



Resources Scrutiny

14th January 2019



LOCAL GOVERNMENT FINANCE SETTLEMENT

Local government finance settlement

Settlement Funding Assessment / Business Rates Retention

- | | |
|---|---|
| <ul style="list-style-type: none">• Reiteration of anticipated move to 75% retention and announcements of 19/20 pilots. | <ul style="list-style-type: none">• Confirmation of final year of 100% business rates pilot for West of England |
| <ul style="list-style-type: none">• National Business Rates levy account in surplus | <ul style="list-style-type: none">• For Bristol the provisional funding is £1.5m, this is likely to be a one-off allocation and is not currently assumed within the MTFP. |
| <ul style="list-style-type: none">• Settlements sets out the tariff Bristol pay from business rates; this was confirmed at £83.2m as anticipated in the MTFP. | <ul style="list-style-type: none">• The actual business rates retained by Bristol will be based on actual forecast rates as per completion of the NNDR1 form which is expected to be published in the coming weeks. |

Local government finance settlement

Council Tax	
Core referendum principle of a maximum increase of 3.0%	Taken together is 1% above planning assumption of 2.99%, which would yield an additional £2m p.a
Final year of the additional allowable increase for Social Care Precept was confirmed, for which there is a further 1% available to Bristol.	
The notional ability to raise income from council tax will be taken into account during the redistribution of funds 2020 and beyond.	
New Homes Bonus	
Government have continued the scheme as amended in 2017/18, which reduced the bonus payments from 6 years to 4 years and introduced a 0.4% baseline below which no bonus was granted	Based on the actual growth being slightly lower than expected there is a £0.2m reduction from the MTFP planning assumptions.

Local government finance settlement

Social Care Funding	
Confirmation of 19/20 Improved Better Care fund allocations	Bristol allocation of £14.487m, this is assumed within the MTFP.
The £240m share of 2019/20 winter pressures funding for social care announced in the Autumn Budget has been proposed to be distributed based on Adult Social Care Relative Needs Formula (RNF) and routed through Better Care Fund.	Bristol (BCC/Health) will receive a ring-fenced £2.0m, was assumed within the MTFP however due to conditions associated this is now not assumed within the base position.
The £410m social care funding is proposed to be allocated based on the Adult Social Care RNF formula.	This will not be ring-fenced, allowing local discretion on how it can be used. Bristol's allocation is £3.4m.

Local government finance settlement

DSG Funding

Subsequent to the local government finance settlement the Government announced additional £250m funding for high needs budgets over 2018/19 and 2019/20

This is an additional **High Needs** DSG of +£1.0m in 2018/19 and another £1.0m in 2019/20. However this is still estimated to leave a cumulative deficit of £3.3m by March 2020.

CAPITAL PROGRAMME

Capital Programme

Capital Programme Summary							
Directorate	2018/19	2019/20	2020/21	Total (£000)			Total
				2021/22	2022/23	2023/24	
Adult, Children & Education	25,847	24,796	25,873	4,141	-	-	80,657
Growth & Regeneration	86,272	126,831	91,268	52,595	27,029	36,803	420,798
Resources	8,863	17,046	8,523	6,195	5,000	5,000	50,627
Corporate	-	10,728	8,933	9,005	9,000	10,000	47,666
Schemes Pending Business Case Development	-	5,137	12,250	22,750	29,050	24,790	93,977
HRA	39,544	51,832	59,003	72,721	53,228	47,301	323,629
Total	160,526	236,370	205,850	167,407	123,307	123,894	1,017,354
Prudential Borrowing	(54,805)	(81,232)	(57,243)	(37,081)	(17,011)	(13,600)	(260,972)
Grants	(49,830)	(58,116)	(57,223)	(23,037)	(28,546)	(20,550)	(237,302)
Developer Contributions	(775)	(6,679)	(5,750)	(5,750)	(5,500)	(6,890)	(31,344)
Capital Receipts (GF)	(15,107)	(33,226)	(18,013)	(23,455)	(14,500)	(17,500)	(121,801)
Revenue / Reserves (GF)	(465)	(554)	(149)	(74)	(78)	(35)	(1,355)
Economic Development Fund (EDF)	-	(4,731)	(8,469)	(5,289)	(4,444)	(18,018)	(40,951)
HRA	(39,544)	(51,832)	(59,003)	(72,721)	(53,228)	(47,301)	(323,629)
Total	(160,526)	(236,370)	(205,850)	(167,407)	(123,307)	(123,894)	(1,017,354)

