384</b>	<b>0</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>3,436</b>

#### Savings proposals within Policy, Strategy & Partnerships

Saving Name	Description	Savings £000	Savings Reference
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## Proposed Budget 2021/22 - Directorate summary with savings

### Directorate: Growth & Regeneration

Summary by Division		2021/22 Budget					
Division		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	Proposed 2021/22 Budget
		£000	£000	£000	£000	£000	£000
37	Housing & Landlord Services	14,896	0	0	0	0	14,896
42	Development of Place	1,431	0	80	150	(70)	1,591
46	Economy of Place	5,027	120	570	500	(903)	5,314
47	Management of Place	33,836	(0)	225	0	(885)	33,175
<b>Total Growth &amp; Regeneration</b>		<b>55,190</b>	<b>120</b>	<b>875</b>	<b>650</b>	<b>(1,858)</b>	<b>54,977</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					
CIPFA description		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	Proposed 2021/22 Budget
		£000	£000	£000	£000	£000	£000
1	Employees	63,454	0	64	50	0	63,568
2	Premises-Related Expenditure	17,739	120	108	0	(500)	17,467
3	Transport-Related Expenditure	499	0	1	0	0	500
4	Supplies & Services	11,779	0	63	50	0	11,893
5	Third Party Payments	70,159	0	94	50	(190)	70,114
6	Transfer Payments	3,024	0	0	0	(58)	2,966
7	Support Services	10,102	3,346	180	0	0	13,628
8	Depreciation and Impairment Losses	(206)	0	(0)	0	0	(206)
X	Capital Financing Costs	744	0	0	0	0	744
<b>Expenditure</b>		<b>177,295</b>	<b>3,466</b>	<b>512</b>	<b>150</b>	<b>(748)</b>	<b>180,675</b>
9	Income	(120,396)	0	113	500	(1,110)	(120,893)
<b>Income</b>		<b>(120,396)</b>	<b>0</b>	<b>113</b>	<b>500</b>	<b>(1,110)</b>	<b>(120,893)</b>
N	Income & Expenditure outside of Net Cost of Service	(150)	0	250	0	0	100
<b>Other items outside of the Net Cost of Service</b>		<b>(150)</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>100</b>
R	Transfer to \ from Reserves	(1,558)	(3,346)	0	0	0	(4,904)
<b>Transfer to \ from reserves</b>		<b>(1,558)</b>	<b>(3,346)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,904)</b>
<b>NET Expenditure</b>		<b>55,190</b>	<b>120</b>	<b>875</b>	<b>650</b>	<b>(1,858)</b>	<b>54,977</b>

#### Savings proposals within Growth & Regeneration

Saving Name	Description	Savings £000	Savings Reference
Previously agreed savings	As per previous Full Council Budget sign-off	(558)	
Parking charges	4 yearly review of parking charges	(800)	NEW
Corporate landlord	Reduction in cost of operational building	(500)	NEW
<b>Total savings proposals</b>		<b>(1,858)</b>	

## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Housing & Landlord Services

#### Services provided by Housing & Landlord Services

Housing Services includes our management of work within the private housing sector and accessible homes, e.g. housing adaptations

Summary by Service		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
131	Housing Options	13,450	0	0	0	0	13,450
132	GF - Private Housing & Accessible Homes	1,317	0	0	0	0	1,317
135	Housing Solutions	129	0	0	0	0	129
<b>Total Housing &amp; Landlord Services</b>		<b>14,896</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,896</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	10,117	0	0	0	0	10,117
2	Premises-Related Expenditure	183	0	0	0	0	183
3	Transport-Related Expenditure	32	0	0	0	0	32
4	Supplies & Services	2,018	0	0	0	0	2,018
5	Third Party Payments	18,016	0	0	0	0	18,016
6	Transfer Payments	2,500	0	0	0	0	2,500
7	Support Services	4,323	0	0	0	0	4,323
<b>Expenditure</b>		<b>37,187</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,187</b>
9	Income	(20,990)	0	0	0	0	(20,990)
<b>Income</b>		<b>(20,990)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(20,990)</b>
R	Transfer to \ from Reserves	(1,300)	0	0	0	0	(1,300)
<b>Transfer to \ from reserves</b>		<b>(1,300)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,300)</b>
<b>NET Expenditure</b>		<b>14,896</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,896</b>

#### Savings proposals within Housing & Landlord Services

Saving Name	Description	Savings £000	Savings Reference
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## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Development of Place

#### Services provided by Development of Place

Planning is divided into Strategic City Planning, Development Management which includes Building Control and Planning Enforcement, City Design which includes Engineering Design and the Sustainable City & Climate Change Team.

Summary by Service		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
421	Strategic City Planning	665	0	0	0	0	665
422	City Design	(95)	(0)	0	0	(70)	(165)
425	Development Management	(857)	0	80	0	0	(777)
426	Housing Delivery	875	0	0	0	0	875
511	Sustainable City & Climate Change	844	0	0	150	0	994
<b>Total Development of Place</b>		<b>1,431</b>	<b>0</b>	<b>80</b>	<b>150</b>	<b>(70)</b>	<b>1,591</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	9,122	0	(131)	50	0	9,041
2	Premises-Related Expenditure	3	0	0	0	0	3
3	Transport-Related Expenditure	16	0	(5)	0	0	11
4	Supplies & Services	458	0	(36)	50	0	472
5	Third Party Payments	25	0	0	50	0	75
7	Support Services	417	1,240	72	0	0	1,728
8	Depreciation and Impairment Losses	200	0	0	0	0	200
<b>Expenditure</b>		<b>10,239</b>	<b>1,240</b>	<b>(100)</b>	<b>150</b>	<b>0</b>	<b>11,529</b>
9	Income	(8,808)	0	180	0	(70)	(8,698)
<b>Income</b>		<b>(8,808)</b>	<b>0</b>	<b>180</b>	<b>0</b>	<b>(70)</b>	<b>(8,698)</b>
R	Transfer to \ from Reserves	0	(1,240)	0	0	0	(1,240)
<b>Transfer to \ from reserves</b>		<b>0</b>	<b>(1,240)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,240)</b>
<b>NET Expenditure</b>		<b>1,431</b>	<b>0</b>	<b>80</b>	<b>150</b>	<b>(70)</b>	<b>1,591</b>

#### Savings proposals within Development of Place

Saving Name	Description	Savings £000	Savings Reference
Previously agreed savings	As per previous Full Council Budget sign-off	(70)	
<b>Total savings proposals</b>		<b>(70)</b>	

## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Economy of Place

#### Services provided by Economy of Place

Summary by Service		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
332	Library Services	4,653	0	0	0	0	4,653
412	Asset Strategy	4,521	120	0	500	(500)	4,641
413	Property Management	(11,912)	0	200	0	(120)	(11,832)
433	Strategic City Transport	783	0	0	0	0	783
434	Local & Sustainable Transport	1,462	0	25	0	0	1,487
441	Culture Services	3,028	(0)	80	0	(225)	2,883
442	Cultural Development	605	0	185	0	0	790
443	Economic Development	937	(0)	0	0	(58)	879
444	Major Projects	651	0	80	0	0	731
445	Directors Office	300	0	0	0	0	300
<b>Total Economy of Place</b>		<b>5,027</b>	<b>120</b>	<b>570</b>	<b>500</b>	<b>(903)</b>	<b>5,314</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	19,043	0	62	0	0	19,105
2	Premises-Related Expenditure	7,018	120	117	0	(500)	6,755
3	Transport-Related Expenditure	32	0	0	0	0	32
4	Supplies & Services	3,248	0	129	0	0	3,377
5	Third Party Payments	3,191	0	(40)	0	(190)	2,962
6	Transfer Payments	524	0	0	0	(58)	466
7	Support Services	1,172	1,311	(18)	0	0	2,465
8	Depreciation and Impairment Losses	0	0	65	0	0	65
<b>Expenditure</b>		<b>34,227</b>	<b>1,431</b>	<b>317</b>	<b>0</b>	<b>(748)</b>	<b>35,227</b>
9	Income	(29,270)	0	254	500	(155)	(28,672)
<b>Income</b>		<b>(29,270)</b>	<b>0</b>	<b>254</b>	<b>500</b>	<b>(155)</b>	<b>(28,672)</b>
N	Income & Expenditure outside of Net Cost of Service	100	0	0	0	0	100
<b>Other items outside of the Net Cost of Service</b>		<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>
R	Transfer to \ from Reserves	(30)	(1,311)	0	0	0	(1,341)
<b>Transfer to \ from reserves</b>		<b>(30)</b>	<b>(1,311)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,341)</b>
<b>NET Expenditure</b>		<b>5,027</b>	<b>120</b>	<b>570</b>	<b>500</b>	<b>(903)</b>	<b>5,314</b>

