

# Cabinet Agenda



**Date:** Monday, 15 May 2023

**Time:** 11.00 am

**Venue:** City Hall, College Green, Bristol, BS1 9NE

## Distribution:

**Cabinet Members:** Mayor Marvin Rees, Donald Alexander, Nicola Beech, Craig Cheney, Asher Craig, Kye Dudd, Helen Holland, Ellie King and Tom Renhard

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**Issued by:** Amy Rodwell, Democratic Services

City Hall, P O Box 3399, Bristol, BS1 9NE

E-mail: [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

**Date:** Thursday, 4 May 2023



# Agenda

## PART A - Standard items of business:

### 1. Welcome and Safety Information

Members of the public intending to attend the meeting are asked to please note that, in the interests of health, safety and security, bags may be searched on entry to the building. Everyone attending this meeting is also asked please to behave with due courtesy and to conduct themselves in a reasonable way.

Please note: if the alarm sounds during the meeting, everyone should please exit the building via the way they came in, via the main entrance lobby area, and then the front ramp. Please then assemble on the paved area in front of the building on College Green by the flag poles.

If the front entrance cannot be used, alternative exits are available via staircases 2 and 3 to the left and right of the Conference Hall. These exit to the rear of the building. The lifts are not to be used. Then please make your way to the assembly point at the front of the building. Please do not return to the building until instructed to do so by the fire warden(s).

### 2. Public Forum

Up to one hour is allowed for this item

(Pages 5 - 7)

Any member of the public or Councillor may participate in Public Forum. Petitions, statements and questions received by the deadlines below will be taken at the start of the agenda item to which they relate to.

#### **Petitions and statements (must be about matters on the agenda):**

- Members of the public and members of the council, provided they give notice in writing or by e-mail (and include their name, address, and 'details of the wording of the petition, and, in the case of a statement, a copy of the submission) by no later than 12 noon on the working day before the meeting, may present a petition or submit a statement to the Cabinet.
- One statement per member of the public and one statement per member of council shall be admissible.
- A maximum of one minute shall be allowed to present each petition and statement.



- The deadline for receipt of petitions and statements for the **15<sup>th</sup> May** Cabinet is **12 noon on Friday 12<sup>th</sup> May**. These should be sent, in writing or by e-mail to: Democratic Services, City Hall, College Green, Bristol, BS1 5TR  
e-mail: [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

**Questions (must be about matters on the agenda):**

- A question may be asked by a member of the public or a member of Council, provided they give notice in writing or by e-mail (and include their name and address) no later than 3 clear working days before the day of the meeting.
- Questions must identify the member of the Cabinet to whom they are put.
- A maximum of 2 written questions per person can be asked. At the meeting, a maximum of 2 supplementary questions may be asked. A supplementary question must arise directly out of the original question or reply.
- Replies to questions will be given verbally at the meeting. If a reply cannot be given at the meeting (including due to lack of time) or if written confirmation of the verbal reply is requested by the questioner, a written reply will be provided within 10 working days of the meeting.
- The deadline for receipt of questions for the **15<sup>th</sup> May** Cabinet is **5.00 pm on Tuesday 9<sup>th</sup> May**. These should be sent, in writing or by e-mail to: Democratic Services, City Hall, College Green, Bristol BS1 5TR.  
Democratic Services e-mail: [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk)

**When submitting a question or statement please indicate whether you are planning to attend the meeting to present your statement or receive a verbal reply to your question.**

### **3. Apologies for Absence**

### **4. Declarations of Interest**

To note any declarations of interest from the Mayor and Councillors. They are asked to indicate the relevant agenda item, the nature of the interest and in particular whether it is a **disclosable pecuniary interest**.

Any declarations of interest made at the meeting which is not on the register of interests should be notified to the Monitoring Officer for inclusion.



**5. Matters referred to the Mayor for reconsideration by a scrutiny commission or by Full Council**

(subject to a maximum of three items)

**6. Reports from scrutiny commission**

**7. Chair's Business**

To note any announcements from the Chair

**PART B - Key Decisions**

**8. 2022/23 Provisional Finance Outturn Report**

**(Pages 8 - 63)**



# Public Information Sheet

## Inspection of Papers - Local Government (Access to Information) Act 1985

You can find papers for all our meetings on our website at [www.bristol.gov.uk](http://www.bristol.gov.uk).

## Public meetings

Public meetings including Cabinet, Full Council, regulatory meetings (where planning and licensing decisions are made) and scrutiny will now be held at City Hall.

Members of the press and public who plan to attend City Hall are advised that you may be asked to watch the meeting on a screen in another room should the numbers attending exceed the maximum occupancy of the meeting venue.

## COVID-19 Prevention Measures at City Hall (from March 2022)

When attending a meeting at City Hall, the following COVID-19 prevention guidance is advised:

- promotion of good hand hygiene: washing and disinfecting hands frequently
- while face coverings are no longer mandatory, we will continue to recommend their use in venues and workplaces with limited ventilation or large groups of people.
- although legal restrictions have been removed, we should continue to be mindful of others as we navigate this next phase of the pandemic.

## COVID-19 Safety Measures for Attendance at Council Meetings (from March 2022)

Government advice remains that anyone testing positive for COVID-19 should self-isolate for 10 days (unless they receive two negative lateral flow tests on consecutive days from day five).

We therefore request that no one attends a Council Meeting if they:

- are suffering from symptoms of COVID-19 or
- have tested positive for COVID-19

## Other formats and languages and assistance for those with hearing impairment

You can get committee papers in other formats (e.g. large print, audio tape, braille etc) or in community languages by contacting the Democratic Services Officer. Please give as much notice as possible. We cannot guarantee re-formatting or translation of papers before the date of a particular meeting.

Committee rooms are fitted with induction loops to assist people with hearing impairment. If you require any assistance with this please speak to the Democratic Services Officer.



## Public Forum

Members of the public may make a written statement ask a question or present a petition to most meetings. Your statement or question will be sent to the Committee Members and will be published on the Council's website before the meeting. Please send it to [democratic.services@bristol.gov.uk](mailto:democratic.services@bristol.gov.uk).

The following requirements apply:

- The statement is received no later than **12.00 noon on the working day before the meeting** and is about a matter which is the responsibility of the committee concerned.
- The question is received no later than **5pm three clear working days before the meeting**.

Any statement submitted should be no longer than one side of A4 paper. If the statement is longer than this, then for reasons of cost, it may be that only the first sheet will be copied and made available at the meeting. For copyright reasons, we are unable to reproduce or publish newspaper or magazine articles that may be attached to statements.

By participating in public forum business, we will assume that you have consented to your name and the details of your submission being recorded and circulated to the Committee and published within the minutes. Your statement or question will also be made available to the public via publication on the Council's website and may be provided upon request in response to Freedom of Information Act requests in the future.

We will try to remove personal and identifiable information. However, because of time constraints we cannot guarantee this, and you may therefore wish to consider if your statement contains information that you would prefer not to be in the public domain. Other committee papers may be placed on the council's website and information within them may be searchable on the internet.

### During the meeting:

- Public Forum is normally one of the first items on the agenda, although statements and petitions that relate to specific items on the agenda may be taken just before the item concerned.
- There will be no debate on statements or petitions.
- The Chair will call each submission in turn. When you are invited to speak, please make sure that your presentation focuses on the key issues that you would like Members to consider. This will have the greatest impact.
- Your time allocation may have to be strictly limited if there are a lot of submissions. **This may be as short as one minute.**
- If there are a large number of submissions on one matter a representative may be requested to speak on the groups behalf.
- If you do not attend or speak at the meeting at which your public forum submission is being taken your statement will be noted by Members.
- Under our security arrangements, please note that members of the public (and bags) may be searched. This may apply in the interests of helping to ensure a safe meeting environment for all attending.



- As part of the drive to reduce single-use plastics in council-owned buildings, please bring your own water bottle in order to fill up from the water dispenser.