**See appendix for full detail*

Capital Receipts

Total Capital Receipts	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m	£m	£m
Brought Forward	(20.65)	(3.40)	(0.28)	(1.99)	(1.95)	(9.45)	
New Capital Receipts		(33.75)	(21.25)	(23.76)	(22.00)	(10.00)	(110.76)
Applied to:							
Flexible use of capital receipts	2.14	3.64	1.52	0.35	-	-	7.66
Capital programme	15.11	33.23	18.01	23.46	14.50	17.50	121.80
<i>of which:</i>							
Capital Short term assets	3.81	11.85	6.01	3.70	2.50	2.50	30.37
Regeneration capital	11.30	21.38	12.00	19.76	12.00	15.00	91.43
Carried forward	(3.40)	(0.28)	(1.99)	(1.95)	(9.45)	(1.95)	

General Fund Corporate Capital Receipt Assumptions							Total £m
2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m		
Balance Received	(20.65)	(3.40)	(0.28)	(1.99)	(1.95)	(9.45)	
Notional Target/Pipeline		(6.00)	(7.50)	(9.00)	(8.00)		(30.50)
Cattle Market Rd / Engine Shed II / Housing Comf		(27.75)	(13.75)	(14.76)	(14.00)	(10.00)	(80.26)
Sub-total	(20.65)	(37.15)	(21.53)	(25.75)	(23.95)	(19.45)	
Assumed Expenditure							
Flexible Use of capital receipts							
Strengthening Families	1.02	0.42	-	-	-	-	1.43
Enabling Costs	-	0.35	0.35	0.35	-	-	1.05
FSA revenue	1.13	2.88	1.17	-	-	-	5.18
	2.14	3.64	1.52	0.35	-	-	7.66
Capital Short life assets							
ICT Refresh Programme	0.22	2.59	2.00	1.50	1.50	1.50	9.31
ICT Strategy/ FSA	1.15	5.86	3.27	2.20	1.00	1.00	14.47
Mobile Working	0.42	0.10	-	-	-	-	0.51
Fleet Replacement	2.03	3.30	0.75	-	-	-	6.08
Sub-total	3.81	11.85	6.01	3.70	2.50	2.50	30.37
Capital Regeneration Schemes							
Cattle Market Rd Development	11.02	7.63	2.00	-	-	-	20.65
Strategic Property	0.28						
Engine Shed 2		1.75		4.76			6.51
Housing Co.		12.00	10.00	14.00	10.00	15.00	61.00
Children's Homes				1.00	2.00		3.00
Sub-total	11.30	21.38	12.00	19.76	12.00	15.00	91.16
Total Expenditure	17.25	36.87	19.53	23.81	14.50	17.50	129.18
Receipts Carried Forward	(3.40)	(0.28)	(1.99)	(1.95)	(9.45)	(1.95)	

- Note, illustrative only, the application of capital receipts will be based on the most economically advantageous alignment with capital programme at the end of each financial year.

Capital Receipts Received

	£m
Cheltenham Road Library	(2.747)
Callowhill Court - lease consolidation	(4.003)
Bristol Hotel - lease re-gear/freehold sale	(2.000)
Lidl Lawrence Weston (Land @ Stiles Lane)	(1.807)
Assembly - (formerly Bank Place) Temple Way/Narrow Plain	(1.500)
Sale of 10 Library Apartments at Bristol North Baths Project	(1.169)
Former Texaco Storage Depot, Avonmouth	(0.938)
20-26 Stokes Croft	(0.603)
49 High Street, Westbury on Trym	(0.375)
Smoke Lane Avonmouth	(0.360)
31 Midland Road, Old Market	(0.283)
17 Midland Road, Old Market BS2 0JT	(0.275)
Woodlands Road Clifton - ex public toilets	(0.215)
Bus Depot, Muller Rd	(0.126)
Plant and equipment	(0.125)
Bonneville Road Car Park	(0.110)
Park Furnishers , Second Way Avonmouth	(0.100)
46-48 Queen Charlotte St , prop id 9061	(0.031)
6 Hallen Drive	(0.018)
St Matthias park strip of land	(0.015)
10 Stillhouse Lane	(0.012)
Maesknoll EPH	(1.501)
Muller Road Bus Depot	(1.055)
Home Farm, Kingsweston Lane	(0.526)
ecourcy House (Option Payment)	(0.450)
St Agnes Park Lodge, 45 Thomas Street	(0.225)
Capital Receipts	(0.100)
Former Rockwell EPH	(0.026)
Unit 2 57 Days Road (Deed of Variation)	(0.010)
Homeland Drive Brislington - Land Sale	(0.008)
Leases (Less than £10K)	(0.005)
Capital Receipts	(0.005)
Land at Hallen Farm	(0.005)
Total Capital Receipts unapplied to date	(20.727)

