Appendix A3 – Growth and Regeneration — 2020/21 – P09 Budget Monitor Report

a: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance	Of which : Covid	Non Covid
P09	**£55.2m**	**£84.0m**	**£28.8m overspend**	**£28.3m**	**£0.6m**
P08	*£64.5m*	*£91.9m*	*£27.4m overspend*	*£26.7m*	*£0.8m*

May	June	Aug	Sept	Oct	Nov	Dec	Jan	Feb
31.0	28.9	26.5	26.8	28.7	27.4	28.8		
	▲	▲	▼	▼	▲	▼		

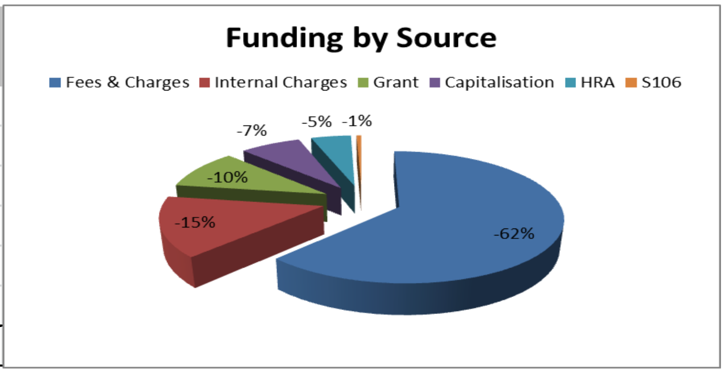
Position by Division

General Fund	2020/21 - Full Year: Revised Budget	Revised Outturn	Revised Outturn Variance	P9 Forecast Variance: COVID-19 Exp	COVID-19 Inc	COVID	Non-COVID	Movement vs P8: Increase /(Decrease): COVID	Non-COVID	Total Movement
	£000s			£000s		£000s		£000s		
Housing & Landlord Services	14,896	19,994	5,098	4,534	0	4,534	564	33	(7)	26
Development of Place	1,431	2,223	792	40	1,128	1,168	(376)	(265)	153	(112)
Economy of Place	5,027	13,339	8,312	821	6,088	6,909	1,403	638	(23)	615
Management of Place	33,836	48,455	14,619	1,773	13,867	15,640	(1,021)	1,164	(311)	853
Total Growth & Regeneration	**55,190**	**84,010**	**28,821**	**7,168**	**21,083**	**28,251**	**570**	**1,570**	**(189)**	**1,382**

The Growth & Regeneration Directorate reported a £28.8m overspend against a net expenditure budget of £55.2m. The overspend is mainly due to the impacts of the pandemic which has significantly affected several of the directorate's fee generating services. The third lockdown, announced in early January '21 and effective for at least January and February '21, has worsened the forecast vs. the P8 outturn. The forecast variance has increased by £1.4m, driven by services anticipating a reduction in income generating activities in the last quarter of the year. The most affected services are parking (£0.9m movement vs P8) and property (£0.8m movement vs P8). Note – the total budget has reduced by c. £9m due to movement of the WECA transport levy to corporate finance. The respective forecast costs have also been transferred.

The Directorate generates over £116m in revenue to partially fund its activities. The table below shows the breakdown of the funding by type.

Fund Source:	Revised Budget
Fees & Charges	-72,444,698
Internal Charges	-17,428,610
Grant	-11,595,300
Capitalisation	-8,440,720
HRA	-5,569,460
S106	-636,760
	-116,115,548



Key Messages:

Housing & Landlord Services – The division is forecasting a £5.1m overspend against a revised budget of £14.9m at P9. The main reasons for the expenditure pressure are:

- The £2.5m budget for subsidy loss has been transferred from Revenues and Benefits to Housing Options, with a forecast overspend of £1.0m.
- As part of the initial response to Covid-19, Bristol City Council has accommodated and supported over 350 people who were rough sleeping or in communal night shelters as part of “Everyone in”. The forecast net cost of this provision until the end of July was £2.7m, which included costs of dilapidation and deep cleaning of hotels yet to be incurred which are anticipated to be funded from the Covid-19 grant allocation, as well as a small ring-fenced grant of £73,500 received from the MHCLG.
- The Move-on Project Board recommends the principle of continuing to accommodate and provide move on options to avoid rough sleepers returning to the streets, including people with no recourse to public funds. The MHCLG Next Steps Accommodation Programme funding of £1.936m has been awarded for 2020/21 and will reduce the call on the Covid grant.
- Due to the second Covid lockdown the forecast spend on accommodating rough sleepers increased by a further £0.5m. This should be funded from the “Protect Programme” funding of £0.596m for 2020/21.