#### Savings proposals within Economy of Place

Saving Name	Description	Savings £000	Savings Reference
Previously agreed savings	As per previous Full Council Budget sign-off	(403)	
Corporate landlord	Reduction in cost of operational building	(500)	
<b>Total savings proposals</b>		<b>(903)</b>	

## Proposed Budget 2021/22 - Divisional summary with savings

### Division: Management of Place

#### Services provided by Management of Place

Summary by Service		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
Service		£000					
133	Bristol Operations Centre	157	0	0	0	(45)	112
311	Waste	36,177	0	250	0	0	36,427
333	Regulatory Services	2,269	0	0	0	0	2,269
335	Parks and Green Spaces	1,614	(0)	0	0	0	1,614
382	Harbour Service	501	0	0	0	0	502
432	Traffic & Highways maintenance	(8,501)	0	(25)	0	(800)	(9,326)
531	Energy Programme Manager (Corporate)	1,618	0	0	0	(40)	1,578
<b>Total Management of Place</b>		<b>33,836</b>	<b>0</b>	<b>225</b>	<b>0</b>	<b>(885)</b>	<b>33,175</b>

Summary by CIPFA group (Account Type)		2021/22 Budget					Proposed 2021/22 Budget
		Base Budget 2021/22	Pay & Inflation	Virements	Growth	Savings and Efficiencies	
CIPFA description		£000					
1	Employees	25,173	0	133	0	0	25,305
2	Premises-Related Expenditure	10,536	0	(9)	0	0	10,527
3	Transport-Related Expenditure	420	0	6	0	0	426
4	Supplies & Services	6,056	0	(30)	0	0	6,026
5	Third Party Payments	48,928	0	134	0	0	49,062
7	Support Services	4,191	795	126	0	0	5,112
8	Depreciation and Impairment Losses	(406)	0	(65)	0	0	(471)
X	Capital Financing Costs	744	0	0	0	0	744
<b>Expenditure</b>		<b>95,641</b>	<b>795</b>	<b>295</b>	<b>0</b>	<b>0</b>	<b>96,732</b>
9	Income	(61,328)	0	(320)	0	(885)	(62,533)
<b>Income</b>		<b>(61,328)</b>	<b>0</b>	<b>(320)</b>	<b>0</b>	<b>(885)</b>	<b>(62,533)</b>
N	Income & Expenditure outside of Net Cost of Service	(250)	0	250	0	0	0
<b>Other items outside of the Net Cost of Service</b>		<b>(250)</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>
R	Transfer to \ from Reserves	(228)	(795)	0	0	0	(1,023)
<b>Transfer to \ from reserves</b>		<b>(228)</b>	<b>(795)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,023)</b>
<b>NET Expenditure</b>		<b>33,836</b>	<b>0</b>	<b>225</b>	<b>0</b>	<b>(885)</b>	<b>33,175</b>

#### Savings proposals within Management of Place

Saving Name	Description	Savings £000	Savings Reference
Previously agreed savings	As per previous Full Council Budget sign-off	(85)	
<b>Parking charges</b>	<b>4 yearly review of parking charges</b>	<b>(800)</b>	
<b>Total savings proposals</b>		<b>(885)</b>	

## Capital Programme - 2021/22 to 2025/26

### People

2020/21 £000s	Ref	Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
<b>Education</b>								
24,624	PE01	School Organisation/ Children's Services Capital Programme	14,852	962	4,500	0	0	20,314
2,764	PE02	SEN Investment Programme	9,149	7,314	7,400	2,072	0	25,935
1,263	PE03	Schools Devolved Capital Programme	1,421	0	0	0	0	1,421
<b>Children &amp; Families</b>								
135	PE05	Children & Families - Aids and Adaptations	133	113	58	0	0	304
1,085	PE06	Children Social Care Services - Residential	1,901	1,003	0	0	0	2,904
<b>Public Health - Sports Provision</b>								
80	PE10	Sports Capital Investment - Bristol Family Cycling Centre	16	0	0	0	0	16
0	PE10	Sports Capital Investment - Ardagh Tennis Courts, Hub & Rugby pitches	100	1,000	0	0	0	1,100
<b>Adult Social Care</b>								
5	PE08	Care Management/Care Services	0	0	0	0	0	0
1,153	PE06B	Adult Social Care – Better Lives at Home	3,802	3,849	0	0	0	7,651
31,109	<b>People Total</b>		31,374	14,241	11,958	2,072	0	59,645

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### Resources

2020/21 £000s	Ref	Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
<b>Information &amp; Communication Technology</b>								
5,643	RE01	ICT Refresh Programme	900	1,000	2,211	0	0	4,111
236	RE02	ICT Development - HR/Finance	0	0	0	0	0	0
8,351	RE03	IT Transformation Programme	108	0	0	0	0	108
<b>Facilities Management</b>								
2,200	PL21	Building Practice Capital Repairs	3,500	3,500	2,500	2,500	2,500	14,500
601	PL27	Vehicle Fleet Replacement Programme	1,744	1,000	0	0	0	2,744
0	PL27	Electric Vehicles Centre of Excellence	2,069	1,087	0	0	0	3,156
17,031	<b>Resources Total</b>		8,321	6,587	4,711	2,500	2,500	24,619

## Growth & Regeneration

2020/21 £000s	Ref	Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
<b>Bristol Ops Centre</b>								
1,846	GR06	Innovation & Sustainability - OPCR 2	0	0	0	0	0	0
150	NH06	Bristol Operations Centre - Phase 1	136	0	0	0	0	136
529	NH06A	Bristol Operations Centre - Phase 2	1,348	0	0	0	0	1,348
591	NH06A	Avonmouth Fibre Extension Infrastructure	1,034	0	0	0	0	1,034
<b>Parks and Green Spaces</b>								
1,655	NH02	Investment in parks and green spaces	2,058	389	10	0	0	2,457
179	PL35	Harbour Operational Infrastructure	707	0	0	0	0	707
<b>Economy of Place</b>								
6,258	GR01	Strategic Property – Temple Meads Development	14,736	26,264	92	0	0	41,092
8,032	GR03	Avonmouth Severnside Enterprise Area - Flood Defences	2,540	8,600	2,472	8,318	0	21,930
497	NH01	Libraries for the Future	112	0	0	0	0	112
270	NH03	Cemeteries & Crematoria	1,374	0	0	0	0	1,374
1,921	NH04	Third Household Waste Recycling and Re-use Centre	4,059	844	0	0	0	4,903
723	PL11A	Cattle Market Road site re-development	1,988	146	0	0	0	2,134
53	PL17	Resilience Fund	0	0	0	0	0	0
86	PL20	Strategic Property	1,606	36	36	36	0	1,714
521	PL22	Strategic Property - Investment in existing waste facilities	100	0	0	0	0	100
30	PL23	Strategic Property - Temple St	346	0	0	0	0	346
167	GR05	Strategic Property - Hawkfield Site	2,000	2,000	333	0	0	4,333
19,468	PL24	Bristol Beacon	9,790	1,011	3,200	0	0	14,001
0	PL32	Western Harbour Design Development	180	300	0	0	0	480
382	PL36	Investment in Markets infrastructure & buildings	312	0	0	0	0	312
<b>Development of Place</b>								
130	PL14	Bristol Legible City Scheme	185	0	0	0	0	185
140	PL15	Environmental Improvements Programme	279	100	100	100	100	679

