

Further information

What is the budget?

Bristol City Council spends more than £1 billion a year on running day-to-day services (including schools, social services, care homes, libraries, planning and transport).

The money we have available for this is called a **revenue budget**. We also spend hundreds of millions of pounds a year investing in the city. This is funded from our **capital budget**.

Each year, the council sets its budget for the coming year (April to March).

The budget defines the council's income and the amount we will spend on day-to-day services and one-off investments over the next twelve months. There is a legal requirement to set a balanced budget which is approved by Bristol's elected councillors. This usually happens in February. The money we use to invest in the city or pay for services comes from a number of different places. The biggest sources of money are government grants, Council Tax, business rates and rent income from council-owned houses.

Why are costs going up?

The main reason for rising costs is that more people are using services provided by the council. Even if the number of people using these services stayed the same, the cost of running these services would still be increasing because prices are going up.

One of the council services that has seen the biggest increases in costs is adult social care.

As people live longer and the number of people needing help with complex illnesses and needs rises, so the cost of providing support increases.

Added to this is the growing price of materials and wage rises which add to the rising cost of the service. When costs go up and the money we receive goes down we're left with a budget gap we need to try and fill.

To help pay for adult social care services to our most vulnerable residents next year, the council could charge up to 2% extra in addition to the Council Tax increase. This is called the Adult Social Care Precept and currently councils have only been authorised to raise this extra 2% in 2020/21 – we don't know if it will be possible in future years.

Other budgets the council manages

Further information is provided below about four other budgets the council manages that it must keep separate from its main day-to-day spending.

These are the:

- **Dedicated Schools Grant**
- **Public health budget**
- **Housing Revenue Account**
- **Capital budget**

Each of these is funded in different ways and the council can only spend the money in those budgets on very specific things.

The Dedicated Schools Grant

This budget is used to pay for schools and education services for children and young people in Bristol and can only be used for these things.

The money to pay for these schools and services comes from the government every year in a grant called the Dedicated Schools Grant (approximately £370 million).

This grant is split into four parts or blocks:

- **Schools Block** – money that is given to primary and secondary schools and academies in the city;
- **Central School Services Block** – funding for the council to carry out essential things it needs to do for all schools and academies in the city;
- **High Needs Block** – dedicated funding for children and young people with special educational needs and disabilities or for those who need alternative provision (such as a Pupil Referral Unit);
- **Early Years Block** – money to fund free nursery and pre-school hours for three and four year olds and for two year olds from households with low incomes.

This coming year (2020/21) we expect to receive approximately £6.6 million of additional funding for High Needs. However, this is still not sufficient for the overall demands of the High Needs Block.

The Public Health Budget

The council receives a yearly grant from the government to promote good mental and physical health in the city and pay for services that help people be healthier and stay healthy.

This year the council received £31.6 million from the government to pay for public health work which works out as £68 per person in the city. Next year as a result of the Government's recent spending round we expect to receive approximately £32.5 million.

The council has no say in how much money the government gives us to pay for public health work and we are required to spend the money in line with set guidelines known as the 'Public Health Outcomes Framework'.

The Housing Revenue Account

The council owns and manages over 27,000 houses and flats from which we collect rent and/or service charges.

The Housing Revenue Account is mostly made up of the rent we collect. This money is used to plan and provide services for people living in council housing, including repairs and improvements.

The Housing Revenue Account has a programme to build new council homes. This year we can use up to £21.1 million to invest in building houses in Bristol.

We are not consulting on the Housing Revenue Account because it is a ring-fenced budget and we are not proposing any changes to how the money in the HRA is used.

The Capital Budget

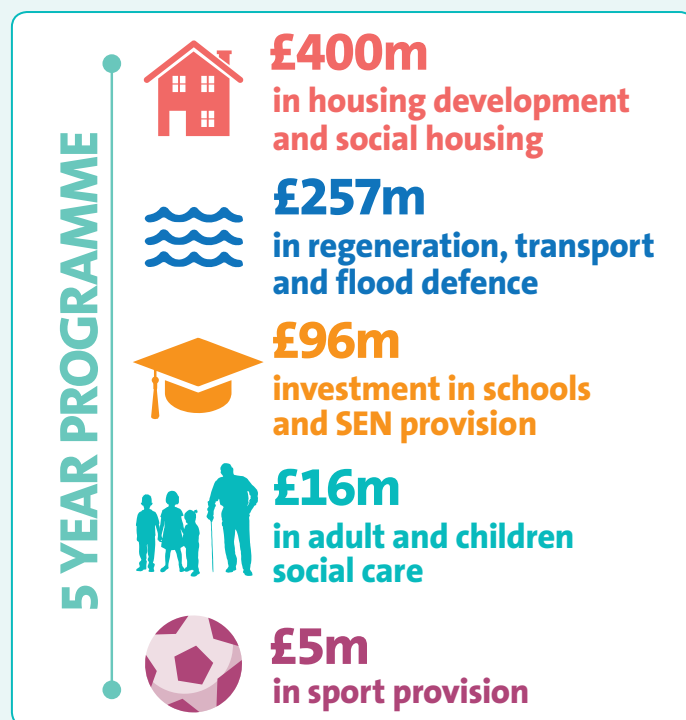
Besides spending money on running day-to-day services the council also spends hundreds of millions of pounds a year investing in the city.

Most of this money comes from grants, long term borrowing and money we make from selling things we own.

We have a five year capital investment programme to 2023 of approximately £900 million. This investment will help meet the city's aspirations and sustain economic growth.

The programme includes: investment in independent living schemes for older and vulnerable adults; helping to build more homes including council housing stock and affordable homes; providing enough school places (including schools for children with special needs), and making improvements to our core infrastructure such as roads and footpaths.

You can see our approved capital programme at <https://democracy.bristol.gov.uk/documents/s29827/>



Reserves

In addition to the council's budgets to pay for investment and day-to-day services, the council also holds money in reserve - much like many people will have savings.

The main council reserve is called the General Reserve and is used to cover unanticipated expenditure, reduced income arising in any particular year, and emergency events such as natural disasters and other unforeseen urgent needs. The amount of money put aside is based on the overall size of the council's budget and risk. This is currently £20 million. The council also holds a number of other reserves called 'earmarked reserves'. These are sums of money that have been put aside to deal with specific liabilities.

We think that the current level of reserves is necessary to cover emergency or unanticipated expenditure, and to meet earmarked liabilities, and we are therefore not considering using the reserves to pay for anticipated services or to meet planned budget shortfalls.