

Bristol City Council

Minutes of the Resources Scrutiny Commission

4 February 2021 at 2.00 pm



Members Present:-

Councillors: Stephen Clarke (Chair), Donald Alexander, Mhairi Threlfall, Geoff Gollop and John Goulandris

1. Welcome, Introductions and Safety Information

The Chair led welcome and introductions.

Cabinet Members in attendance:

- Councillor Craig Cheney, Designated Deputy Mayor with responsibility for Finance, Governance and Performance
- Councillor Asher Craig, Deputy Mayor with responsibility for Communities, Equalities and Public Health
- Councillor Kye Dudd, Cabinet Member with responsibility for Transport, Energy & New Green Deal
- Councillor Helen Holland, Cabinet Member with responsibility for Adult Social Care
- Councillor Helen Godwin, Cabinet Member for Women, Families and Homes (Lead Member for Children's Services)
- Councillor Nicola Beech, Cabinet Member with responsibility for Spatial Planning and City Design
- Councillor Afzal Shah, Cabinet Member with responsibility for Climate, Ecology and Sustainable Growth

Officers in Attendance:

- Mike Jackson, Chief Executive
- Denise Murray, Service Director – Finance
- Michael Pilcher, Chief Accountant
- Tian Ze Hao, Senior Finance Business Partner
- Stephen Peacock, Executive Director - Growth & Regeneration
- Jacqui Jenson, Executive Director Adults, Children and Education
- Jan Cadby, Risk Manager
- Tim Borrett, Director: Policy, Strategy and Partnerships



Also, in attendance:

- Ed Rowberry, Chief Executive at Bristol and Bath Regional Capital
- Laura Barrow, Finance Director at Bristol and Bath Regional Capital

2 Apologies for Absence

Apologies were received from Councillor Morris. Councillor Gollop attended as a substitute.

It was noted that Councillor Stevens who had previously been a Member of the Commission had now stood down as a Councillor.

3 Declarations of Interest

- Cllr Gollop stated that he was an independent director of Bristol and Bath Regional Capital and he would therefore withdraw from the meeting for the City Funds item.
- Cllr Cheney said that he was a City Council representative of the Bristol and Bath Regional Capital and he would withdraw from the discussion for the City Funds item.
- Cllr Alexander said he was a Council appointed Director of Gorum Homes.

4. Minutes of the Previous Meeting

The Committee Resolved:-

- (i) To agree the minutes of the last meeting as a correct record.

5 Action Sheet

The Committee noted the progress of actions from the previous meeting.

- There were two outstanding actions from the previous meeting regarding the Collection Fund Surplus/Deficit 2020/21 Report. The Scrutiny Coordinator said she would contact officers about this again.

6. Public Forum

A Public Forum Statement was received from David Redgewell (South West Transport Network and Railfuture Severnside) who attended the meeting and spoke to his statement. The full statement can be found here [Public Forum - Resources Scrutiny Commission 4.2.21](#)



7. Chair's Business

The Chair outlined to everyone how the meeting would be run.

8. Budget Monitoring Outturn Report P8

Michael Pilcher, Chief Accountant briefly took Members through the report and provided an overview of the current budget for the forthcoming Full Council meeting and the financial position of the Resources Directorate.

General Fund: when reporting officers had split down the cost and financial impact of pandemic from separately from ongoing base services.

- The Covid related financial impact was then estimated at £81M. This was an increase since the previous Monitoring Report and was mainly due to a loss of fees and charges, loss of income and increased expenditure.
- Non-Covid related finances; forecast £6m overspend. The Cabinet Budget Report included a request for approval for officers to draw down general reserves due to insufficient time to implement mitigating measures at this point in the year.

Ring Fenced Budgets:

- Housing Revenue Account (HRA): forecast a £3.3m underspend due to the Council not being able to undertake repairs and maintenance. There were also some pressures caused by Covid such as loss of rental income and additional costs of making the housing stock Covid secure.
- Dedicated Schools Grant (DSG); forecast a £8.6m in-year deficit predominantly in the High Needs Block which leads to an £11.4m carry forward.
- Public Health (PH) Budget was forecasting no variation with a small draw-down to cover some of the pressures within Leisure Services.

Resources Directorate: Officers previously forecast a £5.5m overspend impact from Covid. This is due to additional expenditure and income losses. And on on-going costs the Resources Directorate was forecasting a break-even position.

The Chair asked if the Adult Social Care (ASC) budget overspend had been predictable and if officers had any comment on the budging process that set the figures? Officers said that the Scrutiny Finance Task and Finish Group had raised concerns and these were also raised at a Full Council meeting. The Chair asked if the Council should not just increase the budget for this? Officers said there was a need to get balance right but that Bristol City Council was a high spending local authority (LA). Services were being transforming but this was a very difficult year. But the Council needed to continually challenge itself about reducing the costs of those services.