2020/21 £000s	Ref	Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
<b>Housing Delivery</b>								
3,529	NH07	Private Housing (Disabled Facilities Grant)	3,110	3,110	3,110	3,110	3,110	15,550
17,102	PL30	Housing Delivery Programme	23,119	10,160	6,615	3,995	3,000	46,889
0	PL30A	Housing Programme delivered through Housing Company	18,172	9,325	32,562	18,280	6,944	85,283
<b>Energy</b>								
771	PL18	Renewable energy investment scheme	792	0	0	0	0	792
7,867	PL18A	Bristol Heat Networks expansion	9,456	3,828	0	0	0	13,284
66	PL18B	School Efficiencies	85	0	0	0	0	85
180	PL19	Heat Networks Expansion Phase 2	3,201	3,710	3,020	1,500	0	11,431
<b>Transport</b>								
225	GR08	Regeneration of Bedminster Green	1,775	2,000	2,000	0	0	5,775
172	PL01	Metrobus	0	0	0	0	0	0
955	PL02	Passenger Transport	532	0	0	0	0	532
3	PL03	Residents Parking Schemes	0	0	0	0	0	0
1,830	PL04	Strategic Transport	752	0	0	0	0	752
7,246	PL05	Sustainable Transport	893	1,286	0	0	0	2,179
1,000	PL06	Portway Park & Ride Rail Platform	2,038	0	0	0	0	2,038
191	PL08	Highways & Drainage Enhancements	0	0	0	0	0	0
389	PL09	Highways infrastructure - bridge investment	2,460	1,235	0	0	0	3,695
2,262	PL09A	Highways infrastructure - Cumberland Road Stabilisation Scheme	7,853	0	0	0	0	7,853
9,841	PL10	Highways & Traffic Infrastructure - General	9,991	6,701	7,500	7,500	7,500	39,192
291	PL10B	Highways & Traffic - Street Lighting	631	0	0	0	0	631
1,135	PL10C	Transport Parking Services	746	0	0	0	0	746
0	GR09	Transport Clean Air Zone Implementation	11,600	0	0	0	0	11,600
98,683	<b>Growth &amp; Regeneration Total</b>		142,096	81,045	61,050	42,839	20,654	347,684

## Corporate Funding & Expenditure

2020/21 £000s	Ref	Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
<b>Capital Funding</b>								
0	CP03	Corporate Contingencies	12,000	12,000	12,000	12,000	12,000	60,000
0	<b>Corporate Funding &amp; Expenditure Total</b>		12,000	12,000	12,000	12,000	12,000	60,000

## Schemes Pending Business Case Development

2020/21 £000s	Ref	Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
0	GR07	Areas for Growth & Regeneration - City Centre/Castle Park; Frome Gateway; Victoria Gardens	1,000	7,500	6,000	5,000	5,000	24,500
0	PL35	Harbour Operational Infrastructure	0	165	0	0	0	165
0	NH03	Cemtries & Crematoria	0	1,380	2,920	0	0	4,300
0	NH05	Sports Provision	0	200	2,000	3,000	2,800	8,000
0	PL34	Community investment scheme (Lawrence Weston)	0	550	1,650	1,950	0	4,150
0	NEW	Southmead/Glencoyne Square	2,600	1,400	1,600	1,400	0	7,000
0	NEW	Covid Recovery Fund	6,000	4,000	0	0	0	10,000
0	NEW	LED Replacement Programme	0	2,400	2,400	0	0	4,800
0	NEW	Essential Parks Maintenance	1,400	850	750	0	0	3,000
0	NEW	Essential Highways and Harbour Infrastructure	6,000	4,000	0	0	0	10,000
0	<b>Schemes Pending Business Case Development Total</b>		17,000	22,445	17,320	11,350	7,800	75,915
146,823	<b>Capital Programme (GF) including Pending Schemes</b>		210,791	136,318	107,039	70,761	42,954	567,863

## Capital Funding - General Fund

2020/21 £000s	Source of Finance	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
(38,418)	Prudential Borrowing	(76,928)	(37,631)	(20,236)	(18,631)	(17,400)	(170,826)
(58,943)	Grants	(66,069)	(19,606)	(23,118)	(7,132)	(3,110)	(119,035)
(16,424)	Capital Receipts	(26,798)	(23,598)	(39,478)	(22,280)	(10,944)	(123,098)
(4,157)	Developer Contributions	(8,446)	(13,373)	(11,610)	(6,400)	(5,000)	(44,829)
(27,759)	WECA/LEP/Economic Development Fund	(31,434)	(40,314)	(12,597)	(14,818)	(6,500)	(105,663)
(1,122)	Revenue and Reserves	(1,116)	(1,796)	0	(1,500)	0	(4,412)
(146,823)	<b>Capital Funding - General Fund Total</b>	(210,791)	(136,318)	(107,039)	(70,761)	(42,954)	(567,863)

## Housing Revenue Account

2020/21 £000s	Ref	Scheme	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
7,122	HRA1	Planned Programme - Major Projects	30,438	33,710	29,889	23,059	19,033	136,130
27,233	HRA2	New Build and Land Enabling	64,765	25,792	8,501	4,638	40	103,736
15,292	HRA3	Building Maintenance and Improvements	14,886	16,595	16,090	16,205	16,145	79,920
524	HRA4	HRA Infrastructure	500	500	500	500	500	2,500
50,171	<b>Housing Revenue Account Total</b>		110,589	76,597	54,980	44,402	35,718	322,286

## HRA Financing

2020/21 £000s	Source of Finance	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
(22,452)	HRA Self-Financing (MRR)	(40,382)	(30,033)	(30,633)	(31,246)	(31,871)	(164,165)
0	Prudential Borrowing	0	0	0	(7,447)	(3,847)	(11,294)
(27,195)	Capital Receipts	(58,775)	(10,614)	(3,102)	(1,686)	0	(74,177)
(524)	Revenue and Reserves	(11,432)	(35,950)	(21,244)	(4,023)	0	(72,649)
(50,171)	<b>Housing Revenue Account Total</b>	(110,589)	(76,597)	(54,980)	(44,402)	(35,718)	(322,286)

2020/21 £000s	<b>Revised Capital Programme Budget Combined</b>	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	Total £000s
196,994	<b>(GF + HRA) Totals</b>	321,380	212,915	162,019	115,163	78,672	890,149



## Appendix 3 Budget Risk Register Report

Corporate Risk Report Summary Page	Corporate Risk Report Risk ID	Risk	As at Dec 2020		Financial Impact Jan 2021		
			Rating	Travel	Y / N	£m	Choose Source
<b>Risks</b>							
<b>People</b>							
5	CRR9	Safeguarding Vulnerable Children	4x7=28	↓	N	13.0	MA
6	CRR10	Safeguarding Adults at Risk with Care and support needs	3x7=21	↔	N	10.0	MA
16	CRR39	Adult and Social Care major provider/ supplier failure	2x7=14	↔	N	0.0	MA
15	CRR36	SEND	2x5=10	↔	Y	2.5	EMR
11	CRR23	Adult and Social Care (ASC) Transformation programme	2x5=10	↔	N	0.0	MA
<b>Growth &amp; Regeneration</b>							
17	CRR41	Major projects Capital Investment	4x7=28	New	Y	50.0	AMP
13	CRR32	Failure to deliver enough affordable Homes to meet the City's needs	4x7=28	↔	N	0.0	MA
16	CRR37	Homelessness	4x5=20	↔	Y	0.5	MA
3	CRR5	Business Continuity and Council Resilience	4x5=20	↑	N	0.0	MA
7	CRR12	Failure to deliver suitable emergency planning measures, respond to and manage emergency events when they occur	4x5=20	↑	N	0.0	MA
9	CRR18	Failure to deliver enough homes to meet the City's needs.	3x5=15	↔	N	0.0	MA
10	CRR19	Tree Management	3x5=15	↔	N	0.0	MA
1	CRR2	Asbestos	2x5=10	↔	Y	1.0	UR
12	CRR27	Capital Transport Programme Delivery	3x3=9	↔	Y	10.0	AMP
<b>Resources</b>							
35	CRR35	Organisational Resilience	3x7=21	↔	Y	1.0	UR
8	CRR13	Financial Framework and MTFP	3x7=21	↔	Y	5.0	EMR
2	CRR4	Corporate Health, Safety and Wellbeing	4x5=20	↔	Y	0.5	UR
13	CRR29	Information Security Management System	4x5=20	↔	Y	2.0	EMR
11	CRR25	Suitability of Line of Business Systems (LOB)	4x5=20	↔	N	2.0	MA
5	CRR7	Cyber-Security	4x5=20	↔	Y	5.0	UR
4	CRR6	Fraud and Corruption	3x5=15	↑	N	5.0	MA
17	CRR40	Unplanned Investment in Subsidiary Companies	2x7=14	NEW	Y	2.0	EMR
12	CRR26	ICT Resilience	2x7=14	↔	N	0.0	MA
9	CRR15	In-Year Financial Deficit	4x3=12	↔	Y	3.0	CC
10	CRR21	General Data Protection (GDPR) Compliance	2x5=10	↔	N	1.0	EMR
14	CRR34	Corporate Equalities	1x5=5	↑	N	0.0	MA