Pipeline Disposals excl. indicative values

Ambulance Station
Bath Rd Totterdown
Bedminster Green
Broad Plain
Bus Depot, Muller Rd
Cattle Market Road (UOB)
Constable/Crome
Decourcy House
Development to Rear of 100 Temple St
Dunmail
Filwood Swimming Pool
Haldon Close
Hartcliffe Campus
Henacre
Hengrove 1 Kier
Herkomer
Maesknoll
O&M Shed
Persimmon Lawrence Weston
Redcliffe Wharf
Rockwell
Temple Square / Engine Shed II
Waterfront Place

Note: The financing of the capital programme does not specify which receipts are allocated to which project.

*Figures are residual receipts unapplied and doesn't necessarily reflect the actual receipt
The pipeline isn't a comprehensive list due to confidentiality/commercially sensitivity.*

Assumed Developer Contributions

Available Developer Contribution Assumptions for MTFP							
	2018/19	2019/20	2020/21	2021/22	2011/23	2023/24	Total
	£m	£m	£m	£m	£m	£m	£m
Capital Programme Assumptions	0.775	6.679	5.750	5.750	5.500	6.890	31.344
Existing s106 plans	0.775	1.215	-	-	-	-	1.990
CIL	-	5.464	5.750	5.750	5.500	6.890	29.354

Available CIL and Assumptions for MTFP							
	2018/19	2019/20	2020/21	2021/22	2011/23	2023/24	Total
	£m	£m	£m	£m	£m	£m	£m
Balance Brought forward	12.490	15.135	13.776	10.526	7.276	4.276	
Assumed new receipts	3.420	5.320	2.500	2.500	2.500	2.500	18.740
Less Planned Commitments in Capital Programme							
Strategic Property - Temple Meads development		2.100					2.100
Investment in Markets infrastructure & buildings		0.250	0.250	0.250			0.750
Investment in Parks and Green Spaces		0.614					0.614
Housing Strategy and Commissioning		0.500	0.500	0.500	0.500		2.000
Areas for Growth and Regeneration	-	2.000	5.000	5.000	5.000	6.890	23.890
Passenger Transport	0.105						0.105
Sustainable Transport	0.068						0.068
Investment in Parks and Green Spaces	0.485	1.051					1.536
Planning & Sustainable Development - Legible Ci	0.055						0.055
Planning & Sustainable Development - Public re	0.015	0.030					0.045
Economy Development	0.005						0.005
Highways & Traffic Infrastructure - General	0.042	0.134					0.176
Sub-total	0.775	6.679	5.750	5.750	5.500	6.890	31.344
Balance Carried Forward	15.14	13.78	10.53	7.28	4.28	0.11	

Assumed new net receipts includes a 5% deduction for administration. Residual receipts above £2.5 from 20/21 onwards include both Infrastructure and Area Committees allocations

ARENA FUNDING

Arena Funding

Funding Source	Original Capital Funding £m	Spent on initial and ongoing development of area £m	Assumed within MTFP £m	Residual £m	Applied to
Revenue Contribution	0.25	0.25	0.00	0.00	• Site development
CIL	8.00	0.00	8.00	0.00	• £2.1m allocated to Engine Shed 2
Cattle Market Road Capital Receipt	15.90	0.00	10.60	5.30	• Residual element allocated to City regeneration schemes to be determined
Transport Contribution	1.76	0.00	1.76	0.00	• Cattle Market Road
Economic Development Fund	53.00	0.00	53.00	0.00	• Assumed within transport programme
Residual Borrowing	44.59	12.35	44.59	0.00	• Subject to business case for substitution
					• Prudential borrowing Engine Shed 2, substitution via LGF/EDF to be considered.
	123.50	12.60	118.2	5.30	
Less spend allowable for continued works		(0.6)			
Indicative Revenue Reversion		12.0			• Costs already incurred that can no longer be treated as capital.
Funded by:					
Planned redirected earmarked reserves		3.5			
Business Transformation reserve		1.5			
General Risk Reserve		7.0			

