

Appendix A3– Growth and Regeneration 2022/23 – P02 Budget Monitor

Report

Section A: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance
P02	£62.6m	£66.4m	£3.8m overspend

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
3.8									
▼									

Position by Division

Period 2 Final Budget Monitoring						
Summary by Division					2022/2	
Division		Revised Budget	Forecast Outturn	Outturn Variance		
		£000s	£000s	£000s	Context	
37	Housing & Landlord Services	16,956	20,769	3,814		
42	Development of Place	1,753	1,739	(14)		
46	Economy of Place	13,073	13,073	(0)		
47	Management of Place	33,215	33,240	25		
49	Corporate Landlord	(12)	(15)	(4)		
4A	Management - G&R	(2,360)	(2,360)	0		
Directorate: Growth & Regenera		62,626	66,446	3,820		

Key Messages:

The Growth & Regeneration Directorate reported a net **£3.8m** overspend against the revised net expenditure budget of **£62.6m**. The overspend results from new pressures arising in Temporary Accommodation due to subsidy loss that is exacerbated by both an increase in the cost of the TA as well as an increase in the number of families needed the provision. Other cost pressures within the Directorate have been captured within the Risk & Opportunities Log. The Directorate will be conducting deep dives in the coming months with the aim of identifying mitigating options that will help address these pressures and avoid more drastic measures.

Housing & Landlord Services

The division is reporting an overspend of **£3.8m** against a revised budget of **£17.8m**. This is mainly due to £3.9m budget pressure in Temporary Accommodation due to subsidy loss, which is offset by small underspend from Housing Solutions.

- **131 Housing Options – £3.9m**

The housing options service is forecasting an adverse variance of £3.9m against a budget of £15.5m. The budget pressure mainly relates to the cost and demand in temporary accommodation services after considering £2.3m growth and £2.9m Homelessness Prevention Grant.

The demand of Temporary accommodation assumes increase budget pressure due to the negative economic aftereffects of COVID and general cost of living. Temporary accommodation placements have risen in a year by 5.1% (from 1097 in March 21 to 1153 at the end of March 22) as well as increase in placement rates, resulting in higher subsidy loss. Most of the increase are from families placed in temporary accommodation and due to limited properties available in the market resulted in the use of more expensive providers.

The 2011 Local Housing Allowance (LHA) rates are fixed and have been the same value since they were set in 2011 and as temporary accommodation subsidy continues to be linked to the 2011 rates, this creates ongoing financial pressure.

The budget assumed inflation of 4% compared to the current inflationary increase in temporary accommodation cost of 12% (£1.7m), a gap of 8% (£1.1m) which could be considered funded from corporate reserve.

The table below illustrates subsidy loss as at period 2.

Forecast subsidy loss by bedroom size				
Bedrooms	Average Weekly Eligible Rent	Average Weekly Threshold	Average Weekly subsidy loss	Total subsidy loss p/a (£)
1	350	112.26	237.74	5.4m
2	510	135.00	375.00	1.9m
3	660	155.77	504.23	1.5m
4	700	207.69	492.31	0.5m
Total				9.3m

- **132 GF - Private Housing & Accessible Homes – (£0.050m)**

Private Housing is currently reporting an underspend of £50k to cover overheads from the licensing income.

- **135 Housing Solutions – Forecast to budget.**

The expected outturn will be in line with budget.

- **426 Housing Delivery – Forecast to Budget**

The expected outturn will be in line with budget.

Development of Place

The division is forecasting a minor underspend of **£0.014m** against a revised budget of **£1.7m**, this is after adjusting for a potential shortfall in Planning application income that is now reflected in the Risks & opportunities section of this report based on an expectation that this gives services and divisions a chance to find reasonable mitigations.

Economy of Place

The division is forecasting a breakeven position against a revised budget of **£13.1m**, this is after adjusting for a few forecast movements. Please refer to the Risk & Opportunities Section for details. The service is expected to explore options that will help mitigate any potential budget pressures.

Management of Place

The division is forecasting a minor overspend of **£0.025m** against a revised budget of **£33.2m**, this is after adjusting for a few forecast movements that is now reflected in the Risks & opportunities section of this report based on an expectation that this gives services and divisions a chance to find reasonable mitigations.