For further information about procedure rules please refer to our Constitution  
<https://www.bristol.gov.uk/how-council-decisions-are-made/constitution>

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The privacy notice for Democratic Services can be viewed at [www.bristol.gov.uk/about-our-website/privacy-and-processing-notices-for-resource-services](http://www.bristol.gov.uk/about-our-website/privacy-and-processing-notices-for-resource-services)





## Decision Pathway – Report

**PURPOSE:** Key decision

**MEETING:** Extraordinary Cabinet

**MEETING DATE:** 15 May 2023

|   |  |  |  |
|---|--|--|--|
| TITLE   | 2022/23 Finance Provisional Outturn Report |  |  |
| Ward(s)   | n/a  |  |  |
| Author: Jemma Prince  |  | Job title: Finance Business Partner – Planning and Reporting |  |
| Cabinet lead: Cllr Craig Cheney   |  | Executive Director lead: Denise Murray                       |  |
| Proposal origin: Other  |  |  |  |
| Decision maker: Cabinet Member  |  |  |  |
| Decision forum: Cabinet   |  |  |  |
| <b>Purpose of Report:</b><br>Bristol City Council’s (the council) budget for 2022/23 was agreed by Full Council in March 2022. This report informs Cabinet about the council’s financial performance for the 2022/23 financial year against that approved budget. It also highlights the movement from the previous forecast for the year which was reported to Cabinet on an exception basis in March 2023, informs Cabinet about the delivery of intended savings for the year and sets out the intended reporting cycle for the 2023/24 financial year.  |  |  |  |
| <b>Evidence Base:</b><br>The budget approved by Full Council in March 2022 outlined a 5-year balanced position and recognised a degree of uncertainty and sensitivity in relation to the post pandemic social, economic and financial conditions, and risk to the Council’s finances.<br><br>In 2022/23 the council faced a challenging financial environment. The ongoing fallout of the pandemic combined with the global impact of war in Ukraine, worldwide supply issues (such as those for food and gas) and labour shortages have led to increased inflation and a cost-of-living crisis. The impact of these compounded factors has been an increase in demand for the council’s core services, pay related cost increases and commodity price escalation (for example, the cost of energy and capital investment).<br><br>In the first half of 2022/23 (Quarter 2) after application of £10.6 million opening technical budget virements, to mitigate growing pressures in the general fund, it was necessary to initiate £9.5 million (excluding £0.5m of corporately held savings) in year recovery activities / savings to replace or supplement approved savings integral to the original budget assumptions. It was also necessary to request approval for £27.5 million of mitigating funds (comprising £13.6m from earmarked reserves, £4.7 million from general reserves and a further £9.2 million redirection of corporate contingencies).<br><br>The second half of 2022/23 to the last published outturn forecast at Period 10, indicated up to a further £14.9 million of emerging pressures / risks (indicating a potential annual service variation of up to £62.5m). It was advised that further supplementary estimates would be required to bridge any outturn residual gap.<br><br>At 31 March 2023 the provisional closing financial position for the respective funds are as follows: |  |  |  |
| <b>General Fund Budget</b><br>The original budget agreed by Full Council in 2022 was £431.1 million. The total service variation from the original budget (after a final application of £1.6m savings optimism bias on in year recovery savings), is £57.9 million (compared to £62.5m P10). This comprises of non-delivery of previously agreed savings and new growth and demand pressures driven by the current social and economic conditions. These movements are outlined in Appendix A7 and are largely mitigated as outlined above.   |  |  |  |



The original budget of £431.1 million has been increased by £12.8 million to £443.9 million, due to a net unplanned movement of general and earmarked reserves. The further movement in service budget pressure P6 to P12 amounted to £10.3 million (compared to £14.9m forecasted risks reported in P10). This is largely driven by additional need and pricing for children's placements and energy cost increases. After the realignment of further corporate budgets such as corporate expenditure surplus and capital financing underspends, the provisional net general fund outturn expenditure is £446.9 million, which compared to the latest revised budget of £443.9 million is an expected in year overspend of £3.0 million (0.7% of the revised budget).

It is recommended that the £3.0 million residual overspend be funded from a drawdown from the general fund general reserve.

### **Savings**

£24.2 million of previously agreed savings were planned for delivery within the 2022/23 budget. Of these £16 million (66%) are delivered with £8.2 million (34%) not being achieved in year as planned. Of the £8.2million, £0.5 million (2%) of savings were deemed to not be deliverable and were written off in the 2023/24 budget process. The impact of this has been partially mitigated during the year utilising £4.1million of the savings / optimism bias contingency and or reserves.

Alternative recovery activity/savings of £10.0 million (allowing for £0.5m of corporately held savings) were identified, where original plans were predicted to not achieve targeted savings. Of the in-year recovery savings £8.4 million (84%) were delivered. The residuals were mitigated on a one off basis utilising a further £1.6 million of the savings / optimism bias contingency.

Within the recovery activity £0.9 million of recurrent savings is not delivered and will be combined with the residual £7.7 million from the original savings plan. This will result in £8.6 million being carried forward to be delivered on a recurrent basis to achieve a balanced budget in 2023/24. See Appendix A2 for further details.

### **Housing Revenue Account**

The Housing Revenue Account (HRA) of £128.1 million gross expenditure budget, is reporting a net outturn overspend of £2.8m (2.1%) (£6.4m reported in P10), which is primarily attributed to increases in energy costs and additional investments for fire safety works.

### **Dedicated Schools Grant**

The Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £422.7 million. The outturn position is an overspend of £15.0 million (3.6%) in-year deficit (compared to £17.4m reported in P10). The main financial challenge continues to be the High Needs block, which has an in-year overspend of £16.2 million (carry forward deficit of £42.5m) resulting from increases in Education, Health and Care Plan assessments and need; this is offset by underspends across the other blocks (mainly ringfenced) totalling £2.8 million. This will be added to the 2021/22 carried forward deficit of £24.7 million and a total £39.7 million (9.4% of annual DSG) will be carried forward in 2022/23, in the DSG deficit reserve.

### **Public Health**

The Public Health (PH) budget is £34.6 million and a balanced position has been achieved (unchanged from P10).

### **Capital Programme**

The Capital Programme outturn is £198.7 million which is an underspend of £28.4 million (13%) compared to the revised budget of £227.1 million (and an underspend of £110.5m (36%) when compared to the original budget of £309.2m, or £101.8 million (34%) when compared to £300.5m excluding the Housing Company programme's sale of land). The underspend is made up of £8.2 million underspend on the HRA capital programme and £20.2 million underspend on General Fund Capital inclusive of £0.1 million underspend on corporate contingencies. This is largely due to external factors, delays, and variations to schemes with spend profiles that span across a number of financial years. See Appendix A6 for outturn by scheme.

**This is the provisional outturn (See Appendix A1 (revenue) and Appendix A6 (capital) for further revenue and capital details on the key budget forecasts and variances by Directorate). Work continues on final balance sheet movements and reconciliations to close the council's 2022/23 accounts. The final statement of accounts will be presented to Audit Committee in May 2023 and will include a full reconciliation of all movements between the provisional report and the final statement.**

#### **Financial Reporting for the Financial Year 2023/24**

It is proposed that the financial reporting timetable for the 2023/24 financial year be as set out in Appendix A3. This includes detailed quarterly financial reports being presented to Cabinet in July, October and January, with a provisional outturn report being presented May 2024 and the Statement of Accounts presented to the Audit Committee May 2024. The timetable also schedules exception reports that will be presented to the residual cabinet meetings to incorporate, for example, late grants allocated to the council which require a cabinet decision or material financial movements to be noted by cabinet.

#### **Cabinet Member / Officer Recommendations:**

##### **That Cabinet notes:**

1. The council's revenue outturn position of £3.0 million overspend within the General Fund, to be funded from the General Fund general reserve (see section 2 in Appendix A1).
2. The council's outturn position of £2.8 million overspend within the Housing Revenue Account to be funded from the HRA general reserve (see section 5 in Appendix A1).
3. The council's outturn position of net £15.0 million overspend in the Dedicated Schools Grant and a total £39.7 million carried forward in the DSG deficit reserve (see section 6 in Appendix A1).
4. A breakeven position on Public Health services (see section 7 in Appendix A1).
5. The council's capital outturn position of £28.4 million underspend against the revised Capital Programme Budget as set out in (see section 8 in Appendix A1 and Appendix A6).
6. The in-year collection levels for Council Tax and Business Rates as set out in the report (see section 9 in Appendix A1)
7. The level of aged debt as at 31 March 2023 (see section 10 in Appendix A1)
8. Use of reserves and draft closing reserve balances (see section 11 in Appendix A1)
9. The performance on delivery of savings (as summarised in section 4 in Appendix A1 and detailed in Appendix A2)
10. The Reserves Policy as approved in the Medium Term Financial Plan and set out in Appendix A4
11. the Finance Scheme of Delegation amended for administrative changes as set out in Appendix A5

##### **That Cabinet Approve:**

12. The drawdown from the General Fund general reserve to balance the outturn position (see section 1 in Appendix A1).
13. The drawdown of £2.8 million from the HRA general reserve (see section 5 in Appendix A1).
14. Approve the release of £28.3 million corporate funds as approved in the 2022/23 budget and Quarter 2 report but not initially allocated to directorate cash limit (see section 3 in Appendix A1)
15. Approve the release of unused one-off funds of £3.8 million to be released from the balance sheet to the Income & Expenditure account to smooth the debt and other impairment (see section 3 in Appendix A1)
16. The creation of two new Clean Air Zone reserves to account both for the grant fund of £5.1 million and for any operational surplus (£8.4m) (see section 11 in Appendix A1).
17. The creation of one new reserve to account for the grant fund of £0.9 million for the Family Hubs & Start for Life Programme.
18. The use of the Capital Financing underspend of £4.3 million for Digital, Business Transformation and Change projects in lieu of Flexible Use Of Capital Receipts (see section 11 in Appendix A1).
19. The revised financial reporting timetable for 23/24 as set out in Appendix A3.

