

Resources Scrutiny Commission – Budget Scrutiny Meeting Part 1, 25th January 2022**Minutes of the Meeting**

Members present:

- Cllr Geoff Gollop - Chair
- Cllr Heather Mack – Vice Chair
- Cllr Tim Rippington
- Cllr Zoe Goodman
- Cllr Mark Bradshaw
- Cllr Martin Fodor
- Cllr John Goulandris
- Cllr Tony Dyer
- Cllr David Wilcox

Cabinet Members in attendance:

- Cllr Cheney, Deputy Mayor and Cabinet Member for Finance, Governance and Performance
- Cllr Ellie King, Public Health, Communities and Bristol One City
- Cllr Don Alexander, Transport

Officers in attendance:

- Mike Jackson, Chief Executive
- Denise Murray, Director of Finance
- Stephen Peacock, Executive Director Growth and Regeneration
- Donald Graham, Director: Housing & Landlord Services
- Michael Pilcher, Chief Accountant
- Glen Hammons, Interim Head of Corporate Finance
- Johanna Holmes, Scrutiny Coordinator

Apologies for Absence

- Cllr Gary Hopkins, Scrutiny Commission Member
- Cllr Nicola Beech – Cabinet Member; Climate, Ecology, Waste and Energy

Declarations of Interest

- none

Minutes of the Previous Meeting

- were agreed as a correct record

Chair's Business

The Chair began the meeting by explaining process of the meeting. It was clarified that Members had identified which areas were of most interest and the meeting would be split over two sessions so as to require Cabinet Member and officer attendance at just one of the meetings where possible. Areas identified for discussion at the two sessions were as follows:

1st Session

- Capital Programme
- Housing Revenue Account (Capital funding)
- Growth & Regeneration Directorate
- Reserves

2nd Session / 1st February 3.30pm

- People Directorate
- Adult Social Care
- Direct Schools Grant (DSG)
- Resources Directorate
- Savings

Members had submitted a number of questions to officers ahead of the meeting and the Chair thanked them for the detailed answers they had received and which had been published on the meeting webpage.

Public Forum

Received were:

- 2 Questions
- 2 Statements

Members agreed to note the public forum submissions.

Capital Programme

Members asked the following questions:

- A Member began by asking if in future the budget documentation could be cross referenced to help people navigate the information more easily as it was found to be very difficult. For example, the information about potential savings didn't refer to where the information was in other parts of the reports. It would be helpful if next time it could be more connected.
Councillor Cheney - Deputy Mayor, Finance, Governance and Performance said he understood the comment and agreed that it wasn't as clear as it could have been and that would be taken on board.
- Referring to the decarbonisation pipeline in the reports a Member asked had there been an option to include more projects or were there limiting factors such as the amount of capital the Council was borrowing or was it about the amount of work that could be done in that area?
The Executive Director, Growth and Regeneration replied that he thought the Member was referring to the £19m in the report, the bulk of which would be used to decarbonise the Council's estate, vehicle fleet and other things but that was just one element of the decarbonisation funding. There was a further £80m in the Housing Revenue Account (HRA) for this but there were also potential future bids. For example, national Government was still looking to contribute funding that the Council would potentially match fund. Also, there was the City Leap project and one of the key points there was that a private sector partner gives the Council an opportunity to match fund with private sector funding. But the £19m was within a constrained capital budget.
- (PL17) Resilience Fund and £1m of the Port sale had a zero next to it but why was it included in the budget proposals if it's zero? Officers said that in the report it stated that there was still £47,000 in that fund for this financial year but for future years there wasn't anything left in that fund because it came to an end this year. The same Member asked what it was used for and it was said that it was a sum of money that had previously been set aside for the local area when the Port was sold. The Member asked if that was same as the Investment Market Infrastructure and Buildings (PL36) that had £387,000 against it this year but had nothing for the next 5 years? The Cabinet Member said that was funding for St Nicks Market but expected it was the same reason yes.
- A Member commented that in terms of the capital pressures and a new way of working to ensure that the capital budget was spent, said that this year it looked as if inflationary costs and pressures will be enormous and have an impact. Would officers potentially prioritise which ones will go ahead if financial pressures suggest there could be an overspend?