Development of Place – The division is forecasting a £0.8m overspend against a revised budget of £1.4m at P9. The forecast has improved by £0.1m vs P8 outturn. The drivers for these variances are:

- Variance to budget - significant reductions in income have been experienced across the planning and building regulations services during the pandemic. Some developments and work are simply put on pause and which will create a small amount of “catch-up”. However there is only a limited capacity within the market to progress developments, planning applications, searches etc. Therefore it is anticipated that there won’t be 100% “catch-up” and that this will take several months to return to regular level. The services are anticipating a reduction in its ability to support and progress on capital projects.
- Movement from P8 – minor uplift in fee income outlook and costs eligible for capital recharges identified within the service

Economy of Place – The division is forecasting an £8.3m overspend against a revised net budget of £5.0m at P9. The forecast has worsened by 0.6m vs P8 outturn. The drivers for these variances are:

- Variance to budget - it is expected that commercial property rental income will experience significant pressures on collection of rent, (£3.4m) with most of the commercial portfolio experiencing 10-30% reduction, and hotels and licenses a 70% reduction. This estimate is based upon collection rates experienced throughout the first lockdown, and correlated with ONS statistics on national business insolvency risk, and intelligence from the Council’s own property agents who estimate these losses across a national mixed commercial portfolio.
- Variance to budget - Under-recovery of £1m relating to income budgets for ad hoc use of our land and loss of income from Temple Street now that Bristol Energy have moved out.
- Variance to budget - The remaining variance is driven by the loss of income from museums, libraries and other events. Whilst some costs may be covered by furloughing relevant staff this doesn’t cover all of the lost income. These activities may take a long time to return to pre-COVID income levels as capacity will be reduced for the foreseeable future as a result of infection control and social distancing measures.
- Movement from P8 – The movement from P8 is driven by the anticipated impact of the third lockdown on the commercial property portfolio (-£0.8m).

Management of Place – The division is forecasting a £14.6m overspend against a revised budget of £33.8m. The forecast has worsened by 0.8m vs P8 outturn. The main drivers for these variances are:

- Variance to budget - Significant reductions in income have been experienced across our car parks including off-Street car parks, on street parking, resident parking schemes, parking charge notices etc. Occupancy has reduced significantly during the pandemic (£11.9m impact).
- Variance to budget - Waste management services also experienced additional cost pressures (£1.7m) due to increases in residential residual waste and recycling volumes, market price volatility for waste disposal, and additional measure introduced for social distancing.
- Variance to budget - Income pressures in regulatory services and park services (£0.9m) driven by COVID – loss of demand in licensing, pest control, and catering income.
- Movement from P8 The movement from P8 is driven by the anticipated impact of the third lockdown on the parking service (-£0.9m).

Whilst central government have announced support to local authorities in funding a proportion of lost fees and charges income, there are caveats on what they are prepared to fund, as a result the Directorate will still be left with a balance of COVID related overspends that will need to be funded from its earmarked reserves.

Savings Delivery

20/21 G&R Directorate Savings Target (£'000s): 3,012

	This month			Last month		
	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk	Total value of savings (£'000s)	Value at risk (£'000s)	Proportion at risk
No - savings are at risk	779	622	80%	625	625	100%
Yes - savings are safe	2,233	0	0%	2,387	0	0%
SAVING CLOSED - CONFIRMED AS 'SECURED & DELIVERED'	0	0	n/a	0	0	n/a
NO RAG PROVIDED	0	0	n/a	0	0	n/a
Grand Total	**3,012**	**622**	**21%**	3,012	625	21%
n/a - represents one off savings or mitigations in previous year	-1,326	0	0%	-1,326	0	0%
Accelerated efficiencies (balancing line)	0	0	n/a	0	0	n/a
WRITTEN OFF	380	0	0%	380	0	0%
Grand Total	**2,066**	**622**	**30%**	2,066	625	30%

Top 5 largest savings at risk in (ordered by size of saving at risk)