#### **Corporate Strategy alignment:**

1. The Corporate Strategy underpins the council's budget.

#### **City Benefits:**

|  |
|--|
| 1. Cross priority report that covers whole of council's business   |
| <b>Consultation Details:</b> n/a   |
| <b>Background Documents:</b> <a href="https://www.bristol.gov.uk/council-spending-performance/council-budgets">https://www.bristol.gov.uk/council-spending-performance/council-budgets</a> |

|                                       |                                       |  |   |
|---------------------------------------|---------------------------------------|--|---|
| <b>Revenue Cost</b>                   | See above                             | <b>Source of Revenue Funding</b>         | Various   |
| <b>Capital Cost</b>                   | See above                             | <b>Source of Capital Funding</b>         | Various   |
| One off cost <input type="checkbox"/> | Ongoing cost <input type="checkbox"/> | Saving Proposal <input type="checkbox"/> | Income generation proposal <input type="checkbox"/> |

|   |                   |               |
|---|-------------------|---------------|
| <b>Required information to be completed by Financial/Legal/ICT/ HR partners:</b>  |                   |               |
| <b>1. Finance Advice:</b> The resource and financial implications are set out in the report.  |                   |               |
| <b>Finance Business Partner:</b> Jemma Prince, 27 April 2023  |                   |               |
| <b>2. Legal Advice:</b><br>The report for the period 2022/23 complies with Council's legal obligation to deliver a balanced budget. There are no specific legal implications in respect of the decisions set out in the report. |                   |               |
| <b>Legal Team Leader:</b> Husinara Jones Team Manager/Solicitor 27 April 2023   |                   |               |
| <b>3. Implications on IT:</b><br>There is no direct impact on IT arising from this report. IT will continue to actively manage its budgets and looking to identify further efficiencies where possible.                         |                   |               |
| <b>IT Team Leader:</b> Gavin Arbuckle, 27 April 2023  |                   |               |
| <b>4. HR Advice:</b><br>As this is ostensibly a technical report for accountancy purposes, no HR implications are evident from the recommendations.   |                   |               |
| <b>HR Partner:</b> James Brereton, Head of Human Resources, 27 April 2023   |                   |               |
| <b>EDM Sign-off</b>   | Denise Murray     | 27 April 2023 |
| <b>Cabinet Member sign-off</b>  | Cllr Craig Cheney | 27 April 2023 |
| <b>For Key Decisions - Mayor's Office sign-off</b>  | Mayor's Office    | 4 May 2023    |

|   |     |
|---|-----|
| <b>Appendix A – Further essential background / detail on the proposal</b><br>See appendices A1-A7 | YES |
| <b>Appendix B – Details of consultation carried out - internal and external</b>                   | NO  |
| <b>Appendix C – Summary of any engagement with scrutiny</b>                                       | NO  |
| <b>Appendix D – Risk assessment</b>   | NO  |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>                          | NO  |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>                           | NO  |
| <b>Appendix G – Financial Advice</b>  | NO  |
| <b>Appendix H – Legal Advice</b>  | NO  |
| <b>Appendix I – Exempt Information</b>  | NO  |
| <b>Appendix J – HR advice</b>   | NO  |
| <b>Appendix K – ICT</b>   | NO  |
| <b>Appendix L – Procurement</b>   | NO  |

# Bristol City Council 2022/23 Provisional Outturn Report

## 1. Executive Summary

- 1.1. This report provides provisional information and analysis on the council's financial performance and use of resources in the 2022/23 financial year, in comparison to the budget set by Council on 2 March 2022.
- 1.2. This report precedes publication of the council's draft Statement of Accounts on 31 May 2023. Although it is not expected that any further significant adjustments will be required between this cabinet and publication on 31 May, it is possible that the final outturn position might vary, for example following the review and finalisation of balance sheet activities in line with accounting regulations. Although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is given.
- 1.3. The key areas covered in this report are revenue, capital, core funding, debt management, reserves and savings and it also highlights the movement from the previous forecast for the year, which was reported to cabinet on an exception basis in Period 10 (P10). For this report, an 'underspend' is the difference when comparing budgeted allowance to actual expenditure incurred and a 'cash surplus' refers to additional cash in-flows against which no budgeted expenditure has yet been agreed.
- 1.4. The 2022/23 budget recognised that the financial implications of the pandemic would continue into this year and beyond. Areas materially affected were mainly in relation to Adult and Children Social Care, Home to School Transport, homelessness, energy and income collection. When the budget was set, additional growth funding was made available to support further pressures, including expectations of growth in demand for services as an impact of the recovery from the pandemic, inflation trends accelerating beyond national targets and wholesale energy prices beginning to increase rapidly from the second half of 2021 onward. The 2022/23 budget included £50.9 million of service and corporate growth, (of which directly allocated growth equated to £28.9m and corporately held growth totalled £22.0m), funded via a significant level of the council's own resources (made available through reserves, savings and mitigations).
- 1.5. The initial service pressures outlined in the budget have, however, been further exacerbated by global, national and local events that have affected prices, supply chains, labour and need across all council services and funds. The impact of the additional financial support required in 2022/23 including opening technical budget virements is £57.9 million. This is akin to that experienced in the two pandemic years 2020/21 and 2021/22 (circa £75m & £57m respectively), and when added to the growth directly allocated in the budget (£28.9m) equates to £86.8 million pressure in 2022/23. However, unlike the two preceding years, no additional specific financial reliefs or grants have been provided in-year for local government to address this. Consequently, the council has had to follow a prudent strategy of utilising any unused resources to smooth the impact on current and future years combined with savings and efficiencies mitigations, and where practical has included reviewing front-line service provision.
- 1.6. The council operates directorate cash limits and where unavoidable pressures are identified, that cannot be mitigated at a directorate level, collective ownership is taken. Where appropriate, funds are held in abeyance, subject to mitigations or a supplementary estimate being agreed, to minimise significant variations to net approved budgets. Where budget savings are not achieved in a timely manner and reserves are called upon to achieve a balanced position, further savings are identified and implemented to ensure the council's future financial stability is maintained.

## General Fund

- The original budget agreed by Council in March 2022 was £431.1 million

- The budget has been increased by £12.8 million to £443.9 million due to a net movement of general and ear-marked reserves
- The provisional net General Fund outturn expenditure is £446.9 million which when compared to the last revised budget of £443.9 million (original budget £431.1m) gives an expected in-year overspend of £3.0 million (0.7% of both original and last revised budget).
- It is recommended that this overspend is funded from a drawdown from the General Fund general reserve

## Ring-Fenced Accounts

- Housing Revenue Account (HRA) of £128.1 million gross expenditure budget, outturn is an overspend of £2.8 million (2.1%) (£6.4m reported in P10)
- The Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for academies, is £422.7 million. The outturn position is an £15.0 million (3.6%), in-year deficit (compared to £17.4m reported in P10). This will be added to the 2021/22 carried forward deficit of £24.7 million and a total of £39.7 million (9.4% of annual DSG) will be carried forward in 2022/23, in the DSG deficit reserve
- The indicative Public Health grant outlined in the budget approved by Council (prior to actual grant notification) is £33.6 million. The budgeted grant has been revised to £34.6 million, reflecting an uplift of £1.0 million in the actual grant award and no variation is forecast (unchanged from P10)

## Capital Programme

- 1.7. The Capital Programme is reporting an outturn of £198.7 million. This is an underspend of £28.4 million (13%) compared to the revised budget of £227.1 million and an underspend of £110.5 million (36%) when compared to the original budget of £309.2 million (or £101.8m when compared to £300.5m excluding the housing company programme's sale of land). The underspend is made up of £8.2 million underspend on the HRA capital programme and £20.2 million underspend on General Fund capital inclusive of £0.1 million underspend on corporate contingencies.
- 1.8. This report focuses on 2022/23, however it is anticipated this outturn will have a further impact on the council's finances for 2023/24 and beyond, alongside the likely scale of funding pressures and future resource reductions, which were outlined in the 2023/24 budget report. It is important that the council has a strong focus on savings delivery, holds a robust position on reserves and maintains the ability to deal with issues that arise during the financial year. The retention of an appropriate level of general reserves is essential to mitigate financial risk (including future funding uncertainties and expenditure pressures caused by high inflation and changes in social care legislation) and is a key indicator of sound financial governance.