The Executive Director Growth and Regeneration said that it was an evolving and improving situation in terms of the way they were monitoring both the projects and overall programme but yes in the past there had been underspends. He said they were addressing this by bringing in a 'capital strategic partner' to give extra capacity and expertise when needed. The pace was picking up and improving but yes costs were rising and projects are becoming more expensive. There were said to be a number of ways to try and address this and one was to put a lot of focus on contingency that had been put into a project and air on the side of caution at all times and be more consistent about that. He said they were also doing a lot more work on the individual stages such as being vigorous and transparent when moving projects from various stages of a business case though to execution and constantly looking to improve that. But yes there were supply chain issues pretty much everywhere for those wishing to deliver capital projects at the moment.

Follow-up question: what would officers consider would be a successful percentage of spend this year compared to previous years. The Director said he would be looking to next year and that by 2023 /2024 they would be looking for 100% delivery. They were on an improvement journey but was a complex picture because it's not just about numbers it's also about the quality i.e. we may be spending but not necessarily getting good value for money.

- It was suggested that Bristol Beacon must be under significant pressure from rising inflation and therefore the cost of production and labour would be putting that under a lot of pressure. Dis officers have any feel for what might happen with that project?
The Director said it was too early to say, everything was being kept under constant monitoring and it was the subject of a value for money report which Members would hear more about that through the year. He said it was being well managed and monitored but there are always risk particularly on historic buildings. There were pressures everywhere but their job was to manage them and keep the project within the cost envelope.
- A Member commented that some proposals were hard to understand but there was a parks one that stated that the infrastructure levy allocation criteria would be reviewed to release additional funding for parks and green spaces from 2023/24 to save £100k. His question was, is this proposing to take Community Infrastructure Levy (CIL) funding from Area Committees (ACs) to put into to parks?
The Cabinet Member for Finance, Governance and Performance said the idea was replicate a similar process to that of the Bristol Tree Forum, which is to submit bids to ACs CIL funds. This was a proposal and an 'ambition target' not a guaranteed income source.
The Member said he understood that and it did say it was subject to consultation but if the Area Committees hadn't prioritised that funding for Parks? The Cabinet Member said yes it was 'subject to' but not agreed as such.
The Chair followed on from that by saying that some ACs have very little CIL funding but don't want that to affect their local parks as well i.e. if the ACs don't contribute their local parks could miss out on funding opportunities, so there needed to be a way to ensure fair distribution of funding for parks.
- Was £1.64M enough to replace all Windows7 devices with Windows10? Cllr Cheney said yes that is what has been agreed and that's the goal. But we can't commit to all being replaced or updated though as we can't yet migrate some 'Apps' to Windows 10 and also it not been easy to get everybody to return their laptops.
- (PL27) vehicle electric fleet replacement; the report said there wasn't anything scheduled in for the years 2024/2025/2026/2027; was that a commitment to say that that all BCC vehicles would be electric or zero carbon by 2024? The Cabinet Member said no there would still be more to do. Some of the £19m decarbonisation fund would go towards the decarbonising the fleet as well. But there were things they were still struggling to achieve such as replacing some of the bigger vehicles.
Was the Council on track to replace all the vehicles by 2030?
The Chief Executive said he would need to check the detail about what percentage they expected to reach by 2030. He suggested they would be close but not absolutely and this partly reflects the

schedule for replacing the vehicles but also that it didn't necessarily make sense to go for 100% replacement because there were some specialist ones that don't currently exist as electric vehicles.

ACTION: Officers to confirm what percentage of the Councils vehicle fleet would be electric by 2030.

Related follow-up question; electric vehicles will enable reduced revenue costs if replaced. is it not therefore in terms of invest to save revenue costs, more efficient to change all vehicles to electric? The Chief Executive said the biggest issue is that there are not currently the specialist electric vehicles on the market to do the jobs we need them to do. But yes the Members general point was correct.