Corporate Landlord – The division is forecasting a minor overspend of **£0.004m** against a revised budget of **£0.051m**. Please refer to the Risk & Opportunities Section for details of known pressures that the service is expected to explore options to help mitigate.

Savings Delivery

Growth & Regeneration Led Savings

22/23 G&R Directorate Savings Target (£'000s): 5,126
 22/23 Cross Cutting (G&R Led) Savings Target (£'000s): 1,852
In Year (22/23) Total: 6,978

A - G&R Directorate

	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	1,501	1,501	100%			
Yes - savings are safe	3,625	0	0%			
SAVING CLOSED - CONFIRMED AS SECURED & DELIVERED	0	0	n/a			Pending next month at P3
NORAG PROVIDED	0	0	n/a			
Grand Total	5,126	1,501	29%			
n/a - represents one off savings or obligations in previous year	-900	0	0%			Pending next month at P3
WRITTEN OFF	0	0	n/a			
Grand Total	4,226	1,501	36%			

B - Cross cutting (G&R led)

	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
	1,789	1,789	100%			
	63	0	0%			Pending next month at P3
	0	0	n/a			
	0	0	n/a			
Grand Total	1,852	1,789	97%			
	-352	0	0%			Pending next month at P3
	0	0	n/a			
Grand Total	1,500	1,789	119%			

Top 5 largest savings at risk in year (ordered by size of saving at risk)			
ID	Cross cutting?	Name of Proposal	Value at Risk in 22/23 (£'000)
NEW2223_CEN03	Yes	Reduce council-owned property & Continued Corporate Landlord	£ 1,789
NEW2223_GR030	No	Procure block contracts for temporary accommodation placements	£ 725
IN270	No	Generating and saving money through energy generation and efficiency	£ 230
NEW2223_GR050	No	Repurchase energy contracts	£ 150
NEW2223_GR054	No	Increase civil enforcement officers	£ 80

Mitigated savings from previous years' that remain 'due' for delivery this year (£m)	
Amount due from previous year[s]:	£ 0.85
Amount reported at risk:	£ 0.74

Key Changes since last month

n/a - changes to be highlighted from P3 onwards

Key messages/ Comments

1. The G&R Directorate begin the year with 27 savings lines for 22/23, with a total value of £6.978m (this includes cross-cutting G&R led savings - see split in tables A and B above). The 'Reduce council-owned property & Continued Corporate Landlord' saving is currently marked with the full value at risk, and it should be noted that the breakdown of how works teams will deliver the expected savings is still being worked on, with estate rationalisation expected to deliver a high proportion of the savings.

2. A savings plan for 'Procure block contracts for temporary accommodation placements' has been submitted to Delivery Executive for approval on 22 June and it is anticipated that this saving will no longer be marked as at risk.

Section B: Risks and Opportunities

GROWTH & REGENERATION DIRECTORATE RISKS & OPPORTUNITIES

Div Name	Risk / Opportunity	Description	NET Risk / Op £'000
MoP	Risk	Street lighting electricity	2,108
Mop	Risk	Income Pressure	1,670
EoP	Risk	Risk over Section 106/CIL income	454
Corp Llord	Risk	Income Pressure	444
MoP	Risk	Staffing	328
MoP	Risk	BNet	327
EoP	Risk	Income Shortfall & Service Review	325
Corp Llord	Risk	Income Pressure	290
Corp Llord	Risk	Income Pressure	246
MoP	Risk	potential shortfall in car parking income compared to budget	194
Corp Llord	Risk	Income Pressure	155
MoP	Risk	Gov removal of funding stream from Salix Energy Efficiency Loan Scheme	150
DoP	Risk	Staff costs	149
MoP	Risk	Follow up repairs for work previously done as part of Warm Up Bristol	80
MoP	Risk	infrastructure R&M costs	39
MoP	Risk	Increased electricity costs following contract with new supplier	0
MoP	Risk	Increased gas costs following contract extension	0
			6,959
MoP	Opportunity	Recharge of utility costs to Schools & BHN	-1,649
MoP	Opportunity	Recharge of utility costs to HRA	-872
Corp Llord	Opportunity	Income Pressure	-267
EoP	Opportunity	Vacancies	-260
Corp Llord	Opportunity	Vacancies in Building Practice Teams	-150
Corp Llord	Opportunity	Vacancies & Extra Income	-141
Corp Llord	Opportunity	Income Pressure	-100
MoP	Opportunity	Docks Engineering forecast R&M underspend	-32
MoP	Opportunity	staff savings pending review of Engineering structure	-29
			-3,500
			3,459