## 2. Revenue Budget Summary

### General Fund Summary

- 2.1. The total service variation from the original budget (after a final application of £1.6m savings optimism bias on in year recovery savings), is £57.9 million. This comprises of opening technical budget virements for items such as previously estimated non containable inflation held corporately, non-delivery of previously agreed savings and new growth and demand pressures driven by the current social and economic conditions. Full details of these movements are outlined in Appendix 7. £47.6 million of mitigations have been applied during the course of the year in budget reports and are summarised as follows:
  - additional savings initiatives of £9.5 million (adjusted in the recovery schedule to £10.0m to allow for £0.5m of corporately held savings);
  - earmarked and general reserves £18.3 million; and

- corporate funding and contingencies £19.8 million (including £10.6 million opening technical budget virements and other inflation, optimism bias funds etc).

- 2.2. The last published outturn forecast was at P10. This reported up to a further £14.9 million of emerging funding pressures/risks (indicating a potential annual service variation of up to £62.5m). Supplementary estimates for up to £5.7 million were approved at Full Council on 21 February, to be funded via a range of sources including up to £3.9 million draw down from the General Fund general reserve. At the same time, it was reported that further need and associated financial challenges were continuing to emerge within Children and Families and Education and additional funding applied. It was advised that further supplementary estimates may be required at the year close to bridge any outturn residual gap.
- 2.3. The further movement in service budget pressure between P6 to P12 amounted to £10.3 million (compared to £14.9m forecasted risks reported in P10). This is largely driven by additional need and pricing for children's placements and energy cost increases. After the realignment of further corporate budgets such as corporate expenditure surplus and capital financing underspends, the provisional net general fund outturn expenditure is £446.9 million, which compared to the latest revised budget of £443.9 million is an expected in year overspend of £3.0 million (0.7% of the revised budget).
- 2.4. The table below provides a summary of how each directorate performed against the 2022/23 approved and revised budget.

**Table 1: General fund expenditure**

| <b>2022/23 Outturn - Summary</b>                  |                   |                |                |                            |                    |                |               |                    |                |                |  |  |
|---|-------------------|----------------|----------------|----------------------------|--------------------|----------------|---------------|--------------------|----------------|----------------|--|--|
| SERVICE NET EXPENDITURE SUMMARY                   | Full Year 2022/23 |                |                |                            | Period 10 Forecast |                |               | Movement since P10 |                |                |  |  |
|   | Approved Budget   | Revised Budget | Outturn        | Projected Outturn Variance | Budget             | Forecast       | Variance      | Budget             | Forecast       | Variance       |  |  |
|   | £000s             |                |                |                            | £000s              |                |               | £000s              |                |                |  |  |
| <b>1 - People</b>                                 |                   |                |                |                            |                    |                |               |                    |                |                |  |  |
| 14 - Adult Social Care                            | 165,389           | 177,954        | 177,938        | (16)                       | 174,219            | 175,597        | 1,378         | 3,735              | 2,341          | (1,394)        |  |  |
| 15 - Children and Families Services               | 72,073            | 85,819         | 92,305         | 6,486                      | 83,446             | 90,931         | 7,484         | 2,373              | 1,374          | (998)          |  |  |
| 16 - Educational Improvement                      | 15,454            | 20,086         | 20,722         | 636                        | 17,725             | 18,884         | 1,159         | 2,361              | 1,838          | (523)          |  |  |
| 18 - Management - People                          | (5,431)           | 0              | 9              | 9                          | 0                  | 0              | 0             | 0                  | 9              | 9              |  |  |
| 36 - Communities and Public Health - General Fund | 4,886             | 6,337          | 5,893          | (443)                      | 6,436              | 6,043          | (393)         | (100)              | (150)          | (50)           |  |  |
| 38 - Communities and Public Health - Other Grants | 0                 | 4,805          | 4,824          | 19                         | 0                  | 0              | 0             | 4,805              | 4,824          | 19             |  |  |
| <b>Total 1 - People</b>                           | <b>252,371</b>    | <b>295,001</b> | <b>301,690</b> | <b>6,690</b>               | <b>281,827</b>     | <b>291,455</b> | <b>9,627</b>  | <b>13,174</b>      | <b>10,236</b>  | <b>(2,938)</b> |  |  |
| <b>2 - Resources</b>                              |                   |                |                |                            |                    |                |               |                    |                |                |  |  |
| 21 - Digital Transformation                       | 13,258            | 17,075         | 17,798         | 723                        | 14,937             | 16,064         | 1,127         | 2,138              | 1,734          | (404)          |  |  |
| 22 - Legal and Democratic Services                | 13,924            | 16,429         | 16,122         | (307)                      | 15,241             | 14,890         | (351)         | 1,188              | 1,232          | 44             |  |  |
| 24 - Finance                                      | 8,418             | 10,544         | 10,466         | (78)                       | 8,558              | 9,342          | 784           | 1,986              | 1,125          | (862)          |  |  |
| 25 - HR, Workplace & Organisational Design        | 4,144             | 5,773          | 5,400          | (373)                      | 4,477              | 4,117          | (360)         | 1,296              | 1,283          | (13)           |  |  |
| 26 - Management - Resources                       | (2,127)           | (562)          | 115            | 677                        | (1,689)            | (701)          | 988           | 1,126              | 815            | (311)          |  |  |
| 28 - Policy, Strategy & Partnerships              | 4,931             | 5,625          | 5,338          | (287)                      | 4,868              | 4,680          | (188)         | 758                | 658            | (99)           |  |  |
| <b>Total 2 - Resources</b>                        | <b>42,547</b>     | <b>54,884</b>  | <b>55,239</b>  | <b>355</b>                 | <b>46,392</b>      | <b>48,392</b>  | <b>2,000</b>  | <b>8,492</b>       | <b>6,847</b>   | <b>(1,645)</b> |  |  |
| <b>4 - Growth &amp; Regeneration</b>              |                   |                |                |                            |                    |                |               |                    |                |                |  |  |
| 37 - Housing & Landlord Services                  | 17,639            | 20,775         | 21,294         | 519                        | 20,268             | 21,119         | 852           | 507                | 175            | (333)          |  |  |
| 46 - Economy of Place                             | 4,982             | 672            | 657            | (15)                       | 4,782              | 4,493          | (289)         | (4,110)            | (3,836)        | 274            |  |  |
| 47 - Management of Place                          | 1,835             | (3,441)        | (4,081)        | (640)                      | 1,700              | 1,819          | 120           | (5,141)            | (5,900)        | (760)          |  |  |
| 4A - Management - G&R                             | (2,360)           | (80)           | 0              | 80                         | (80)               | (80)           | 0             | 0                  | 80             | 80             |  |  |
| 4B - Property, Assets and Infrastructure          | 39,733            | 44,866         | 48,253         | 3,387                      | 44,260             | 46,872         | 2,612         | 607                | 1,381          | 774            |  |  |
| <b>Total 4 - Growth &amp; Regeneration</b>        | <b>61,829</b>     | <b>62,792</b>  | <b>66,123</b>  | <b>3,331</b>               | <b>70,929</b>      | <b>74,224</b>  | <b>3,295</b>  | <b>(8,136)</b>     | <b>(8,101)</b> | <b>36</b>      |  |  |
| <b>SERVICE NET EXPENDITURE</b>                    | <b>356,747</b>    | <b>412,677</b> | <b>423,052</b> | <b>10,375</b>              | <b>399,147</b>     | <b>414,070</b> | <b>14,923</b> | <b>13,529</b>      | <b>8,982</b>   | <b>(4,547)</b> |  |  |
| X2 - Levies                                       | 10,866            | 10,866         | 10,867         | 1                          | 10,866             | 10,222         | (644)         | 0                  | 645            | 645            |  |  |
| X3 - Corporate Expenditure                        | 35,396            | 7,105          | 2,447          | (4,658)                    | (6,320)            | (6,323)        | (3)           | 13,425             | 8,770          | (4,655)        |  |  |
| X4 - Capital Financing                            | 22,495            | 13,797         | 11,641         | (2,156)                    | 18,960             | 13,223         | (5,738)       | (5,163)            | (1,582)        | 3,582          |  |  |
| X9 - Corporate Allowances                         | 5,595             | (502)          | (1,079)        | (577)                      | 2,480              | 1,480          | (1,000)       | (2,982)            | (2,559)        | 423            |  |  |
| <b>TOTAL REVENUE NET EXPENDITURE</b>              | <b>431,100</b>    | <b>443,943</b> | <b>446,929</b> | <b>2,985</b>               | <b>425,135</b>     | <b>432,672</b> | <b>7,538</b>  | <b>18,808</b>      | <b>14,256</b>  | <b>(4,552)</b> |  |  |