- Bristol being a harbour City and the infrastructure that comes with that; did Cabinet Members or officers have any idea what percentage of the Council's capital budget was spent on maintaining the harbour compared to other Core Cities?

The Executive Director Growth and Regeneration said that some initial work had been carried out on the structural deficits but there was a backlog of the improvements needed. Some funding from the Environment Agency would help part fund some of the essential work. That would form some of the early work on the River Avon flood defences but they had some ongoing technical work to address some of the immediate issues. But in terms of an overall cost for completion it would be better to come back with costs as part of the flood protection up-date to scrutiny. The Harbour was an asset but it was one that costs the Council a lot of money to maintain, so it needed to find a way to future proof it as part of the ongoing flood defence work.

Were there sources of funding available for Cities such as Bristol to help maintain waterways?

Officers said they had already submitted a bid to the Environment Agency to start process and also some funding would come from Defra. Officers were currently developing a delivery plan and funding strategy for the Harbour that would also include St Philips Marsh and Netham Lock. This was said to be a key priority for the coming year. However, the Cabinet Member said no there wasn't a specific pot of funding to bid into, the money would need to come from various sources.

- Question of clarity on GR01strategic property; was that Temple Meads or Temple Island? A Member said they were interested to know what the nearly £40m would be spent on.

Officers said it included Temple Island and Station Approach and some of Temple Quarter so it should probably say Temple Quarter in the report. A lot of work was going on and a report on this would be brought to the Growth and Regeneration Scrutiny Commission at the end of February.

- A question was asked about the (PL15) Environmental Improvement Programme (EIP), which says it's an ongoing budget over next 4 or 5 years, but it was not clear what that was? Also, listed on the same page under Housing Delivery is Strategic Property (PL34) Community Investment Scheme (EIP)and a one-off payment of £850K in the coming year. Why is this a one off and what's costing £850K? And for the EIP, what was the ongoing project and why was that a one-off? The Director said that (PL34) the EIP was a sum of money available to support enhancements on a scheme-by-scheme basis. This related to a scheme in Lawrence Weston that had been brought to Cabinet for a decision previously.

- DW PL09 Highways Infrastructure Bridge Investment, question for clarity; was this referring to one particular bridge or several bridges? Officers said it referred to Redcliffe and Plimsole Bridges. The Member asked where the funding for Gaol Ferry was? Officers said they would need to come back and confirm that after the meeting. **Action: Officers to confirm where the funding for Gaol Ferry Bridge was in the budget papers.**

- The Chair asked for clarification about his written question about Goram Homes and it not being in profit until 2025. He said he assumed Goram was building homes either for the open market or to sell to the HRA. Was that a fair assumption?

The Executive Director Growth and Regeneration clarified the Goram Homes model and said it was effectively a mixed tenure model. The numbers varied but it was up to 50% affordable housing (AH) depending on the market conditions. He didn't want to pre-empt Goram Homes Business Plan but said

it was free to sell homes to whomever it wished to. But in the HRA plan some sites had been identified which were in the pipeline for the HRA to acquire.

The Chair then asked if Goram Homes was building homes on a long-term contract would it not be accounting for the revenue up-lift as it goes and then be generating a profit? The reply was that it typically works in way that it enters into a sale agreement and then a down-payment is made and then payments are ongoing. The down-payment is typically 10%.

The Chair asked for clarification that the profit recognition is as you go and not all at the end? He said he appreciated that officer may need to come back to him after the meeting with an answer. The Director of Finance said that the key point was that the financial model that underpinned the programme works, assumes that any profits from the phased sales will be reinvested so they can reduce the amount of working capital funding they are drawing down. So, profitability comes when no additional working capital draw-down is required for that workstream of projects. This is to reduce the amount of loans being required.

- Question about Bristol Heat Networks. The Chair said he didn't understand why the Council was allocating investment to this when they were part of the City Leap arrangements. Why is capital allocated for Heat Networks for 2022/2023?