<b>Opportunities</b>							
<b>Resources</b>							
18	OPP2	Corporate Strategy	3x7=21	↓	N	0.0	MA
18	OPP1	One City	3x7=21	↔	N	0.0	MA
19	OPP3	Devolution	3x7=21	↑	N	0.0	MA
19	OPP4	Brexit	1x5=5	↔	N	0.0	MA

Strategies to manage risk	
Definitions of the provision identified in the table above table by which risk will be managed	
MA	Mitigating Action – Strategic Directors / Directors to identify alternative measures to manage risks / opportunities within available resources
CC	Corporate Contingency - due to its recurrent nature a corporate contingency has been set aside
AMP	Asset Management Plans – will require to be addressed through asset management plans.
EMR	Earmarked provision – the Council has set monies aside in an earmarked reserve or other provision to meet the estimated costs.
UR	Unallocated Reserve – Council would require drawing funding down from the unallocated General Fund balance to meet costs
	Long-term view - recognising that these will not all happen simultaneously over 1 year but could materialise over the 5 year MTFP period

Total £m	Reserve £m
30.5	n/a
3.0	3.0
60.0	60.0
12.5	17.0
7.5	20.0
<b>83.0</b>	<b>100.0</b>

# APPENDIX 4

## Treasury Management Strategy Statement

### 1 BACKGROUND

- 1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.
- 1.5 The Chartered Institute of Public Finance Accountants (CIPFA) defines treasury management as:

*“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

## Reporting Requirements – Capital Strategy

- 1.6 The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2021-22, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:
- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
  - an overview of how the associated risk is managed
  - the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. Full Council approved its current Capital Strategy in November 2020.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

## Reporting Requirements – Treasury Management

- 1.7 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.
- I. **A treasury strategy including Prudential and Treasury indicators** (this report) - The first, and most important report covers:
    - the capital plans (including prudential indicators);
    - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
    - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
    - an investment strategy (the parameters on how investments are to be managed).
  - II. **A Mid-year Treasury Management Report** – this will update the Council with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury activity is meeting the strategy or whether any policies require revision.
  - III. **An Annual Treasury Report** – this provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- 1.8 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by Resources Scrutiny.

## 2 Treasury Management Strategy for 2021/22

2.1 The Treasury Management Strategy for 2021/22 covers two main areas:

### Capital Issues

- The capital plans and the prudential indicators;
- The minimum revenue provision (MRP) policy.

### Treasury Management Issues

- current and projected treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on the use of external service providers.

2.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

2.3 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

2.4 The training needs of treasury management officers are periodically reviewed.

2.5 The Council uses Link Group, Treasury solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

2.6 The Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2.7 The scope of investments within the Council's Treasury operations include the placing of residual cash from the Council's functions in various products such as fixed term deposits, call accounts and money market with a variety of financial institutions.

### 3 THE CAPITAL PRUDENTIAL INDICATORS 2021/22 – 2025/26

3.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

#### Capital expenditure

3.2 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The table also summarises how the capital expenditure plans are being financed. Any shortfall of resources results in a borrowing need. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £m	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Non-HRA	117	147	193	114	90	60	35
Non – HRA* <sup>1</sup>	-	-	17	22	17	11	8
HRA	49	50	111	77	55	44	36
<b>Total</b>	<b>166</b>	<b>197</b>	<b>321</b>	<b>213</b>	<b>162</b>	<b>115</b>	<b>79</b>
<b>Financed by:</b>							
Capital receipts	31	44	85	34	42	24	11
Capital grants	53	80	92	43	45	20	15
HRA Self financing	26	22	40	30	31	31	32
Revenue	21	2	13	37	21	6	-
<b>Net financing need for year</b>	<b>35</b>	<b>49</b>	<b>91</b>	<b>69</b>	<b>23</b>	<b>34</b>	<b>21</b>

\*1 Schemes pending subject to business case development

Note, the table above exclude arrangements such as PFI and leasing that have their own financing / borrowing facilities.

#### The Council's borrowing need (the Capital Financing Requirement)

3.3 The Capital Financing Requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

- 3.4 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.
- 3.5 The CFR includes any long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £141m of such schemes within the CFR.
- 3.6 The Council is asked to approve the CFR projections below:

	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
CFR – non housing	484	530	615	675	683	695	695
CFR – PFI/Lease schemes	141	132	123	115	106	97	88
CFR – housing	245	245	245	245	245	252	256
<b>Total CFR</b>	<b>870</b>	<b>907</b>	<b>983</b>	<b>1,035</b>	<b>1,034</b>	<b>1,044</b>	<b>1,039</b>
<b>Movement in CFR</b>	<b>23</b>	<b>37</b>	<b>76</b>	<b>52</b>	<b>(1)</b>	<b>10</b>	<b>(5)</b>

Net financing need for year	35	49	91	69	23	34	21
Less MRP & other financing	(12)	(12)	(15)	(17)	(24)	(24)	(26)
<b>Movement in CFR</b>	<b>23</b>	<b>37</b>	<b>76</b>	<b>52</b>	<b>(1)</b>	<b>10</b>	<b>(5)</b>

#### **Minimum revenue provision (MRP) policy statement**

- 3.7 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge, the minimum revenue provision (MRP), although it is allowed to undertake additional voluntary provision (VRP).
- 3.8 The Ministry of Housing, Communities and Local Government (MHCLG) have issued Regulations which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

*For capital expenditure incurred before 1 April 2008 and capital expenditure incurred on or after that date which forms part of its Supported Capital Expenditure - The MRP policy will be based on the pre 2007/08 borrowing and*

*post supported borrowing at 2% fixed so that the whole debt is repaid after 50 years.*

*Note a change in policy approved by Full Council on 13th December 2016 amended the rate that is used to calculate MRP from 4% reducing balance to 2% straight line as this is better aligned to the average lives of the authorities assets and results with the debt being fully repaid. This means that the authority has overprovided during the period 1st April 2008 through to 31st March 2016. The Council has reduced it's MRP provision in 2017/18 through to 2020/21 and will reduce it's MRP further, over an adequate timeframe (a further 2 years) to recover this overprovision while also ensuring a prudent annual provision is maintained. This additional reduction in MRP will be set aside to reserves to ensure the Council maintains reasonable provision as mitigation for financial risks outlined in the main body of the report. It is estimated that for 2021/22 £6m of this overprovided MRP will be made available to supplement general reserves.*

*From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be the Asset life method – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);*

*Any loan or investment to an organisation defined as capital expenditure will not attract MRP. The original capital expenditure will be met from the capital receipt on the maturity of the loan/investment.*

*Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, as determined by the Chief Finance Officer.*

*These options provide for a reduction in the borrowing need over approximately the asset's life.*

3.9 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation.

3.10 Repayments included in annual PFI or finance leases are applied as MRP.

**Affordability prudential indicator**

3.11 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council’s overall finances. The Council is asked to approve the following indicator:

3.12 **Ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2019/20 Actual %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %
General Fund	6.74	7.00	7.79	8.53	9.80	9.65	9.53
HRA	8.16	8.99	9.11	8.92	8.67	8.04	7.67

The estimates of financing costs include current commitments and the proposals in this budget report.



## 4 BORROWING

4.1 The capital expenditure plans set out in Section 3 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

### Current and projected portfolio position

4.2 The Council's treasury portfolio position at 31 March 2020, with forward projections are summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement), highlighting any over or under borrowing.