\* The revised budget has increased due to net movement from reserves before final technical adjustments required to close the accounts

- 2.5. The primary explanations for the outturn variations are identified in the sections below. The forecast outturn is within the parameters of the supplementary estimates as approved by Full Council and it is recommended that, following confirmation as part of the statement of accounts, this overspend (provisional £3.0m) will be funded from a drawdown from the General Fund general reserve.

## People Directorate

### Adult Social Care

- 2.6. The Adult Social Care (ASC) directorate reported an end of year balanced position against its revised budget of £178.0 million. The improvement of £1.4 million from the P10 forecast is driven by improvement in governance and cost management on adult purchasing budgets, along with spend control and mitigating actions in other non-adult purchasing budget areas.
- 2.7. It should be noted that ASC received in year supplementary estimates totalling £2.8 million to support in year pressures and initiated additional savings activities totalling £2.1 million. It also received opening technical budget virements of £3.4 million to adjust for inflation and 21/22 pay awards. Without these budget revisions, the ASC directorate would have overspent by a £8.3 million.
- 2.8. There are several areas that led to the improvement in the financial position in the final months of the year, these include: greater delivery of savings than previously forecast; additional funding received in relation to People Major Systems Programme £0.2 million; housing related support of £0.4 million; improved property income of £0.2 million; a reduced internal recharge in relation to the Emergency Duty Team of £0.2 million and adult purchasing budget changes of £0.3 million along with other smaller movements totalling £0.1 million.
- 2.9. The main variances were as follows:

**Table 2: Adult Social Care outturn position 2022/23**

|   | Revised Budget 2022/23 | 2022/23 Actual @ P12 | Budget Variance @ P12 | Change from P10 |
|---|------------------------|----------------------|-----------------------|-----------------|
|   | £000s                  | £000s                | £000s                 | £000s           |
| <b>Adult Purchasing</b>                 |                        |                      |                       |                 |
| Older Adults 65+                        | 72,744                 | 76,866               | 4,122                 | 995             |
| Working Age Adults 18-64                | 85,095                 | 89,925               | 4,831                 | (864)           |
| Preparing for Adulthood                 | 9,726                  | 11,431               | 1,704                 | (309)           |
| Social Care Support                     | 2,660                  | 2,947                | 287                   | 4               |
| Income - Service User Contribution Only | (25,582)               | (27,033)             | (1,451)               | (90)            |
| <b>Total Adult Purchasing</b>           | <b>144,644</b>         | <b>154,136</b>       | <b>9,492</b>          | <b>(262)</b>    |
| <b>Non Adult Purchasing</b>             |                        |                      |                       |                 |
| Employees                               | 37,850                 | 35,599               | (2,251)               | (91)            |
| Other - Net                             | (4,539)                | (11,797)             | (7,257)               | (1,040)         |
| Mitigations                             | -                      | -                    | -                     | -               |
| <b>Total Non-Adult Purchasing</b>       | <b>33,310</b>          | <b>23,802</b>        | <b>(9,509)</b>        | <b>(1,131)</b>  |
| <b>Total per budget report</b>          | <b>177,954</b>         | <b>177,938</b>       | <b>(16)</b>           | <b>(1,394)</b>  |

### Adult purchasing budgets £9.5 million overspend

- 2.10. **Working Age Adults** is a growing area of demand for ASC, with increased numbers of people

being supported at a significant and increasing cost to the council. These budgets overspent by £4.8 million which mainly relates to pressures in accommodation-based support which overspent by £2.3 million; overspends in residential placements of £1.3 million; and in nursing care home placements of £0.2 million and home care overspends of £0.7 million. Other overspends total £0.3 million.

- 2.11. Demand increase: the service was supporting 2,607 people at the end of the financial year, in comparison to the 2022/23 budget which had assumed funding for 2,485 people. Increased numbers of people supported during the year and the delays to planned savings delivery was a significant factor in the overspend position.
- 2.12. **Older Adults** overspent by £4.1 million which mainly relates to overspends in nursing placements of £2.9 million; home care costs with an overspend of £1.9 million and residential care home placements with an overspend of £0.3 million. Other small overspends accounted for £0.2 million. These were offset by underspends on extra care housing of £1.2 million.
- 2.13. The number of older people being supported was 2,613 at the end of the year in comparison to the 2022/23 budget which had assumed funding for 2,531 people.
- 2.14. **Other Non-Adult** purchasing budgets £7.3 million underspend mainly relating to underspends on in-house services and other income. Employee budgets underspent by £2.3 million.

### **Future risks and opportunities**

- 2.15. There remains a significant challenge to deliver savings and achieve a sustainable financial position in ASC for 2023/24 and beyond. Bristol continues to be considered a high spender in comparison to other authorities and there is an expectation that value for money and financial sustainability should be a focus of further significant improvement.
- 2.16. ASC faces significant challenges from:
- Underlying pressures from adult purchasing budgets which overspent by £9.5 million in 2022/23. Whilst budgets were increased by £5.7 million in 2023/24 to reflect service pressures across the whole of Adult Social Care, there remains much work to improve cost efficiency and to achieve a financially sustainable position
  - The need to deliver savings brought forward from 2022/23 estimated to be c.£2.3 million combined with £6.4 million of new savings in 2023/24
  - Inflationary pressures which continue to affect the social care market and drive provider costs - £17.1 million of inflation has been applied to 2023/24 ASC adult purchasing budgets
  - Social Care workforce challenges, due to the inability to recruit and retain staff across the sector

### **Children's and Family Services**

- 2.17. The Children's and Family Service is reporting an overspend of £6.5 million on a revised budget of £85.8 million. This represents a £1.0 million improvement from the P10 forecast position due primarily to budget adjustments from the optimism bias contingency for savings under delivered. The additional pressure is in the main due to an increased charge for the Emergency Duty Team of £0.2 million.
- 2.18. It should be noted that the C&F services received opening technical virements of £0.5 million to adjust for inflation and 21/22 pay awards; in year supplementary estimates totalling £9.9 million to support in year pressures; initiated additional savings activities totalling £1.2 million and latterly received a further £1.2 million optimism bias against those savings under delivered in the year. Without these budget revisions, the service would have overspent by £18.1 million.
- 2.19. The table below sets out the key variances in the year:

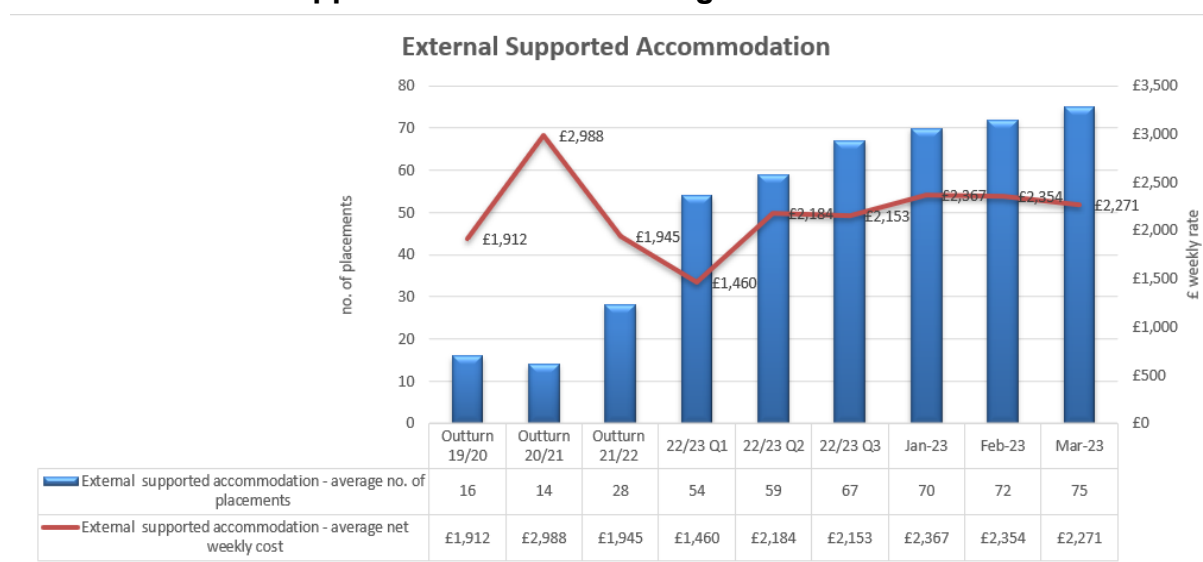


**Table 3: Children & Family Services outturn position 2022/23**

|   | Revised Budget 2022/23 | 2022/23 Actual @ P12 | Budget Variance @ P12 | Change from P10 |
|---|------------------------|----------------------|-----------------------|-----------------|
|   | £000s                  | £000s                | £000s                 | £000s           |
| <b>Placements</b>                               |                        |                      |                       |                 |
| External Supported Accommodation                | 5,056                  | 8,819                | 3,763                 | (1,148)         |
| In House Fostering                              | 7,156                  | 6,565                | (592)                 | 11              |
| Independent Fostering Agencies                  | 10,384                 | 7,147                | (3,237)               | 12              |
| Inhouse Supported Accommodation                 | 99                     | 46                   | (53)                  | (13)            |
| RO & SGO  | 4,601                  | 5,770                | 1,169                 | (16)            |
| Out Of Authority - Placements                   | 9,365                  | 15,612               | 6,246                 | (294)           |
| Parent & Baby Unit - Citywide                   | 1,371                  | 1,056                | (314)                 | 193             |
| Secure  | 148                    | 4                    | (144)                 | 2               |
| Children's Homes                                | 3,403                  | 3,285                | (118)                 | 23              |
| Post Adoption                                   | 381                    | 297                  | (84)                  | (6)             |
| <b>Total placements</b>                         | <b>41,963</b>          | <b>48,600</b>        | <b>6,637</b>          | <b>(1,235)</b>  |
| Mitigations                                     |                        |                      |                       | 0               |
| <b>Total Internal &amp; External Placements</b> | <b>41,963</b>          | <b>48,600</b>        | <b>6,637</b>          | <b>(1,235)</b>  |
| Other non-placement related budgets             | 43,856                 | 43,706               | (151)                 | 237             |
| <b>Total per budget report</b>                  | <b>85,819</b>          | <b>92,305</b>        | <b>6,486</b>          | <b>(998)</b>    |

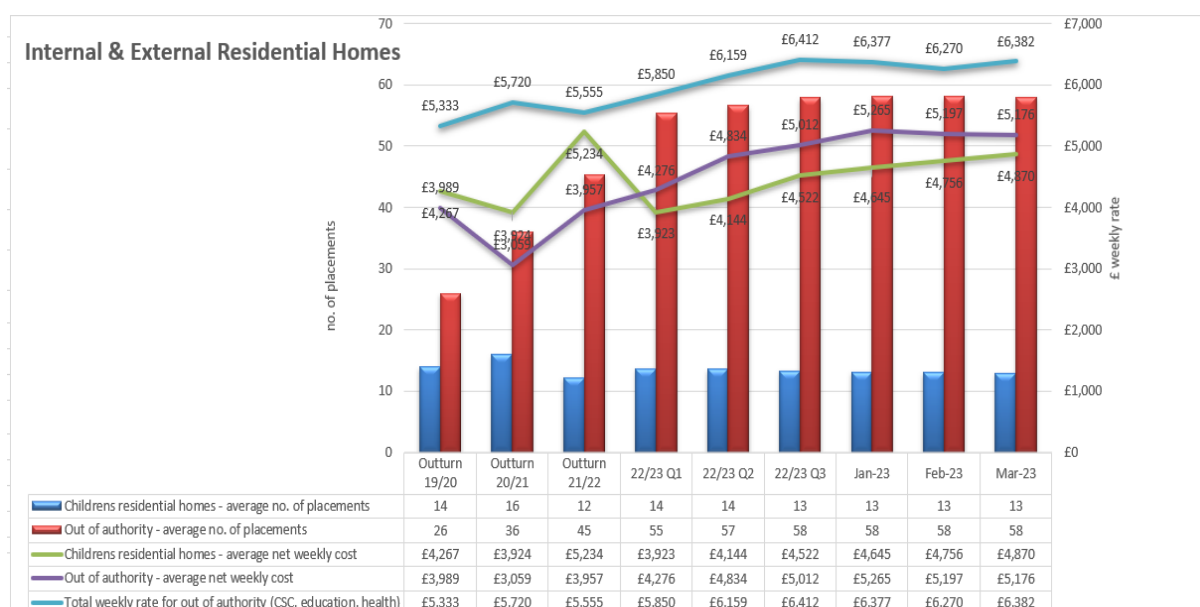
- 2.20. The internal & external placements budget overspent by £7.8 million driven mostly by a reliance on expensive externally contracted provision. This was largely due to insufficient local provision capacity and an increase in demand for services.
- 2.21. External supported accommodation remains an area of high pressure for the service with increasing costs and demand. The chart below sets out the growth in this area over the year and compares to previous years.

**Table 4: External supported accommodation growth**



- 2.22. Provision for residential placements has seen a similar trend in the past year as depicted below.

**Table 5: Residential homes growth**



## Future risks and opportunities

- 2.23. During the 2022/23 financial year there has been an increase in the number of placements made, resulting in significant additional cost. Actions to mitigate these pressures were implemented and whilst there were benefits realised as a result, they did not fully off-set the pressure. Placement numbers remain high at outturn, and this will have continued impact into the new financial year. If the trend in placement numbers continues to increase this will present significant additional risk to the placement budget through 2023/24 and beyond.
- 2.24. In addition to management of these pressures the service has outlined an ambitious transformation programme to be delivered in the coming financial year and beyond, with a triple bottom line; to strengthen the service and seek better outcomes for children, young people and families whilst working towards financial sustainability. There is high confidence in the programmes however existing pressures will present a further challenge to 2023/24 and this therefore remains a risk moving forward.
- 2.25. The risks and opportunities will continue to be managed throughout 2023/24, including seeking further synergies across the Children's directorate.

## Education and Skills

- 2.26. The Education and Skills general fund position is £0.6 million overspent against a revised budget of £20.1 million. This represents an improvement of £0.5 million on the P10 forecast position, which is driven by additional internal and external incomes.
- 2.27. The total variance to budget includes opening technical budget virements of £0.8m to adjust for inflation and 21/22 pay awards, in year supplementary estimates amounting to £1.6 million and additional in-year savings mitigations of £0.5 million, without which the adverse outturn would have been £2.9 million higher at £3.5 million.
- 2.28. The overall adverse position, excluding these, is driven by Home to School Transport, where there is a significant pressure, with an outturn of £1.9 million overspend against a revised budget of £8.8 million. This is a direct result of the increased numbers of children with Education Health and Care Plans (EHCPs) requiring transport support, combined with an increasing reliance on education placements at distance from the home.

- 2.29. Accessible City also remains a key pressure area finishing the year at £0.6 million over the revised budget. This is driven by ongoing high demand in the Special Needs team.
- 2.30. Overspend variance of £0.2 million in Trading with Schools reflects challenging income targets that have not been realised in full during 2022/23.
- 2.31. PFI has recorded an annual cost increase of £1.7 million due to uplift in utilities costs in both contracts (BAM and Skanska). The council is working closely with the PFI schools to improve efficiencies through budget and contract management and minimise future pressures on the council.

## **Future risks and opportunities**

- 2.32. The high number of children with EHCPs in the authority continues to present a risk of additional cost pressure to the service.
- 2.33. The Education Transformation and the Delivering Better Value (DBV) in SEND programmes present some opportunities in terms of efficiencies in Home to School Transport provision and the EHC assessments.