Councillor Holland, Cabinet Member with responsibility for Adult Social Care said there were difficult circumstance every year but they would have clearer assumptions next year. If the Council had been a high spender and provided a gold service that was one thing but she questioned that was the case. She added that she was more confident that the budget that had been set out this year portrayed a more realistic figure. But there were savings targets to reach every year.



The Executive Director for Adults, Children and Education said she agreed with what had previously been said. There were a number of initiatives being implemented such as Help to Help Your Self to support independent living and provide better outcomes for people. The Transformation Plan was very good Plan; it was achievable and they were driving real efficiencies in the system. Without Covid this year the Council would be much further along the journey. However, in the next year or so people would see a very different service evolve.

9. Budget Recommendations to Full Council

Cllr Cheney, Designated Deputy Mayor with responsibility for Finance, Governance and Performance highlighted how difficult the budget process had been this year due to lockdowns and moving from one tier to another. However, amongst many current societal problems such as redundancies and loss of incomes, they had produced a steady budget that would not involve cutting front line services. The Director of Finance provided Members with an overview and clarity of the key points within the Budget Recommendations to Full Council Report that had also been published for the Cabinet meeting on the 26th January.

The topics highlighted below refer to concerns or queries raised by Commission Members regarding the budget recommendations contained within the published report. References are made to the papers published for the Cabinet meeting (available [here](#)), and to questions submitted by Members prior to the meeting for which written responses were received from finance officers and relevant Cabinet Members. The questions and responses are also published with the minutes as Appendix A.

Capital Programme Overview

In the Cabinet meeting of 26th January 2021, the Capital Programme budget for the years 2021/22 to 2025/26, totalling £907.6 million, was discussed. This included the Housing Revenue Account and Transport Capital Programme, both of which were discussed within the Resources Scrutiny Commission (see below). It was confirmed that the Capital Programme was set within the longer-term parameters of the Medium-Term Financial Plan.

Prior to the meeting, one of the issues that was raised by members was the budgeting within the Capital Programme for the Bristol Beacon. Officers responded that the current budget for the Bristol Beacon is £48.8 million, and the Capital Programme (£907m) contains a corporate general fund contingency of £60m, intended to accommodate the potential for overruns and new cost associated with existing projects. During the meeting concerns were raised around the transparency of this project where exact figures are not yet known. Councillor Cheney, the Deputy Mayor with responsibility for Finance, Governance and Performance stated that as decisions had not yet been formally made the current planning involved provisions only. It was noted that a Scrutiny Briefing on Bristol Beacon was anticipated in the near future.

Housing Revenue Account

Members noted the forecast underspend of £3.3m on the Housing Revenue Account (HRA). Officers explained that an underspend of £6.3m had arisen due to delays in the maintenance programme caused by COVID. Combined with the forecast £3.0m spend on Covid-19 related pressures for which no



government funding had been provided, this resulted in the total net underspend of £3.3m. This will be transferred to the HRA reserve at year-end to address the backlog of repairs.

In response to member's queries, it was noted that applying a 1% uplift to current rents would increase annual revenue to the HRA by £1.1 million each year. In light of this, Members queried the decision not to increase rents. Members were concerned that there would be serious pressures on the HRA reserve in three to four years' time and suggested that in other scenarios the decision not to increase rents would have been made after consideration of efficiencies and other options first, and it was unclear how these pressures could be resolved.

This was noted by Councillor Cheney who confirmed that rent increases in future years had not been ruled out, and long-term predictions would remain speculative. However, the decision was taken as 'an ethical decision' in the context of expected wholesale redundancies and other economic vulnerabilities following the pandemic.

Transport Capital Programme

Members submitted a number of written questions regarding transport elements of the Capital Programme, particularly around allocation of maintenance funds. The responses received stated that the Capital Programme had allocated £13m to essential maintenance works. There was a significant backlog of maintenance needs and the final allocations had not yet been decided, but an indicative list was provided. The next phase of the maintenance will detail the full risk profile of each project.

Members raised a concern that the position taken around maintenance appeared to be reactive rather than proactive, noting that an Enhanced Asset Register had previously been raised as a potential way to address this, and it was asked if there were any plans in place to develop such a register. It was understood that this had not been possible for the current budget due to the necessity of prioritising need, while looking to prevention work where possible.

Members noted in submitted questions that no budget had been allocated in the Capital Programme for drainage enhancements which seemed surprising given recent increases in local flooding. They received the response that the lifecycle modelling and asset assessment for drainage was not available and, in any event, this was not currently considered an immediate health & safety priority. Members queried that the lifecycle work had been previously budgeted for but not completed. Councillor Dudd, the Cabinet Member with responsibility for Transport, Energy & New Green Deal agreed to check drainage maintenance against the priority matrix.