ID	Name of Proposal	Value at Risk in 20/21 (£'000)
IN04-1	*ONE OFF MITIGATION* Establish city centre business rate development team	£ 240
NEW2	*ONE OFF MITIGATION* * 19/20 Rollover* - Review our approach to managing and optimising the value of public sector land and buildings	£ 200
IN27	Generating and saving money through energy generation and efficiency	£ 140
IN29	*ONE OFF MITIGATION* New ways of funding Development Management services	£ 23
IN25	*ONE OFF MITIGATION* Increase income generation and efficiency across culture	£ 19

Mitigated savings from previous years' that remain 'due' for delivery this year (£m)

Amount due from previous year(s):	**£ 1.07**
Amount reported at risk:	£ 0.20

Key Changes since last month

1. Following Delivery Exec approval, a number of changes have been processed for G&R affecting this month as follows:
A) **RS02 (£250k)** saving has now had change request approved and split out - previously road maintenance, then SMART city initiatives, but is now reflected by savings from digitise parking permits and staffing savings in Connected City team. The secured and delivered is pending Finance sign off.
B) **IN04 City centre development team (£240k)** - All historical savings associated with this saving (i.e. 240k target from previous years and 20/21) will be written off from 21/22. Therefore a one off mitigation for the in year risk is needed only. (Note future 21/22 target has also been replaced as part of budget setting- subject to approval).
C) **NEW2 Review approach to managing land** - As above, historical savings of £200k have been agreed to be written off from 21/22, therefore only one off mitigation is required. The full amount is reporting at risk in year.
D) **IN29 - New ways of funding development management** - Historical savings targets due in 20/21 (or rollovers from year's prior) have been agreed to written off from 21/22 (as well as the new 21/22 target). In year saving has been partially mitigated via Covid funds one off, with small amount oustanding.
E) **IN25 & IN05 - Culture income and efficiencies** -Historical savings targets due in 20/21 (or rollovers from year's prior) have been agreed to written off from 21/22. In year mitigation confirmation required. Note future year's targets still remain at present.

2. In addition to the above change requests, a number of savings remain reporting RED, with one additional item now reporting as at risk as follows:
A) **IN27 Generating and saving money through energy generation and efficiency** (£140k of £240k at risk)

b: Risks and Opportunities

Division Name	Service Name	Description	Risk / Opportunity £'000	Mitigations / Opportunity
Housing and Landlord Services	Housing Options	Due to economic impact of Covid - homelessness may increase - leading to greater use of temporary accommodation		Seek additional supported accommodation and increase acquisition of units
Management of Place	Traffic & Highways	Previously Marston's have not been allowed to enforce the PCN and Bus Lane Enforcement debts and in January they have been advised that they can begin to chase the outstanding debt. There is an opportunity that they may recover some of the debt before year end	75	
Management of Place	Parks Service	Operating cost spressure on Cems & Crems should the level of deaths start to rise as per early Summer.	?	
Management of Place	Energy Service	from Nov'20 the Heat Network Ltd company (SPV) will operate. This has stopped the Energy Service from recharging staff to capital projects in-relation to this and also the fee income from customers will now go direct to Heat Network Ltd company. This is slightly off set from a mgt fee recharged to the Company for services they will continue to suppot the Company with.	-480	
Management of Place	Traffic & Highways	Rising cases of COVID into winter. Forecast includes lockdown for Jan and Feb, and Tier 4 March	?	
Management of Place	Reg Services	COVID pressure on licensing income - unclear on the numbers of pubs, clubs etc that might not renew their licenses	?	
Economy of Place	Property Management	Commerical rent that is collected may be different to that in the forecast- a prudent amount has been included but this given the size of budget (£12m) a small fluctation either way could have an impact on the outturn	?	Have already taken £3m under recovery of income into the forecast based on current collection rates
			-405	

The net risks and opportunities flagged by service managers total £405k. These require close monitoring as some are linked to the council's wider response to COVID.

c: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£163.3m	£106.2m	£41.3m	£108.2m	£2.0m
		39% of Budget	102% of budget	

2019/20 Comparator

	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
	£67.1m	£35.1m	£55.8m	(£11.3m)