## **Resources Directorate**

- 2.34. The full year outturn for the Resources Directorate is a net overspend of £0.4 million (0.7%) against the £54.9 million revised budget. This presents a £1.6 million improvement since the last published P10 forecast overspend of £2.0 million.
- 2.35. It should be noted that the resources services received opening technical budget virements of £1.3 million to adjust for inflation and 21/22 pay awards, in year supplementary estimates totalling £1.2 million to support in year pressures and initiated additional savings activities totalling £2.6 million. Without these budget revisions, the directorate would have overspent by £5.5 million. This position does however include £2.0 million budgeted target for cross-cutting management savings held on behalf of the council as a whole (outlined at section 2.41).
- 2.36. Digital Transformation division is reporting £0.7 million overspend against a revised budget of £17.1 million, this is an improvement of £0.4 million since P10. The £0.7 million overspend against budget is driven by an increase in the volume of Microsoft 365 licences required post-pandemic, reflecting the new ways of working adopted. In addition, there is an increase in Azure storage costs and usage of cloud storage for which there was no base budget. The £0.4 million improvement from P10 was from efficiencies achieved in the mobile devices and airtime contract through sim rationalisation and utilising existing Microsoft services for device management.
- 2.37. The Legal and Democratic division is reporting £0.3 million underspend against a budget of £16.4 million, with negligible movement since P10. The favourable variance to budget is mainly due to an increase in demand in the Registrars service, resulting in higher than planned fee income.
- 2.38. The Finance division closed the year with a net £0.1 million underspend against a revised budget of £10.5 million. This is an improvement of £0.9 million since P10. Compared to budget, there was additional cost of £1.0 million due to subsidy loss on Exempt Accommodation provided by the council which was mitigated/offset by a £0.2 million energy rebate, £0.1 million recovery of overpaid benefits and £0.8 million of staff vacancies and other efficiencies derived from income streams. The £0.9 million improvement since P10 is mainly attributable to staff vacancies and other agreed staff efficiencies ring-fenced to offset costs elsewhere no longer required, coupled with £0.1 million unexpected recovery of overpaid benefits.

- 2.39. HR, Workplace and Organisational Design closed the year reporting a net £0.4 million underspend against a budget of £5.8 million with negligible movement since P10. The underspend is due to £0.3 million of in-year mitigations/management actions taken to reduce cost pressures and £0.1 million increase in staff participation in the annual leave top-up scheme.
- 2.40. Policy, Strategy and Partnerships division closed the year with a £0.3 million underspend, representing a £0.1 million improvement since P10 forecast. The £0.3 million underspend against budget and the P10 movement are mainly due to an increase in project income related to activities by the Public Relations, Consultation and Engagement teams.
- 2.41. Resources directorate also held the £2.0 million cross-cutting management savings target on behalf of all the council's directorates. Having reduced the in-year expectation of delivery of this saving by £1 million to £1 million at P5, £0.3 million was eventually delivered so that the year-end variance was a £0.7 million shortfall. This was predominantly due to the one-off costs attached to delivery of these recurrent savings (including one-off redundancy costs linked to succession planning and departmental organisational changes).

## **Future risks and opportunities**

- 2.42. In the year just concluded, digital transformation costs increased due to the volume of Microsoft 365 licences because of new ways of working and this growth is now reflected in the 2023/24 budget. The changing landscape around working poses additional possible risks/opportunities as the size of the organisation changes and will need to be monitored closely.
- 2.43. Across the directorate, various departments have plans to re-organise their structures in 2023/24. Estimated one-off costs associated with this are expected to be mitigated by savings achieved. Close monitoring of these activities is required in the year to ensure net savings embedded in the budget are achieved.

## **Growth and Regeneration**

- 2.44. The Growth & Regeneration directorate is reporting a £3.3 million (5%) overspend for 2022/23 against a net revised expenditure budget of £62.8 million.
- 2.45. It should be noted that the Growth & Regeneration directorate received opening technical budget virements of £0.7 million to adjust for inflation and 21/22 pay awards, in year supplementary estimates totalling £7.0 million to support in year pressures and initiated additional savings activities totalling £2.7 million. Without these budget revisions, the directorate would have overspent by £13.7 million.
- 2.46. The £3.3 million reported is broadly in line with the P10 forecast, however the reasons are slightly varied in some services compared to what was anticipated at that time. The adverse outturn is due to the following:
- Increased costs of housing residents in temporary accommodation. Much of this cost pressure was addressed via a supplementary budget, with the remaining pressure to be mitigated through savings within the wider directorate. The net movement for the year (taking into account the supplementary budget adjustments) is an overspend of £0.5 million (Council approved a supplementary budget in Q2 and this both increased the base budget by £1.7m and allowed for "recovery actions" within the wider directorate to mitigate the balance of £0.8m)
  - Increase in energy costs. Delays have been seen in implementing the new sleeving contract. The council has not been able to match energy generated with that consumed due to timing differences in generation vs usage, as well as price fluctuations resulting from the war in Ukraine, which has meant that the net cost of energy to the council has significantly increased. Council approved a supplementary budget in Q2 and this both increased the

base budget by £3.0 million and allowed for “recovery actions” within the wider directorate to mitigate the balance of £0.7 million, with £0.2 million held corporately to mitigate any further pressure. The net overspends for the year (after allowing for adjustment for the supplementary budget, concession payments and recharges to other clients – HRA, schools, etc.) total an additional £3 million (inclusive of street lighting)

- The shortfall in rental income from non-operational buildings - £0.8 million. This includes void space vacated by Bristol Energy. These now form part of the estate rationalisation strategy
- One-off redundancy costs, where the benefits are expected to materialise in 23/24
- These pressures are partially offset by a favourable movement in:
  - City Leap concession payment
  - Draw down from reserves to fund highways, grass and verges maintenance

## **Housing & Landlord Services**

2.47. The division is reporting an overspend of £0.5 million against a revised budget of £20.8 million. This is a favourable movement of £0.3 million compared to an overspend of £0.9 million reported in P10, which is mainly due to the allocation of £0.4 million optimism bias against savings under delivery in year.

2.48. The adverse variance in the division reflects the on-going pressures within Housing Options in terms of homelessness demand. The Housing Options service is reporting an adverse variance of £1.1 million which is mainly due to subsidy loss of £5 million on homelessness expenditure. The council has experienced a sharp increase in post-pandemic nightly rate accommodation costs at commercial hotels, which are generally used as a last resort, but due to a lack of suitable supply of alternative accommodation, Bristol has relied on hotels on an increasing basis. The significant pressure in TA (Temporary Accommodation) demand and expenditure is partially offset by mitigating actions introduced in-year to reduce the budget gap.

## **Economy of Place**

2.49. The division is reporting a £0.02 million underspend against a revised budget of £0.7 million. The forecast has adversely moved by £0.1 million against the P10 position. The drivers for these variances are:

- Staff redundancy costs
- Shortfall in planning income as well as adverse movement in advertising income achieved against P10 forecast
- Reduced staff costs recharged to capital projects

## **Management of Place**

2.50. The division is reporting a £0.6 million underspend against a revised budget (of £3.4m). This represents a favourable movement of £0.7 million against P10 forecast. The main drivers for these variances are:

- Increase in energy costs due to increased energy price spikes since the second half of 2021/22 worsened because of the war in Ukraine, which have not been mitigated due to delays in the street lighting LED replacement programme - £0.4 million
- Increase in Bristol Operation Centre CCTV & staffing costs - £0.4 million
- Increase in Culture Services staffing costs - £0.3 million
- Funding of highways, grass and verges maintenance via a drawdown from earmarked reserves (subject to cabinet approval)

## **Property and Asset Strategy**

2.51. The division outturn is £3.4 million overspend against a revised budget of £44.9 million. This represents an adverse movement of £0.8 million comparing to the P10 forecast. The drivers for these variances are:

- The increase in energy costs. The delay in implementing the new sleeving contract with Laser, our inability to match energy generated with that consumed due to timing differences, along with price fluctuations resulting from the war in Ukraine has meant that the net cost of energy to the council has significantly increased. Council approved a supplementary budget in Q2 and this both increased the base budget by £3 million and allowed for “recovery actions” within the wider directorate to mitigate the balance of £0.7 million, with £0.2 million held corporately to mitigate any further pressure. The net overspends for the year (after allowing for adjustment for concession payments and recharges to other clients – HRA, schools, etc. totals an additional £3 million - includes street lighting which sits under Management of Place)
- Shortfall in rental income from non-operational buildings of £1.1 million
- Non-achievement of Corporate Landlord savings, £0.5 million already built into the base budget in addition to sums held corporately
- Shortfall in BWC (Bristol Waste Company) income of £0.1 million
- Additional waste costs of £0.2 million

### Future risks and opportunities

2.52. Energy prices and risks attached to continued inflation present an ongoing risk to the division. This will need to be monitored over the forthcoming financial year and opportunities around maximising benefits from sleeving and other arrangements captured.