The Executive Director Growth and Regeneration said that due to a grant the Council previously received it needed to have to a plan in place to complete that work and not pre-empt the forthcoming procurement decision. He said once the procurement process was completed officers would revisit the whole programme and the funding arrangements.

- Transport Budget question; what the Council currently spends is revenue we receive from Central Government (not our own money). Could the Council spend more than it receives from Government if it wanted to? The Executive Director Growth and Regeneration said the Council spends a small amount of Council funds on transport but some also comes from the West of England Combined Authority (WECA). Going forward, the Council will be required to provide around 20% match funding on some Government transport funding, which is a large amount of money. Last year Full Council approved a slight increase for the repairs and maintenance budget because there is a backlog on this work. The same Councillor enquired whether if for example money wasn't being spent on Bristol Beacon, could the Council of spent that on transport? The answer was yes the Council could spend its capital funding on what it wanted.

Housing Revenue Account (HRA)

- Chair said he wanted to look at Housing Revenue Account (HRA) investment programme, mainly because it amounts to the significant figure of £1.3b over 30 years. He said he'd been rather baffled and so was raising this with officers because the HRA proposed capital spend was equal to the HRA financing. There was a detailed table that shows how the £1.3b financing was split between the various headings. In other words, it's coming from grants, capital receipts and developer contributions and borrowing. It seemed this was such a material sum of money that Members ought to have chance to raise questions for clarification. It was noted that the business plan had already been considered by Members but the capital spend in the budget papers had not.
- A Member commented he thought it was great to see the Council may well become one of biggest house builders in country. He said it was his understanding that everything the Council intends to build over the next 7 years is within the 'pipeline' already. Was that correct? Also, was Brislington Meadows development in pipeline or factored in anywhere?
The Cabinet Member said yes the substantive builds were already in the 'pipeline' and referred to officers to confirm about the answer to the second question. Officers said Appendix 3 of the report listed the approved schemes and confirmed that Brislington Meadows was not included in the pipeline.

The Executive Director Growth and Regeneration said that officers keep a close eye on all the sites. They had already identified all the sites that are likely to come forward and there is no conversation being had about Brislington Meadows being one of those sites.

- HRA reserves and the current balance of £97.8m; It was understood some of the capital reserves would be used and the report showed they would be reduced down to £21m. Were officers confident about the potential risks involved? Officers said the intention was to have two sets of reserves; one set of £20m and another of £10m which would be enough for one year's operating and a major repairs reserve. Appendix 1 paragraph 7 showed the risks that had been identified with this. The Councillor said he was asking about reducing it from £100m down to £21m, were they entirely confident that was enough?

The Executive Director Growth and Regeneration clarified that the acquisition by the HRA of sites to add to the portfolio was something that the Council doesn't have to make a long-term commitment to. Adding that officers annually review 'headroom' and this would be kept under review. The Director of Finance referred to the capital strategy and how it outlined a number of different metrics that need to be kept within to ensure the HRA remains affordable.

- A Member referred to earlier discussions about how Local Government was now dependent on Central Government offering funds and local authorities then making bids for that; with regards to the social housing decarbonisation fund that currently exists it wasn't known if or how long that will exist in the future, so were there any further proposals for decarbonisation in the future to get houses within the required targets? The Director of Housing and Landlord Services said that within the HRA business plan £80m had been set aside for investment to retro fit homes and make them more energy efficient and reduce the carbon footprint. There was also said to be a pilot for another 25 properties where it's intended to achieve the highest level of energy efficiency. Bristol it was said was making such a significant investment in this area that, subject to further discussions, it could appeal to central Government to go beyond match funding as it is such a big national issue that no local authority could possibly resolve on its own.
- It was asked if the Council had looked into the potential of Green Bonds as there may be people in the City that were interested in doing that?
The Cabinet Member said not specifically in the HRA no, but that was being looked at yes. The Director of Finance said they had done some initial work in terms of the potential costs associated with the potential process for adopting a Green Bond and also working with other core cities about other approaches in terms of financing. But it was not built into the programme at the moment as there was still a lot of work to do before it could be taking the proposition forward. The Cabinet Member confirmed it was an active conversation.
- Appendix A3, sites approved for planning and construction over the next 5 years; A Member said he'd expected to see Dover Court in Lockleaze included on the list and it wasn't. It was apparently going to a Planning Committee that week. The Executive Director of Growth and Regeneration said he would need to come back to the Member and clarify that. **Action: Officers to check why Dover Court wasn't on the list of sites the Member referred to.**