Gross expenditure by Programme

Ref	Scheme	Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
		Current Year (FY2020) - Period 9				Performance to budget	
		£000s				%	
Growth & Regeneration							
GR01	Strategic Property – Temple Meads Development	5,446	393	5,363	(83)	7%	98%
GR03	Economy Development - ASEA 2 Flood Defences	8,032	1,027	7,727	(305)	13%	96%
GR05	Strategic Property - Hawkfield Site	167	0	167	0	0%	100%
GR06	Innovation & Sustainability - OPCR 2	1,846	219	1,422	(424)	12%	77%
GR08	Delivery of Regeneration of Bedminster Green	225	79	125	(100)	35%	56%
NH01	Libraries for the Future	527	435	498	(29)	83%	94%
NH02	Investment in parks and green spaces	1,655	752	1,554	(101)	45%	94%
NH03	Cemetries & Crematoria - Pending Business Case Development	270	56	200	(70)	21%	74%
NH04	Third Household Waste Recycling and Re-use Centre	1,921	359	1,128	(793)	19%	59%
NH06	Bristol Operations Centre - Phase 1	150	136	150	0	91%	100%
NH06A	Bristol Operations Centre - Phase 2	1,120	209	529	(591)	19%	47%
NH07	Private Housing	3,528	2,250	3,310	(219)	64%	94%
PL01	Metrobus	172	280	1,386	1,214	162%	804%
PL02	Passenger Transport	955	124	808	(147)	13%	85%
PL03	Residents Parking Schemes	3	0	3	0	0%	100%
PL04	Strategic Transport	358	2,093	270	(88)	585%	75%
PL05	Sustainable Transport	7,246	4,348	6,108	(1,137)	60%	84%
PL06	Portway Park & Ride Rail Platform	1,000	274	1,000	0	27%	100%
PL08	Highways & Drainage Enhancements	191	153	191	0	80%	100%
PL09	Highways infrastructure - bridge investment	389	39	389	0	10%	100%
PL09A	Highways infrastructure - Cumberland Road Stabilisation Scheme	3,854	980	2,262	(1,592)	25%	59%
PL10	Highways & Traffic Infrastructure - General	9,841	6,261	10,134	293	64%	103%
PL10B	Highways & Traffic - Street Lighting	291	172	291	0	59%	100%
PL10C	Transport Parking Services	1,135	359	1,135	0	32%	100%
PL11A	Cattle Market Road site re-development	1,307	439	562	(745)	34%	43%
PL14	Bristol Legible City Scheme	130	96	130	0	74%	100%
PL15	Environmental Improvements Programme	140	64	140	0	46%	100%
PL17	Resilience Fund (£1m of the £10m Port Sale)	53	6	6	(47)	11%	11%
PL18	Energy services - Renewable energy investment scheme	886	315	736	(150)	36%	83%
PL18A	Energy Services – Bristol Heat Networks expansion	7,867	6,473	8,520	653	82%	108%
PL18B	Energy Services - School Efficiencies	66	66	69	3	100%	105%
PL18D	Energy Services - EU Replicate Grant	(115)	33	26	141	-29%	-23%
PL19	Energy Services Phase 2 Investment & commercialisation opportunities	180	0	180	0	0%	100%
PL20	Strategic Property	86	0	59	(28)	0%	68%
PL22	Strategic Property - Investment in existing waste facilities	521	0	521	0	0%	100%
PL23	Strategic Property - Temple St	30	30	30	0	100%	100%
PL24	Bristol Beacon	19,468	11,545	22,263	2,795	59%	114%
PL30	Housing Strategy and Commissioning	11,726	1,180	15,370	3,644	10%	131%
PL30A	Housing Programme delivered through Housing Company	13,000	0	13,000	0	0%	100%
PL35	Harbour Operational Infrastructure	179	2	179	0	1%	100%
PL36	Investment in Markets infrastructure & buildings	382	70	249	(133)	18%	65%
Total Growth & Regeneration		**106,226**	**41,315**	**108,187**	**1,961**	**39%**	**102%**

Key Messages

The current reports shows £41.3m spend against budget (39% delivery) against the revised budget of £106.2m. To achieve the revised budget target for 20/21, the directorate will need to increase monthly spend to £22m (excluding HRA) from the average of £4.5m per month as at P9. The directorate have submitted revised forecast proposals in line with up-to-date milestones for P9. Above is a breakdown of all the schemes within the G&R Capital programme. Note – the forecast is greater than the revised budget due to expectations of increase in spend vs the P6 position. The total capital programme is still within the approved budget limit.