Note:

- *Reduced borrowing from capital programme has delivered £2.5m recurrent revenue savings which is incorporated in the MTFP*
- *Works such as Bridge and land acquisition are funded from separate grant and excluded from the above*

RESERVES

Reserves Forecast

Earmarked Reserve Type	2018/19				Budgeted Closing Balance 31.03.19	2019/20		Forecast Closing Balance 31.03.20	2020-2024		Forecast Closing Balance 31.03.24
	Actual Closing Balance 31.03.18	Approved in budget report	Transfers for approval	Proposed Drawdown 18/19		Contributions to	Forecast Drawdown		Contributions to	Forecast Drawdown	
Capital Investment Reserves	(16.795)	(7.700)	(3.450)	10.955	(16.990)	(6.000)	11.715	(11.275)	(11.000)	11.200	(11.075)
Business Transformation Reserves	(5.684)	1.544	0.015	3.141	(0.983)	0.000	0.600	(0.383)	(4.076)	0.383	(4.076)
Specific Risk Management Reserves	(13.439)	(0.909)	2.000	1.765	(10.584)	(0.371)	4.586	(6.369)	0.000	3.641	(2.728)
Statutory/Ring-Fenced Reserves	(14.642)	0.000	0.000	1.670	(12.971)	0.000	2.000	(10.971)	0.000	7.935	(3.036)
Financing Reserves	(13.600)	0.000	1.100	5.959	(6.541)	0.000	2.172	(4.368)	0.000	3.013	(1.355)
Service Specific Reserves	(15.460)	0.190	1.906	1.930	(11.434)	(0.095)	5.425	(6.104)	(0.190)	6.131	(0.163)
Legal Reserve	(0.750)	(0.085)	0.000	0.085	(0.750)	0.000	0.000	(0.750)	0.000	0.000	(0.750)
Mayors Consultation Reserve	(1.000)	0.000	0.000	0.500	(0.500)	0.000	0.000	(0.500)	0.000	0.000	(0.500)
General Risk Reserve	(6.050)	(0.540)	0.000	6.050	(0.540)	(4.000)	0.000	(4.540)	0.000	0.000	(4.540)
Total Earmarked Reserve	(87.420)	(7.500)	1.571	32.056	(61.293)	(10.466)	26.498	(45.262)	(15.266)	32.304	(28.224)
%age movement in earmarked reserves					-30%			-26%			-38%
General Reserve	(20.000)	0.000	(1.571)	0.000	(21.571)	1.571	0.000	(20.000)	0.000	0.000	(20.000)
%age of net revenue budget	5.5%				5.7%			5.4%			5.1%
Total Reserves	(87.420)	(7.500)	0.000	32.056	(82.865)	(8.895)	26.498	(65.262)	(15.266)	32.304	(48.224)

Reserves

Capital Investment Reserves	The capital reserve is maintained to provide funding for the Council's capital / commercial investments and growth in Enterprise areas.
Business Transformation Reserves	Invest to save funds and feasibility funds for transformation programmes
Specific Risk Management Reserves	Risk Reserves Funds set aside to mitigate known risks not otherwise provided for including, contribute to costs of Waste contract, volatility in Housing Benefit Subsidy and uninsured risks.
Statutory/Ring-Fenced Reserves	Amounts required by statute or accounting code of practice to be set aside and ring-fenced for specific purposes, e.g. Public Health Reserve, City Deal Business Rate Pooling . Stoke Park Dowry.
Financing Reserves	Technical Financial Reserves - Includes PFI sinking fund, grant income carried forward in accordance with accounting regulations, including troubled families grant and resources set aside to match known contract liabilities,
Service Specific Reserves	Amounts set aside to finance specific projects or to meet known expenditure plans, including: <ul style="list-style-type: none">- Bristol Futures - to provide new technology to improve public services- Development Fund primarily to fund Docks Asset Survey existing and proposed regeneration schemes- Election reserve for local elections
Legal Reserve	Funds set aside to commission advice and mitigate risks of potential litigation/claims.
Mayors Consultation Reserve	Funds set aside to mitigate risks of delays to delivery of savings as a result of consultation outcomes
General Risk Reserve	Funds set aside to mitigate risks aligning to risk register not specifically quantified