Growth and Regeneration Directorate

- Members referred to the review of parking spaces for disabled people and the Commission was advised that £100K was a recurring saving and that the review would be broader than only parking bays.

The Cabinet Member for Transport explained that any proposed changes would be subject to consultation. An example provided was a charge for painted courtesy parking bays outside people's houses. This was chargeable for some Authorities and a charge would provide a more effective service for people. Members were advised that not every disabled person needed a parking bay or

subsidised provision, as there were many disabled people in the city who had high status jobs and good incomes. Savings enabled prioritised expenditure on things such as pavements which were particularly important to people with disabilities.

There were questions around what the charges may be and how these would be calculated; Members were told that North Somerset charged £133 - £150, although the cost of a disabled bay could be up to £500. It was not proposed a charge would be up to the full cost, this was to illustrate what the expenditure was.

The Cabinet Member explained that there was not a proposed specific charge for disabled parking bays at this point; that this would be agreed after further evidence was provided and a benchmarking exercise was undertaken.

Members heard that details of any further criteria which included ability to pay for parking bays, and all proposed changes as part of the review on disabled parking and wider parking charges would be subject to consultation and a full equalities impact assessment.

Cllr Goulandris stated that he strongly disagreed with proposed charges for disabled parking as set out in the Cabinet papers.

The Commission was advised that all parking costs would be reviewed which adhered to the policy to reduce the attractiveness of car use and that car parking charges had not been raised for a lengthy period, and there was a need for extra revenue so other priorities could be paid for.

- There was a further discussion around proposals to review carparking charges, which included proposals to introduce charges in carparks that were currently free, and to remove the free 30-minute period in parking zones. The Chair requested there was consideration for parking zones in areas of increased demand as an alternative to charges for existing free car parks. The Chair stated that this could provide support for communities who currently felt overwhelmed by commuters who used spaces outside residents' houses, which had put pressure on families and disabled people who found they could no longer park close to their own home.

The Chair requested that proposals be structured in a way that recognised the pressures on families and local independent traders, which included consideration for a keeping the 30-minute free period in parking zones which enabled household visitors and passing trade for shops; if needed, to pay for this by an increased charge of the zone in the remaining period. There was Member support to retain the 30-minute free parking to support independent traders, that, whilst budget pressures were appreciated, it was felt reconfiguration of other charges could find the difference. The Cabinet Member agreed, subject to the ability to create revenue needed to produce a modern transport infrastructure, focused on active travel and public transport.

The Cabinet Member for Transport explained that the parking zones had not been lucrative, that the prices had not increased, and they were not always popular, especially with neighbouring areas, as this moved parking issues from one area to another; and the proposals in the budget adhered to the policy to reduce the attractive of car use.

- Members heard from the Cabinet Member for Transport that he would not welcome a budget amendment for a proposed increased number of parking zones in Bristol, that they would be subject to a consultation process. Members were advised the parking zones were resource intensive and, based on the programme of works and available capacity, increased parking zones would not be a priority.
- Members heard that decisions regarding proposals to introduce charges in the existing free car parks would be subject to discussions with local business as it was recognised that in some areas,

they were an important aspect of the success of already struggling high streets, whereas some were a source of anti-social behaviour. The Cabinet Member stated that it was time to have a considered review of all those car parks and enable revenue where appropriate, which included ensuring local shops were not negatively impacted.