	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
External Debt 1 April	431	461	461	561	636	666	701
Expected change in debt	30	-	100	75	30	35	20
Other long-term liabilities	135	141	132	123	115	106	97
Expected change in other long-term liabilities	6	(9)	(9)	(8)	(9)	(9)	(9)
Debt Administered on behalf of the Unitary authorities	(41)	(40)	(39)	(37)	(36)	(34)	(33)
<b>Actual gross debt 31 March</b>	<b>561</b>	<b>553</b>	<b>645</b>	<b>714</b>	<b>736</b>	<b>764</b>	<b>776</b>
<b>Capital Financing Requirement</b>	<b>870</b>	<b>907</b>	<b>983</b>	<b>1,035</b>	<b>1,034</b>	<b>1,044</b>	<b>1,039</b>
<b>Under borrowing</b>	<b>(309)</b>	<b>(354)</b>	<b>(338)</b>	<b>(321)</b>	<b>(298)</b>	<b>(280)</b>	<b>(263)</b>

### Gross Debt and the Capital Financing Requirement

4.3 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures

that borrowing is not undertaken for revenue purposes or speculative purposes.

- 4.4 The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

#### **Treasury Indicators: limits to borrowing activity**

- 4.5 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and ability to fund under-borrowing by other cash resources.

	2020/21 Approved £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Debt	536	561	636	666	701	721
Other long-term liabilities	128	132	123	115	106	97
<b>Total</b>	<b>664</b>	<b>693</b>	<b>759</b>	<b>781</b>	<b>807</b>	<b>818</b>

- 4.6 **The authorised limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- The Council is asked to approve the following authorised limit:

	2020/21 Approved £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
<b>Total</b>	<b>970</b>	<b>1,000</b>	<b>1,050</b>	<b>1,050</b>	<b>1,060</b>	<b>1,060</b>

## Prospects for interest rates

4.7 The Council has appointed a treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their view.

Period	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 Year	25 year	50 year
Mar 2021	0.10	0.80	1.10	1.50	1.30
Mar 2022	0.10	0.90	1.20	1.60	1.40
Mar 2023	0.10	0.90	1.20	1.70	1.50
Mar 2024	0.10	1.00	1.30	1.80	1.60

- The coronavirus outbreak has done significant economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings with some forecasters suggesting that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that currently more quantitative easing is the favoured tool if further action becomes necessary.

As shown in the forecast table above, no increase in Bank Rate is expected as economic recovery is expected to be only gradual.

- **Gilt yields / PWLB rates**  
There was much speculation during the second half of 2019 that bond markets were in a “bubble” which was driving bond prices up and yields down to historically very low levels. The context for that was a heightened expectation that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this “coin” is that bond prices are elevated as investors would

be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis affected the western economies during March 2020. We have since seen yields fall sharply to unprecedented lows as investors began selling shares in anticipation of impending recessions in western economies, and moved into safe haven assets i.e. government bonds.

Major western central banks took action to deal with excessive stress in financial markets during March, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and PWLB rates have been at remarkably low rates so far during 2020/21.

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

As previously reported, in October 2019 the HM Treasury (PWLB) unilaterally increased the PWLB rates by 1% due to an isolated number of Local Authorities borrowing substantial sums from the PWLB to buy investment property with the primary aim of generating yield.

The government consulted with Local Authorities between March and July 2020 to *“develop a proportionate and equitable way to prevent local authorities from using PWLB loans to buy commercial assets primarily for yield, without impeding their ability to pursue service delivery, housing, and regeneration”*.

The outcome of this consultation was provided as part of the autumn statement (25 November 2020), with the additional 1% margin being removed but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which plans to purchase of assets “primarily” for yield in its capital programme.

The borrowing rate for debt from the PWLB is now a gilt plus 80 basis points.

- Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.
- Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England. Gilt yields up to 6 years were negative during most of the first half of 2020/21.
- The overall longer run trend is for gilt yields and PWLB rates to rise “marginally” during the medium term.
- The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

### **Borrowing Strategy**

- 4.8 Based on current cash flow forecasts, it is estimated that the Council will have a net borrowing requirement of £260m over the MTFS period. The most significant consideration from a treasury management perspective is the timing and duration of that borrowing. Should the financial environment change and borrowing is deemed advantageous the Council will seek to borrow long-term loans below a target rate of 1.50% and short-term to medium term loans below a target rate of 1.00%.
- 4.9 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is an issue that needs to be considered.
- 4.10 Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- *If it was felt that there was a significant risk of a sharp FALL in borrowing rates then borrowing will be postponed.*
  - *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an*

acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

4.11 Any decisions will be reported to the appropriate decision making body at the next available opportunity.

- Long-term and short-term fixed interest rates are expected to rise “marginally” over the medium term. The Chief Finance Officer, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above.
- The option of postponing borrowing and running down investment balances strategy has been applied in 2020/21. This approach will continue until balances are reduced to adequate liquidity requirements unless it was felt that there was a significant risk of a sharp rise in interest rates.
- The Councils borrowing strategy will consider new borrowing in the following ways:
  - The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase, be it marginally, over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking loans at long term rates which will be higher in future years;
  - PWLB loans for up to 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing, which will spread debt maturities away from a concentration in longer dated debt;
  - PWLB loans in excess of 10 years where rates are considered to be low and offer the Council the opportunity to lock into low value long-term finance;
  - Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio;
  - Long term borrowing from the Municipal Bond Agency if available and appropriate and rates are lower than those offered by the Public Works Loan Board (PWLB).

- Short to medium funding from local authorities and financial institutions at rates lower than the PWLB

4.12 The authority is planning net borrowing of £260m over the period as set out in table 4.2, to finance the expected Prudential Borrowing requirement of £287m as set out in table 3.2 as set out in the Capital programme. The reduced borrowing of £27m partly reflects the cash set-aside for the repayment of debt, also known as Minimum Revenue Provision (MRP). The most efficient arrangement is for MRP to be used to reduce the new long term debt expected to be required. This ensures that MRP is utilised and does not accumulate as cash on the balance sheet, and reduces the expected level of debt. Alternatively MRP could be used to repay existing debt, but this would be at considerable cost in the current interest rate environment.

The level of borrowing will ensure the authority will maintain adequate liquidity levels as set out in the strategy.

4.13 The Council will seek to undertake temporary borrowing (less than one year) loans to cover day-to-day cashflow requirements as and when required. Such a decision will be based on the availability of and access to cash in deposit accounts and money market funds to cover the cashflow requirement, whilst also considering the most efficient method for the authority.

4.14 Temporary borrowing will also be considered when the draw down deadline for a deposit account for same day transfer has passed, thus resulting in borrowing cash from the money markets.

4.15 The Chief Finance Officer will be kept informed of the temporary loans outstanding on a monthly basis and reviewed at the regular Treasury Management Group meeting.

#### **Policy on borrowing in advance of need**

4.16 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

4.17 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

#### **Debt rescheduling**

4.18 As the yield curve is relatively flat there is limited opportunities to generate savings by switching from long term debt to short term debt. In addition, rescheduling of our PWLB loans is unlikely to occur due how the repayment penalties and discounts are calculated. Any savings will need to be considered

in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

4.19 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

4.20 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

4.21 All rescheduling will be reported to the Council at the earliest meeting following its action.



## 5 ANNUAL INVESTMENT STRATEGY

### Investment policy

- 5.1 The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).
- 5.2 The Council’s investment policy has regard to the following: -
- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
  - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
  - CIPFA Treasury Management Guidance Notes 2018
- The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).
- 5.3 In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 5.4 Ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such a ‘credit default swaps’ and overlay that information on top of the credit ratings.
- 5.5 Other information sources including the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 5.6 Investment instruments identified for use in the financial year are listed in Annex 3 under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Council’s treasury management practices – schedules.

### Creditworthiness policy

- 5.7 The primary principle governing the Council’s investment criteria is the security of its investments, whilst liquidity and the yield on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

5.8 The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

5.9 The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are considered before making investment decisions.

5.10 The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- **Banks 1** - good credit quality – the Council will only use banks which:
  - i. are UK banks; and/or
  - ii. are non-UK and domiciled in a country which has a minimum sovereign long-term rating of AA-

and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

- i. Short term – F1 (or equivalent)
- ii. Long term – A- (or equivalent)

- **Banks 2** – Part nationalised UK banks – Royal Bank of Scotland ring-fenced operations. This bank can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.