The net risks and opportunities flagged by service managers total £3.5m. A series of Deep dives will be conducted within the next two months with an aim to substantiate the scale of cost pressures and to identify any mitigating options that can be explored. Any unmitigated pressure will be escalated during Q2 reporting.

Section C: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£170m	£170m	£4.3m	£181.3m	£11.3m
2021/22	Comparator	3% of Budget	107% of Budget	
£166.8m	£166.8m	£0.6m	£161.8m	(£4.9m)

Gross expenditure by Programme

Ref	Scheme	Current Year (FY2022) - Period 2				Performance to budget	
		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
		£000s				%	
Growth & Regeneration							
CRF3	Covid Recovery Fund – Economic Infrastructure	1,114	65	1,114	0	6%	100%
GR01	Strategic Property – Temple Meads Development	15,537	455	15,026	(511)	3%	97%
GR03	Economy Development - ASEA 2 Flood Defences	7,105	(4,547)	13,728	6,623	-64%	193%
GR05	Strategic Property - Hawkfield Site	1,177	715	3,227	2,050	61%	274%
GR05A	South Bristol Light Industrial Workspace Redevelopment	4,700	4	4,700	0	0%	100%
GR08	Delivery of Regeneration of Bedminster Green	1,586	52	4,425	2,839	3%	279%
GR09	Clean Air Zone Programme	5,135	213	5,135	0	4%	100%
GR10	Improvements to Local Centres	1,500	0	1,500	0	0%	100%
NH01	Libraries for the Future	55	(33)	55	0	-61%	100%
NH02	Investment in parks and green spaces	2,575	191	2,892	317	7%	112%
NH02A	Invest in Parks Sports Outdoor Equipment & Facility Improvements	1,500	0	1,500	0	0%	100%
NH03	Cemeteries & Crematoria - Pending Business Case Development	727	37	360	(368)	5%	49%
NH04	Third Household Waste Recycling and Re-use Centre	2,431	18	1,561	(870)	1%	64%
NH06A	Bristol Operations Centre - Phase 2	727	22	671	(56)	3%	92%
NH07	Private Housing	6,797	231	6,797	0	3%	100%
PL01	Metrobus	0	29	1,782	1,782		
PL01A	Metrobus Transport - Pending Business Case Development	3,435	0	3,435	0	0%	100%
PL02	Passenger Transport	349	(56)	279	(70)	-16%	80%
PL03	Residents Parking Schemes	650	0	650	0	0%	100%
PL04	Strategic Transport	2,181	687	3,637	1,456	32%	167%
PL05	Sustainable Transport	1,661	196	2,104	443	12%	127%
PL06	Portway Park & Ride Rail Platform	1,944	0	1,661	(283)	0%	85%
PL09	Highways infrastructure - bridge investment	2,235	65	3,235	1,000	3%	145%
PL09A	Highways infrastructure - Cumberland Road Stabilisation Scheme	4,396	220	4,396	0	5%	100%
PL10	Highways & Traffic Infrastructure - General	14,213	599	15,307	1,094	4%	108%
PL10B	Highways & Traffic - Street Lighting	488	0	488	0	0%	100%
PL10C	Transport Parking Services	692	39	692	0	6%	100%
PL11A	Cattle Market Road site re-development	969	3	1,155	186	0%	119%
PL14	Bristol Legible City Scheme	(9)	5	0	9	-51%	0%
PL15	Environmental Improvements Programme	174	16	174	0	9%	100%
PL17	Resilience Fund (£1m of the £10m Port Sale)	45	1	45	0	3%	100%
PL18	Energy services - Renewable energy investment scheme	9,143	350	8,353	(790)	4%	91%
PL18A	Energy Services – Bristol Heat Networks expansion	7,499	876	7,840	341	12%	105%
PL18B	Energy Services - School Efficiencies	211	25	0	(211)	12%	0%
PL18D	Energy Services - EU Replicate Grant	11	0	11	0	0%	100%
PL20	Strategic Property	118	0	90	(28)	0%	76%
PL22	Strategic Property - Investment in existing waste facilities	10	0	0	(10)	0%	0%
PL23	Strategic Property - Temple St	297	13	13	(284)	5%	5%
PL24	Bristol Beacon	24,150	3,450	18,337	(5,812)	14%	76%
PL30	Housing Delivery Programme	12,241	245	15,693	3,452	2%	128%
PL30A	Housing Programme delivered through Housing Company	27,497	0	27,497	0	0%	100%
PL32	Western Harbour Design Development	480	0	480	0	0%	100%
PL34	Strategic property - Community investment scheme	1,150	0	150	(1,000)	0%	13%
PL35	Harbour Operational Infrastructure	727	(25)	744	17	-3%	102%
PL36	Investment in Markets infrastructure & buildings	386	90	345	(41)	23%	89%
Total Growth & Regeneration		170,009	4,253	181,284	11,275	3%	107%