- There was a discussion around the need for a parking strategy which would have to overcome many issues raised at the meeting, and the Commission was advised that a parking strategy was in development, but there was no timescale due to other commitments.
- There was a discussion around Liveable Neighbourhoods and Strategic Corridors, and the Chair stated that Liveable Neighbourhood objectives could be reached by capital spend through different packages channelled to support use by residents rather than only commuters.
- It was noted that Liveable Neighbourhoods would be in areas between the Strategic Corridors (which provided for segregated bus and active travel segregation), and the Chair recommended there was a joined-up policy to ensure a residential area linked to a Strategic Corridor did not experience pressure from extra cars on its roads.
- Members heard the intention of policy was to prevent higher volume of traffic entering residential areas, and that there was a need to not confuse the difference between a residential area with a Liveable Neighbourhood strategy, and a Strategic Corridor; there was disagreement with the analysis and the Chair recommended that the two should be looked at in parallel.
- There was a discussion around libraries, specifically the reduction of non-staffing budgets, which included the purchase of books, GR003, and the Commission was advised that the proposal was the material fund of £560,000 be reduced to £510,000, and books would still be purchased.
- Members heard that a projected rise in energy costs had been factored into the budget and that the Future Energy Supply item GR050 (saving of £150,000) related to energy procurement and was in the previous Cabinet papers. The business case to achieve the savings was to be produced.
- It was noted that item IM27, Bristol City Council energy services committed to making Bristol a carbon neutral city by 2050 should be amended to 2030. **Action: Officers to amend in the date in IM27 of the report to say Bristol would be carbon neutral from 2050 to read 2030.**
- The Commission were advised that the proposed levels of income within the Future Parks Programme was an achievable estimate (reference item GR021), and that there would be more opportunities to come; the business cases were to be developed.
- There was a discussion around the review on carparking in parks, and Members heard from the Cabinet Member for Public Health, Communities and Bristol One City that access via public transport and other factors, such as steep roads leading to the park or traffic displacement issues, would be considered when looking at proposals, and that there would be a full public consultation.
- It was noted that the formatting issue would be addressed, and the Commission was advised that Appendix 8 had the full list of detailed savings.

RESOLVED;

That;

- Members be provided with clarification on the proposed cost and/or charge of a disabled parking bays based on saving of £100K/year.

Reserves

- The Commission were advised that the news related to Together Energy did not impact the Council's accounts or finances.
- It was confirmed that there had been an announcement from the Education & Skills Funding Agency for an additional £2.69M Designated Schools Grant funding for Bristol for 22-23 and there would be a full analysis to clarify whether this, and the assumptions for future years, would influence the Council's position on risk, reserves and SEND deficit; Members were advised that a final figure would be available following further analysis.
- Members heard that each Council would take its own decision in terms of how SEND deficits were planned for, that the range of deficits would be different for all; and that Bristol's deficit had moved significantly in one year and there was a need to wait for final positions.
- Members asked about the ability to release £1.7M from Goram Homes and were advised that a detailed review of reserves would be conducted annually, which entailed identifying which could be released, redirected, and returned to the general fund. This exercise had been completed for the budget and, for Goram Homes, £1.7M of the funding identified for pipeline one was not required, and therefore could be released and redirected.
- It was noted that Goram Homes had slightly different funding arrangements in terms of loans and working capital and the Commission was referred to Appendix 9 which had details of loans and long-term arrangement with all the Council's subsidiaries.
- Members were advised that, in terms of considering risks related to subsidiaries holding reserves, the Council would always consider the company, the capital programme and level of contingency and reserves that were needed to support long term investment and potential risk exposure.
- The Commission was advised that, regarding the extra £3M to City Leap reserves, sufficient funding for completion of City Leap procurement process had been identified, a paper had gone to Cabinet with details, and it was recognised a successful outcome provided a need in the budget for some implementation cost, so provision had been made which ensured the budget was not destabilised. There would be a full report to Cabinet, and anything drawn down would be subject to full transparency, business cases, and the figure was indicative to ensure the process could move forward positively.

The Chair thanked Members, Cabinet Members and officers for their contributions.