- **Banks 3** – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.

- **Bank subsidiary and treasury operation** - the Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- **Building societies** - the Council will use all societies which meet the ratings for banks outlined above.
- **Money market funds (CNAV Constant Net Asset Value)** – AAA rated (sterling)
- **Money Market Funds (LVAV Low Volatility Asset Value)** – AAA rated (sterling)
- **Money Market Funds (VNAV Variable Net Asset Value)** – AAA rated (sterling)
- **Ultra-Short dated Bond Funds with a volatility rating of S1+**
- **UK Government** (including gilts and the DMADF)
- **Local authorities, parish councils etc**
- **Supranational institutions**
- **Council owned subsidiaries.** The Council invests in wholly owned Council subsidiaries. Depending on the nature of the investment this will either be classified as a Service investment or a Treasury investment. Service investments fall outside the scope of the specified/ non specified categories and currently investments of this type are classified as service investments.

A limit of £100m will be applied to the use of non-specified investments

### **Country and sector considerations**

5.11 Due care will be taken to consider the country, group and sector exposure of the Council's investments. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). In addition:

- no more than 25% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

5.12 **Use of additional information other than credit ratings.** Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision. This additional market information (for example Credit Default Swaps (CDS), negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

## Time and monetary limits applying to investments.

5.13 Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	<b>Fitch Long term Rating (or equivalent)</b>	<b>Money Limit</b>	<b>Time Limit</b>
Banks 1 - higher quality	AAA	£50m	5 Years
Banks 1 - medium quality	AA-	£20m	3 Years
Banks 1 - lower quality	A-	£10m	1 Year
Banks 2 – part-nationalised	N/A	£10m	1 Year
Limit 3 category – Council's banker (not meeting Banks 1/2)	-	£100k	Liquid
Other institutions limit*	-	£50m	5 Years
DMADF	UK Sovereign rating	unlimited	1 Year
Local authorities	-	£40m	5years
Money market funds (MMF) (Including CNAV, LVNAV & VNAV)	AAA	£40m	liquid

*\*The Other Institution Limit will be for Gilt and Supranational investments*

The proposed criteria for specified and non-specified investments are shown in Annex 3 for approval.

5.14 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the fluctuations of the cash flows, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

5.15 **Investment return expectations.** Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it is assumed that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

The budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows (the long term forecast is for periods over 10 years in the future):

- 2020/21 0.10%
- 2021/22 0.10%
- 2022/23 0.10%
- 2023/24 0.10%
- 2024/25 0.25%
- Long term later years 2.00%

The overall balance of risks to economic growth in the UK is probably to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. It may also be affected somewhat, if any, with regards the deal the UK agrees as part of Brexit.

There is little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.

#### **Negative investment rates**

5.16 While the Bank of England said in August / September 2020 that it is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, and in November omitted any mention of negative rates in the minutes of the meeting of the Monetary Policy Committee, some deposit accounts are offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

As for money market funds (MMFs), yields have continued to drift lower. Some managers have already resorted to “trimming fee” levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a “glut” of money circulating around at the very short end of the market. This has seen a number of market

operators, now including the Debt Management Account Deposit Facility (Government agency), offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.

Inter-local authority lending and borrowing rates have also declined due to the increased levels of cash seeking a short-term home at a time when many local authorities are having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

### Treasury management limits on activity

5.17 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

	2021/22	2022/23	2023/24 & Beyond
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	40%	40%	40%
<b>Maturity structure of fixed interest rate borrowing 2021/22</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	30%	
12 months to 2 years	0%	40%	
2 years to 5 years	0%	40%	
5 years to 10 years	0%	50%	
10 years and above	25%	100%	

## Investment treasury indicator and limit

5.18 Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment,

<b>Maximum principal sums invested &gt; 365 days</b>			
<b>£m</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24 &amp; Beyond</b>
Principal sums invested > 364 days	£100m	£100m	£100m

5.19 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

## Ethical Investment Policy

5.20 The Ethical Investment Policy was approved by Cabinet on the 15<sup>th</sup> December 2011 (updated 2015). The City Council will not knowingly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the City Council.

5.21 The Ethical Investment Policy and Strategy is due for revision during 2021/22, which will be expanded to incorporate Equitable Policy for Investment in addressing racial and other economic inequalities in the city.

## Investment Risk Benchmarking

5.22 These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

5.23 Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.00% (AAA rated) to 0.05% (A rated) historic risk of default when compared to the whole portfolio.

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £500k.
- Liquid short-term deposits of at least £40m available within a rolling three-month period.

- Weighted average life benchmark is expected to be a minimum of a day with a maximum of 1 year.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7-day LIBID rate.

And in addition, that the security benchmark for each individual year is:

	<b>1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5 years</b>
<b>Maximum</b>	<b>0.05%</b>	<b>0.15%</b>	<b>0.27%</b>	<b>0.40%</b>	<b>0.55%</b>

This benchmark is an average risk of default measure and would not constitute an expectation of loss against a particular investment.

The Council is appreciative that the provision of LIBOR and associated LIBID rates is expected to cease at the end of 2021. It will work with its advisors in determining suitable replacement investment benchmark(s) ahead of this cessation and will report back to members accordingly.

## **Annexes**

Annex 1 - Treasury Management Policy Statement

Annex 2 – Economic Background

Annex 3 – TMP1 Credit and Counterparty risk management



### Treasury Management Policy Statement

1. The Council defines its treasury management activities as follows:

*The management of the Council's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*

2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
4. The Council's high-level policies for borrowing and investments are:
  - The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken, and the type of borrowing should allow the Council transparency and control over its debt
  - The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important but are secondary considerations.

## Annex 2

### Economic Background / Interest Rate forecast

Link Group Interest Rate View		9.11.20 (The Capital Economics forecasts were done 11.11.20)													
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20															
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	
<b>BANK RATE</b>	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	
5 yr PWLB	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	
10 yr PWLB	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30	
25 yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80	
50 yr PWLB	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60	
<b>Bank Rate</b>															
Link	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
Capital Economics	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-	
<b>5yr PWLB Rate</b>															
Link	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00	
Capital Economics	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	-	-	-	-	-	
<b>10yr PWLB Rate</b>															
Link	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30	
Capital Economics	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	-	-	-	-	-	
<b>25yr PWLB Rate</b>															
Link	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80	
Capital Economics	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	-	-	-	-	-	
<b>50yr PWLB Rate</b>															
Link	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60	
Capital Economics	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	-	-	-	-	-	

The interest rate forecasts were produced prior to trade deal between the UK and the EU but there are based on an assumption that a reasonable agreement would be reached on trade negotiations between the UK and the EU.

Relative to the slump in GDP endured during the COVID crisis, any hit from a no deal would be small. But the pandemic does mean there is less scope for policy to respond. Even so, the Chancellor could loosen fiscal policy further and target it at those sectors hit hardest. The Bank of England could also “prop up” demand, most likely through more gilt and corporate bond purchases rather than negative interest rates.

Brexit may reduce the economy’s potential growth rate in the long run. However, much of “that drag” is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

In summary there is not likely to be any change in Bank Rate for many years due to whatever outcome there is from the trade negotiations and while there will probably be some movement in gilt yields / PWLB rates after the deadline date, these are expected to be minimal.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is slightly towards the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines become available and widely administered to the population.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- UK - further national lockdowns or severe regional restrictions during 2021.
- UK government takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- UK - Bank of England acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- EU Minority governments. Germany, Spain, Portugal, Netherlands, Ireland, Belgium, Austria, Sweden and Finland all have vulnerable minority governments dependent on coalitions which could prove fragile.
- Austria, the Czech Republic, Poland and Hungary now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- Geopolitical risks, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- UK - a significant rise in inflationary pressures. These could be caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population which leads to a resumption of normal life and a return to full economic activity across all sectors of the economy.

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

### **Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management**

The CLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

**Annual investment strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall number of various categories that can be held at any time.

The investment policy proposed for the Council is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.