Business Rates Retention

The papers provided outlined the recent Government announcement that Local Authorities could remain in the 100% business rates retention pilot for a further year but that a future reduction to 75% had not been ruled out as the review of Business Rates is still underway. It is unknown when these reviews will conclude, and a subsequent risk to future funding was noted. This could have a material impact on both the Bristol City Council income and the revenue funding of the West of England Combined Authority. It is proposed in the 2021/22 budget that this fund will be used to contribute to a range of one-off schemes and income shortfalls within Adult and Children Social Care and other initiatives, and 5% would be transferred to WECA for core operational activity. These streams of funding would be at risk should the Business Rates Retention Scheme not continue into 2022/23.



It was clarified that the commitment to the 100% Business Rates retention (and associated 5% funding for WECA) was part of the devolution deal, and central Government would need to consider not only the impact for the three unitary councils, but how WECA would be funded if a change to arrangements was made. Within Bristol City Council itself, the choice was made last year to de-risk the budget by using the funds gained from this sources for discrete or one-off projects to ensure that the core business as usual could continue in the event that this fund was lost.

Dedicated Schools Grant

The combined in-year forecast deficit together with a carried-forward deficit for the Dedicated Schools Grant (DSG) gives a total deficit to carry forward at the end of the year of £11.4million. Members expressed concern about this. Officers explained that this largely came from the High Needs Block and related to the cost of Special Educational Needs and Disability (SEND) provision and improvements made in completing Education, Health and Care Plans (EHCP), but there were also challenges in Early Years with a lack of Covid-19 support in this sector.

Members noted there was now an increasing deficit carried forward without a clear picture of how it would be resolved. SEND cost pressure is not just a local issue but a national issue. Officers stated that they hoped the ongoing and legacy cost issues driving these deficits would be addressed in future years by government. However, a deficit management plan (aligned with the Education Improvement Programme to improve outcomes and services and to reduce pressures in the High Needs block) was in development. There was continuous lobbying of the central government for appropriate funding. This plan will be brought to the Schools Forum and scrutinised by the People Scrutiny Commission and through other processes.

It was noted that as with many Local Authorities, we are seeing increasing deficits that exceed the overall School Reserves. A statutory override is in place to allow this to be carried forward as a liability with the view that a later deficit management plan would be implemented. Members expressed concern about this and stated strongly that there needed to be a national strategic review of funding to provide some clarity around ongoing management, particularly once the statutory override is lifted.

Adult Social Care

The papers published for the Cabinet meeting of 26th January demonstrated that Adult Social Care (ASC) shows a 2020-2021 overspend of £35.1m (including the impact of Covid) and an underlying non-Covid overspend of £7.2M.

Members queried whether the ASC overspend had been predictable (given that overspends had happened on numerous previous occasions). They queried whether this could be related to a problem with the budgeting process itself as well as the cost pressures. It was noted that the Scrutiny Budget Task Group had previously raised similar concerns over the ASC budget, which were also raised at Full Council. Officers stated that savings and efficiency targets were taken into account in budget setting, as well as provisions made in case of 'slippage' or 'optimism bias', however the pandemic had caused significant delays in implementing many of the changes that were necessary to achieve these savings. The Council was carrying out a Transformation Plan which included the continued challenge of reducing the costs of services, but the impact of COVID had affected its implementation.

Councillor Helen Holland, Cabinet Member with responsibility for Adult Social Care, was confident that the amount budgeted for this year which included some one-off funding, was a more realistic figure, but



there were savings to be made every year. She agreed that the funding situation was not sustainable, and that Bristol and many other Local Authorities required input from Central Government to help resolve the situation. The option to charge more via the council tax precept was welcomed but members noted that the precept puts the burden on local taxpayers and that in any event may not cover the total funds required. Officers said that this issue was frequently raised with the Local Government Association (LGA) and Central Government.

Members acknowledged the positive work taking place and the pressures experienced from different quarters. It was asked if a follow-up piece of 'constructive challenge' scrutiny with Resources Scrutiny or OSMB at the appropriate time would be helpful. This was welcomed by the Cabinet Member.

Company Business Plans

Members submitted a number of written questions regarding Goram Homes and other Company Business Plans. The responses received stated that the funding earmarked for Goram Homes is from the capital investment reserve and the company is required to operate within an approved funding envelope for each pipeline of activity. Goram Homes was initially approved with up to £10m potential loan facility for working capital and development investment from this reserve.