Key Messages:

The current Capital expenditure forecasts a £11.3m overspend against the revised budget of **£170m** (worth noting that this only represents an acceleration against the 5-year medium term plan, and if achievable will require a reprofiling of budgets). The year-to-date spend is only £4.3m as at P2 (3%) representing an average of £2m per month. To achieve the budget/forecast target for 2022/23, the directorate will need to increase the average spend per month by **£14.6/15.7m** to an average of **£17.7m** excluding HRA (Housing Revenue Account) each month for the rest of the year.

Below are comments provided for variances over £1m:

- **GR03 - Economy Development - ASEA 2 Flood Defences** - Joint scheme with South Glos. Council and Environment Agency. Project spend profile to be reviewed as latest forecast from SGC suggest project spend to be accelerated by £2m.
- **GR05 - Strategic Property - Hawkfield Site** - The project is in the construction phase. Construction and commissioning of the new sight is expected to be completed this year, therefore, the forecast reflect an acceleration of spend. This includes contingencies, which will be monitored closely with an aim to reallocated where possible.
- **GR08 - Delivery of Regeneration of Bedminster Green** - (P15393-1001) Budget pressure to be covered by new Cabinet report seeking CRSTS funding, or CIL funding as fallback.
- **PL01 – Metrobus** – Budget not yet uploaded.
- **PL01A - Metrobus Transport** – Need to move forecast from PL01 or vice versa.
- **PL09 - Redcliffe Bridge** – The variance is due to the original Contractor (Cleveland Bridge UK), going into liquidation during the Works and the temporary ceasing of the Contract. The Contract has now been awarded to a new Contractor who will recommence these works under the new revised profile. Expected restart works in Spring/Summer 2022, awaiting programme.
- **PL10 – Highways & Traffic Infrastructure – General**
 - **Harbour and New Cut Assets** – The variance is due to the non-availability of BCC Staff resources to Project Manage this Project. We have now commissioned the Services of our Strategic Partner to deliver the Project and this brief has now been approved and work is now being reprogrammed and will be scheduled accordingly. Best estimates spend profile while waiting for contractor's programme.
 - **St Peters Rise** – Contractors advise that the scheduled completion date is 25th August 2022.
- **PL24 - Bristol Beacon** – Forecast error. Should show a nil variance.
- **PL30- Housing Delivery Programme (£3.4m reprofiling)**

The main reasons for the additional £3.4m in 22/23 are:

 - £1.8m to pay developer for schemes which is expected to meet milestone as per grant conditions. This includes 40-48 Midland Road Bristol and St John's Lane schemes and £400,000 for property acquisition of St Albans, 16-25IP which was slipped from 21/22.
 - £1.3m for Fulford Road Rugby where contractors will be appointed in June 22 to start on site for enabling and construction works. Cashflow from provider is pending before we can confirm 22/23 budget allocation.
- **PL34 - Strategic property - Community investment scheme (£-1m)**

The reprofiling of £1m is required as business case is pending approval as developer is yet to finalise project cost.
- **NH07 - Private Housing**

The expected outturn will be in line with budget.