3. A local authority, housing association, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society). For this category this covers bodies with a minimum short-term rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are set out below: -

	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
Banks 1 higher quality	AAA	£50m	5 Years
Banks 1 medium quality	AA-	£20m	3 Years
Banks 1 lower quality	A-	£10m	1 Year
Banks 2 – part nationalised	N/A	£10m	1 Year
Limit 3 category – Council's banker (not meeting Banks 1/2)	-	£100k	Liquid
Other institutions limit*	-	£50m	5 Year
DMADF	AAA	unlimited	5 Years
Local authorities	-	£40m	5 Years
Money market funds (Including CNAV, LVNAV & VNAV)	AAA	£40m	Liquid

\*The Other Institution Limit will be for Gilt and Supranational investments

**Non-specified investments** –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments are limited to an overall exposure of £100m and would include any sterling investments with:

	Non-Specified Investment Category	Limit (£ or %)
a.	<b>Supranational bonds greater than 1 year to maturity</b> <b>(a) Multilateral development bank bonds</b> - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and	AAA long term ratings £50m

	<p>Development Bank etc.).</p> <p><b>(b) A financial institution that is guaranteed by the United Kingdom Government</b> (e.g. National Rail)</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt-edged securities. However, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	
b.	<p><b>Gilt edged securities</b> with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	£50m
c.	<p><b>The Council's own banker</b> if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>	Minimal
d.	<p>Any <b>bank or building society</b> that has a minimum long-term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	£40m
e.	<p>Any <b>non-rated subsidiary</b> of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to:</p> <ul style="list-style-type: none"> <li>• Parent company guarantee</li> <li>• Parent company to be a UK institution.</li> </ul>	£10m
f.	<p><b>Share capital</b> in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources.</p> <p><b>Loan capital</b> in a body corporate.</p> <p>There is a higher risk of loss with these types of instruments.</p>	£10m
g.	<p><b>Share capital to Council owned companies</b> – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources.</p> <p><b>Loan capital</b> to Council owned companies</p>	£50m
h.	<p><b>Bond funds</b> – There is a high risk of loss with this type of instrument.</p>	£10m
i.	<p><b>Pooled property funds</b> – The use of these instruments will normally be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. The key exception to this is an investment in the CCLA Local Authorities Property Fund. This Authority will seek guidance</p>	£50m

	on the status of any fund it may consider using The authority has invested £10m in a Property Fund (Cabinet 03/11/15 & 19/09/17) to support Homelessness in Bristol.	
j.	<b>Property funds managed by a wholly owned Council subsidiary</b> – The use of these instruments will normally be deemed to be capital expenditure, and as such will be an application (spending) of capital resources.	£50m

In respect of category f, and h, these will only be considered after obtaining external advice and subsequent member approval.

### **Council owned companies**

The Council has purchased share capital / provided loans to wholly owned Council subsidiaries. These are classified as service investment's, rather than treasury management investment's, and are therefore outside the specified / non specified categories.

**The monitoring of investment counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Group as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer, and if required new counterparties which meet the criteria will be added to the list.



**APPENDIX 5****Flexible Use of Capital Receipts Strategy****Purpose**

1. This report provides background information with regards the statutory guidance on the flexible use of Capital Receipts and its application within this authority. As part of the finance settlement for 2016/17 the government announced new flexibilities allowing local authorities to use capital receipts received in 2016/17, 2017/18 and 2018/19 to be used to fund transformational expenditure, which can include redundancy costs. This was extended in 2018/19 as part of the Local Government Finance Settlement for a further three years until 2021/22.
2. The use of capital receipts to fund transformational costs (up to the value of those capital receipts), rather than applying revenue resources / reserves that would have been previously necessary, allows for these revenue resources to be directed to service areas to facilitate further service re-development and mitigates the financial pressures of the Authority for the current and ensuing year.

**Background**

3. Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure, and the use of capital receipts to support revenue expenditure is not allowed by the regulations.
4. The Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.
5. The Secretary of State for Communities and Local Government issued guidance in March 2016 giving local authorities greater freedoms with how capital receipts could be utilised. This Direction allows for the following expenditure to be treated as capital:
 

*“expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”*
6. To take advantage of this freedom, the Council must act in accordance with the Statutory Guidance issued by the Secretary of State. This guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy, with the initial strategy being effective from 1 April 2016 with future strategies included within future annual budget documents and reported as appropriate.

**Flexible Use of Capital Receipts Strategy**

7. Government has provided a definition of expenditure that qualifies for funding from capital receipts. This is:
 

*“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”*

8. The Council intends to use capital receipts to fund the following transformation projects:

Project Description	2016/17 £m Actual	2017/18 £m Actual	2018/19 £m Actual	2019/20 £m Actual	2020/21 £m Estimate	2021/22 £m Estimate
Organisational Business Change	5.300	-	-	-	-	-
Project Management	-	-	-	0.400	0.400	-
IT Transformation Programme	-	-	-	2.172	1.170	-
Strengthening Families	-	-	-	0.237	-	-
Resources earmarked for future efficiency programmes	-	-	-	-	-	2.200
<b>Total</b>	<b>5.300</b>	<b>-</b>	<b>-</b>	<b>2.809</b>	<b>1.570</b>	<b>2.200</b>

9. Since the flexibility was introduced the Council has applied £8.109 million of capital receipts for transformation and savings, with plans for a further £4.570 million.
10. Capital receipts are primarily used to fund capital investment which has a relatively short economic life such as IT investment where borrowing is not economical. Excluding land disposals to Goram Homes, the 2021/22 budget assumes £38 million of capital receipts to fund the capital programme. At the end of the financial year the Council estimates to have £13 million of capital receipts not applied towards this target, with a pipeline of disposals to meet the commitments as set out in the budget.
11. If capital receipts generated are insufficient to meet these commitments other funding sources will need to be identified or expenditure reduced.

### Project Management

12. In February 2018 the Council agreed a £76.4 million programme of savings to deliver a balanced budget for the medium term as set out in the table below. The savings programme had undergone reviews, where previously identified savings that are no longer deemed deliverable had been mitigated by new schemes for delivery. However, this does not result in any changes to the overall savings and efficiency envelope previously approved. The capital receipts outlined in this report support the project management capacity for the agreed savings programme and delivery of specific savings and efficiency programmes within it.

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total savings £'000
Improving our business efficiency – Total	9,879	3,493	3,710	3,270	3,220	23,572
Changing how we fund and provide services – Total	15,864	10,602	6,458	2,110	453	35,486
Increasing our income – Total	4,570	2,659	2,434	1,460	1,071	12,194
Reducing or stopping services – Total	4,186	620	10	260	30	5,106
<b>Total</b>	<b>34,499</b>	<b>17,374</b>	<b>12,612</b>	<b>7,100</b>	<b>4,774</b>	<b>76,358</b>

13. This programme has been successful in delivering the outlined savings, with only a small amount of savings not delivered. Any non-delivery is reported to Cabinet and alternative savings identified to replace them. Full detail on delivery of these savings is provided within monthly finance reports to Cabinet.

### **Strengthening Families**

14. The Strengthening Families Programme has now closed. On 14 October 2019 a progress update on the delivery of outcomes and efficiencies was reported to People Scrutiny Commission. Whilst the programme succeeded in making savings in external placement costs there are wider service demands which means the budget cannot be reduced; this is reflected in the 2021/22 budget report.

### **IT Transformation (previously Future State Assessment - FSA)**

15. In July 2018, Cabinet approved £20.3m (£7.2m revenue, £13.1m capital) to deliver the FSA programme over a period of 3-5 years. The programme set out components needed to build on the current IT platforms and ICT service delivery to deliver an efficient, modern, secure, flexible service which supports delivery of business outcomes in support of the Capital Strategy.
16. No specific savings have been aligned to this project, but significant efficiencies are expected as a result of this investment. Performance of the IT Transformation Programme is being monitored by the Resources Scrutiny Commission.

### **Future Efficiencies**

17. This strategy earmarks £2.2 million for transformation during 2021/22, in particular to support digital transformation and other change activities across the Council. Further detail is provided in the main budget report for 2021/22.