It was noted that the consideration of the Company Business Plans had been deferred, and it was confirmed that these would be considered by Scrutiny prior to consideration.

It was clarified that all funds to Goram Homes are repayable loans with interest payable (and not subsidies or grants). As the pipeline of activities to be undertaken by Goram Homes is currently in development, this fund had not yet been allocated.

It was understood from a recent OSMB meeting that a potential significant delay in an existing pipeline for a planned project had been identified, with a corresponding financial impact due to the delay. Officers stated that the potential delay in an element of the scheme would be built into the financial model, with consideration given to accelerating other pipelines as appropriate. A £3.3m loan facility for the working capital is available that has not yet been fully drawn down, and alternative pipeline activities are being discussed.

It was confirmed that the details of further projects are currently being developed, with the expectation that they would shortly be brought to Cabinet for approval. Once approved, Goram Homes will finalise and submit the company business plan.

Public Health Grant

Members queried how COVID and non-COVID related funding was separated within the Public Health budget. It was clarified that the Public Health grant related solely to non-COVID related funds. The current grant for 2020/21 was £32m but confirmation from central Government of the value of the grant for 2021/22 was awaited. The assumption had been made for budgeting purposes that this would remain the same as previous years.

10. Dedicated School Grant (DSG) 2021/22 Budget Proposals

This item was taken as part of the above Item: 9 Budget Recommendations to Full Council.



11. Housing Revenue Budget Proposals 2021-2022

This item was taken as part of the above Item 9. Budget Recommendations to Full Council.

12. Risk Report - Resources Directorate Q3

The Risk Manager briefly highlighted to Members some changes that had been made in the report such as unplanned investment and financial investment and also improvement around devolution, and deterioration around the Corporate Strategy.

The Chief Accountant provided some background and further clarification about the changes outlined above by saying that previously on the Risk Register under CRR1 - Major Capital Projects and Commercial Investments including the companies. In light of recent events and the Value for Money Review by Grant Thornton they had now split that risk into three separate components. So, the Growth and Regeneration Directorate Risk Report now contained the information about long term capital projects and the potential risks to the Capital Programme. The Resources Directorate Risk Report now contained the unplanned investments in subsidiary companies and losses associated and the financial investments.

The Director for Policy, Strategy and Partnerships then explained the changes to how devolution was reported in Risk Reports. He said this was really a technical correction on potential impacts based on the potential financial value of any further devolution deal.

The Chair thanked officers for their time.

13. Work Programme

The work programme was noted.

14. City Funds Impact Report

The Chair reminded everyone at this point, that the Impact Report would be taken in open session and the Annual Report would be taken afterwards in a separate closed session.

Ed Rowberry, Chief Executive of Bristol and Bath Regional Capital and Laura Barrow, Finance Director at Bristol and Bath Regional Capital (BBRC) both attended the meeting to present information on the Impact Report and answer questions from the Commission. Members were told that BBRC is a partnership between the two local authorities and Quartet Community Foundation for the City Funds. Over the past year and as part of the response to the Covid-19 pandemic and the One City approach, £2.4m of key investments had been committed to the local social economy that was helping to create economic, community and environmental resilience in Bristol. As part of the Build Back Better approach and economic renewal it was using an investment strategy that fills a financial gap for social enterprises to solve local, social and environment challenges. As one of the first funds of its kind in the UK the Impact Fund brings together grants, volunteering and local authority support in a coordinated, placed based approach to investment.



A Member said he thought this was a remarkable initiative and he was excited about one of the tallest wind turbines in the UK being built in Avonmouth and Lawrence Weston and he was very appreciative of the investment locally.

Another Member said this was the first time she had heard of this initiative and asked if it could be explained how they were managing the return on investment? Ed Rowberry explained that the first principle was to create a sustainable and revolving funding solution. When a social enterprise takes on an investment they are taking on a repayable investment and then utilise the revenue model for example, the wind turbine has the potential to create revenue so the money comes back into the pot and revolves in that way.

The same Councillor asked what the timescales were for 'return on investment' and what methodology was being used to quantify it, for example financial and / or social impacts? Ed Rowberry said that in terms of timescales it was 10 years with a potential to extend a further two more. They offer risk tolerant grant funding and use triple bottom-line accounting to create positive social and environmental change and use the Thriving Places Index methodology.

The Chair congratulated Ed Rowberry and Laura Barrow for what he said was an aptly named an 'impact' investment fund. He said in his view the 'partnership' aspect was a key to its success and long may that continue. He asked that it be noted that there was overwhelming support from the Commission for this investment funding to continue.

15. Exclusion of Press and Public

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

16. City Funds Annual Report

This item was held in an exempt session. The minutes for this item are therefore not publicly available.

CHAIR _____