### **Impact on Prudential Indicators**

18. The indicators that will be impacted by this strategy are set out below:
  - Capital financing requirement increased by £5.3m (2016/17) as these capital receipts were intended to support schemes within the existing programme that are now budgeted to be financed by prudential borrowing. The 2017/18 Capital Programme and beyond made no general provision for schemes to be funded by capital receipts. Schemes financed by prudential borrowing are reflected within the prudential indicators as set out within the Treasury Management Strategy and included as part of the budget.
  - Financing costs as a percentage of net revenue stream (%), noting that the savings generated from these projects will meet the debt financing costs arising from the additional borrowing. The indicative cost of borrowing £5.3m in 2017/18 was £200k pa.
19. The prudential indicators show that this strategy is affordable and will not affect on the Council's operational boundary and authorised borrowing limit.

## Bristol City Council Equality Impact Relevance Check

This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required. Please read the guidance prior to completing this relevance check.



<b>What is the proposal?</b>	
Name of proposal	Council Budget 2021/22
Please outline the proposal.	<p>The Council is required to set an annual revenue budget, its capital programme and the council tax, which enables the delivery of the Council's priorities within a balanced budget. This is described within the Council's financial plan and as regard to core, statutory and regulatory services as well as local key priorities and objectives.</p> <p>The Council has a statutory responsibility to consult on its proposed budget and level of Council Tax under the Local Government Finance Act 1992. The proposed increase in Council Tax is 4.99% (of which 3% to be ring fenced to fund Adult Social Care) to fund the shortfall in the budget requirement as a result of increased costs of running services.</p> <p>The funding position beyond 2021/22 is very uncertain; not least as the current spending review only covers the next financial year. The budget planning that has followed models a 5 year balanced position 2021/22 to 2025/26.</p> <p>Previously approved savings proposals from prior budget setting decisions which include ongoing savings for 21/22 have been subject to individual equality relevance checks and/or equality impact assessments, with updates where appropriate. These are published on the council's website <a href="https://www.bristol.gov.uk/council-spending-performance/council-budgets">https://www.bristol.gov.uk/council-spending-performance/council-budgets</a>. They will continue to be updated as appropriate.</p> <p>Any future individual proposals will be subject to their own separate Equality Impact Assessment, consultation and assessment procedures at the relevant time. Decision makers will have the ability to make changes to the individual spending plans following consultation (where necessary) and detailed evaluation of the impact of proposals.</p>

	<p>There is financial mitigation put aside for any non-delivery or amendments to proposals which may occur due to future consideration of equalities issues or other factors (see 'Financial Deficit' in Appendix 3 -Risk Register Report).</p> <p>Other than the Local Council Tax Reduction scheme the Council has limited options to mitigate the impact of council tax other than the overall level at which it sets the Band D charge. The charges for other bands are set proportionately to Band D by legislation.</p>
What savings will this proposal achieve?	The budget proposes an indicative annual expenditure of £1.0 billion, which includes all necessary savings to deliver a balanced budget for the next five years.
Name of Lead Officer	Michael Pilcher

**Could your proposal impact citizens with protected characteristics?**

(This includes service users and the wider community)

Please outline where there may be significant opportunities or positive impacts, and for whom.

The overall budget envelope sets out the monies available for the Council which enables the delivery of the Councils priorities. It does not determine specific service provision, which is carried out at the service level.

We have not identified any significant opportunities from the proposal for citizens on the basis of their protected characteristics. The budget consultation report shows the breakdown of the respondents to the consultation on the budget by protected characteristics.

The assumption has been made on a very local level that some protected characteristics will be evenly distributed across income groups and as such Citizens who are of working age with Council Tax liabilities will be negatively affected.

Many people on low incomes can get Council Tax Support to help them pay their Council Tax bills. Any increase in Council Tax means a similar increase in the amount of funding for the local council tax reduction scheme maintaining current levels of support and assistance to working age households. In addition further support is in place through the Council's discretionary policies for those who suffer hardship.

Despite these increasingly limited resources, we have continued to prioritise services that make the biggest difference to those in greatest need. We are conscious of the impact of council tax increases on Bristol residents. At the same time residents have made it clear they value the services they receive and the environment in which they live

and some of those that are able to have indicated that they are willing to pay a little more. That provides a difficult balancing act between council tax increases; income charges; income generation; and service reductions.

The overall budget envelope sets out the monies available for the Council which enables the delivery of the Councils priorities. The proposal within the report is that for 2020/21 budget should be predicated on the basis of a proposed increase of 4.99% in the amount of Council Tax income receivable, split between:

- Reduction in the size of the Council Tax base
- Core Council Tax increase of 1.99%
- Government-recommended specific increase in relation to adult social care of 3.0%

Relevance Checks and EQIAs, where necessary are carried out for individual service proposals within the overall budget which will be submitted to Full Council with the overall budget proposals in February.

Please outline where there may be significant negative impacts, and for whom.

We have not identified any significant negative impacts from the proposal at this stage – see above.

With the scale of the financial challenge which the authority faces arising from a combination of increasing spending demands, and impact of covid-19, it is inevitable the authority has to review the way it provides services and we cannot carry on providing services in the same way as we have in the past.

All individual proposals to change services will be subject to their own separate Equality Impact Assessment, consultation and assessment procedures at the relevant time.

The Council provides support for those on low income against Council Tax increases through the Local Council Tax Reduction scheme. The Council has no other direct ability to mitigate the impact of council tax other than the overall level at which it sets the Band D charge. The charges for other bands are set proportionately to Band D by legislation.

**Could your proposal impact staff with protected characteristics?**

(i.e. reduction in posts, changes to working hours or locations, changes in pay)

Please outline where there may be significant opportunities or positive impacts, and for whom.

N/A – this is determined at a service or directorate level

Please outline where there may be negative impacts, and for whom.

N/A – this is determined at a service or directorate level

**Is a full Equality Impact Assessment required?**

<p>Does the proposal have the potential to impact on people with protected characteristics in the following ways:</p> <ul style="list-style-type: none"> <li>• access to or participation in a service,</li> <li>• levels of representation in our workforce, or</li> <li>• reducing quality of life (i.e. health, education, standard of living) ?</li> </ul>	
<p>Please indicate yes or no. If the answer is yes then a full impact assessment must be carried out. If the answer is no, please provide a justification.</p>	<p>No. The process of applying a Council Tax increase will be equitable and all properties would be increased by the same percentage. Discounts will be applied, subject to the existing council tax reduction scheme which is subject to its own consultation an EQIA when being agreed. Therefore we anticipate a neutral impact on people on the basis of their protected characteristics from this proposal.</p>
<p>Service Director sign-off and date:</p>	<p>Equalities Officer sign-off and date:  <i>Reviewed by Equality and Inclusion Team</i>  <i>18/1/2020</i></p>

## Appendix 8 Statutory Calculations in respect of Council Tax

That it be noted that Council at their meeting on 8 December 2020 approved the Council Tax Base for 2021/22 as 127,950 for the whole Council area [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")].

This calculates that the Council Tax requirement for the Council's own purposes for 2021/22 is £1,846.02

That the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Local Government Act 1992 on the Mayor's recommended increase of 4.99%:

a)	£1,039,713,753	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act
b)	£803,516,647	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
c)	£236,197,106	being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax Requirement for the year. (Item R in the formula in Section 31A(4) of the Act).
d)	£1,846.02	being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year.

To note that the Avon Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

To note that the Police and Crime Commissioner yet to issue their precept to the Council. Once issued the precept will be included in in the table below in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area.

That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2021/22 for each part of its area and for each of the categories of dwellings.

Valuation Bands (£)
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### Bristol City Council

A	B	C	D	E	F	G	H
1,230.68	1,435.79	1,640.90	1,846.02	2,256.24	2,666.47	3,076.70	3,692.04

Police and Crime Commissioner for Avon and Somerset



A	B	C	D	E	F	G	H
tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc

Avon Fire Authority

A	B	C	D	E	F	G	H
50.95	59.45	67.94	76.43	93.41	110.4	127.38	152.86

Aggregate of Council Tax Requirements

A	B	C	D	E	F	G	H
tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc

The Council's basic amount of Council Tax for 2021/22 is not determined to be excessive in accordance with principles approved under section 52ZB of the Local Government Finance Act 1992.