2.53. There are significant programmes of savings and efficiency attached to both Temporary Accommodation and Property, Assets and Infrastructure presenting both a risk in terms of delivery challenges and opportunity. Property strategy is evolving and the programme of works for both will need to move forward at pace to ensure financial stability to these areas of the budget.

## 3. Corporate Expenditure

3.1. Levy charges as outlined in the table below are in line with budget for the year.

**Table 6: Levy charges 2022/23**

| Financial Year<br>2022/23    | Revised<br>Budget | Actual<br>at P12 | Budget<br>Variance at<br>P12 |
|------------------------------|-------------------|------------------|------------------------------|
| <b>X2 - Levies</b>           | <b>£'000</b>      | <b>£'000</b>     | <b>£'000</b>                 |
| EA Severn and Wye RFCC       | 3                 | 3                | -                            |
| Devon and Severn IFCA        | 43                | 43               | -                            |
| EA Wessex RFCC               | 484               | 471              | (14)                         |
| Lower Severn IDB             | 760               | 806              | 46                           |
| WECA Transport Levy          | 10,266            | 10,235           | (31)                         |
| Public Health Levy Recharges | (690)             | (690)            | -                            |
| <b>Total</b>                 | <b>10,866</b>     | <b>10,867</b>    | <b>1</b>                     |

### Corporate expenditure and allowances

3.2. The key elements of the corporate expenditure budgets are summarised in the table below.

**Table 7: Corporate expenditure and allowances 2022/23**

| Financial Year 2022/23                             | Revised Budget | Actual at P12 | Budget Variance at P12 |
|--|----------------|---------------|------------------------|
| Division and Description                           | £'000          | £'000         | £'000                  |
| X3 – Corporate management direct charges           | 1,440          | 882           | (558)                  |
| X3 – Impairment provision & other unforeseen items | 5,090          | 60            | (5030)                 |
| X3 – Insurance claims                              | -              | 1,238         | 1,238                  |
| X3 – Contract inflation                            | 264            | 51            | (213)                  |
| X3 – Unfunded pensions                             | 2,490          | 2,570         | 80                     |
| X3 – Pay award                                     | 20             | 0             | (20)                   |
| X3 – Transfer to/from reserves                     | (2,200)        | (1,500)       | 700                    |
| X8 – Business Rates levy income                    | -              | (855)         | (855)                  |
| X4 – Capital financing                             | 13,797         | 11,641        | (2,156)                |
| X9 – Optimism bias                                 | 263            | (333)         | (596)                  |
| X9 – Allowances and unallocated savings            | (764)          | (745)         | 19                     |
| <b>Total</b>                                       | <b>20,400</b>  | <b>13,009</b> | <b>7,391</b>           |

- 3.3. Many of the corporate funds contain a high degree of volatility/risk and are estimated and held initially in Corporate Finance cost centres and later allocated to directorates during the course of the year once actual allocations/pressures are verified. The exceptions being insurance claims liabilities, unfunded legacy pensions and impairment adjustments for debt streams beyond a financial year.
- 3.4. It should be noted that the allowances and unallocated savings budget received in year budget adjustments of £1.4 million to support crosscutting savings in the budget held centrally such as 'Reduce council-owned property' with targets only partially delivered in 2022/23.
- 3.5. The social and economic conditions and cost of living have placed significant pressures on directorates, resulting in an inability to contain the scale of pricing uplifts being experienced within many service budgets. In addition, due diligence on early savings propositions and other challenges have resulted in reduced delivery of savings and application of optimism bias contingency. £28.3 million of corporate expenditure approved in the budget but not initially allocated to directorate cash limits has been released to directorates. These are predominantly attributed to inflation, pay awards and savings optimism bias contingency. They have been allocated in line with the policy and reported periodically throughout the year, with full year impact by directorate summarised below.

**Table 8: Corporate expenditure & allowances applied to directorate cash limits**

| Financial Year 2022/23              | People        | Resources    | Growth & Regeneration | Total         |
|-------------------------------------|---------------|--------------|-----------------------|---------------|
| Expenditure Type                    | £'000         | £'000        | £'000                 | £'000         |
| Inflation                           | 7,538         | 65           | 3,480                 | 11,083        |
| Pay award                           | 4,235         | 3,123        | 3,935                 | 11,293        |
| Optimism bias / savings contingency | 2,542         | 1,300        | 2,108                 | 5,950         |
| <b>Total</b>                        | <b>14,315</b> | <b>4,488</b> | <b>9,523</b>          | <b>28,326</b> |

- 3.6. During the year debt and arrears collection rates have reduced and trends in debt levels have continued to rise, and backlogs are still being experienced in the courts. This has resulted in a requirement to increase the provision for non-collection of debt and lost income from court summons (£2.9m). The predominant debt types driving the increased provision are adult social care (£1.8m), council summons income (£0.6m), Housing Benefit overpayment recovery (£0.4m) and other minor adverse movements. Work to review and collect static and aged debt continues, however a provision aligned to accounting guidelines ensures a prudent estimate is put aside in the event debt cannot be collected.
- 3.7. £1.2 million of insurance claims have been paid out and provided for during the year, and as per the collection fund surplus deficit report a £1.5 million budget hardship fund contribution to the increased cost of CTR and income loss in the 22/23 collection fund. In addition, £1.6 million unbudgeted costs attributed to the council's PFI energy liabilities as outlined in the P11 exception report.
- 3.8. Within corporate expenditure there is a net additional £0.6 million (reversal of £0.9m 21/22 and £0.3m 22/23 costs) associated with provisions required for payments under the council's succession planning policy which must be accounted for in the year the commitment is made. The policy requires all costs to be contained within relevant service budgets in the year of departure and as such this represents a timing difference with recovery actioned in the subsequent year.
- 3.9. A balance sheet review has been undertaken as part of our annual closure processes with a number of opportunities explored to increase the Income and Expenditure (I&E) account. Historic investigations following annual reconciliation of the payroll system to the ledger have been completed. Following the completion of the 2022/23 pension triennial review and agreement of the annual contribution for the next period, discounts (cash savings) achieved on the annual prepayment of future service employer contributions for the last 3 years and overcollection of LGPS deficits can be released to the I&E. It is proposed that these unused one-off funds of £3.8 million be released from the balance sheet to the I&E account to contribute to the debt and other impairments for 2022/23.

## **Capital financing**

- 3.10. Capital financing budget has a large underspend of £6.4 million at the end of the financial year, due to the slippage of capital expenditure during 2022/23 resulting in reduced borrowing requirement during the year and reduced interest costs. This reflects a strategy of internal borrowing and increased interest from our investments due to increasing rates.

This underspend has been utilised to replace transformation expenditure that was earmarked in the budget for application of flexible use of capital receipts which were subsequently not available, and other transformation related spend totalling £4.2 million, leaving a residual £2.2 million for mitigating overspends elsewhere in the council's budget.

- 3.11. Other categories within corporate budgets which have underspent and offset the pressures above are outlined in table 1 with the inclusion of a provision for centralisation of land charges which wasn't progressed during the year (£0.3m).

## **4. Savings Programme**

- 4.1. The savings programme agreed by Council in 2022 included savings totalling £18.0 million. These combine with £6.2 million of savings carried forward from prior years still requiring delivery, to bring the total savings delivery target for 2022/23 to £24.2 million.
- 4.2. It was recognised in the 2022/23 budget report that the savings were at varying degrees of development and given the level of savings proposed, stage of due diligence on each,



crosscutting nature of a number of the propositions and a number that may require consultation, the savings were underpinned by an optimism bias and savings delivery contingency totalling £6.2 million.

**Table 9: Summary of delivery of approved 2022/23 savings by directorate**

| Directorate  | 22/23 Savings | 22/23 Savings reported as 'Safe' | 22/23 Savings reported as 'At Risk' |            |
|--|---------------|----------------------------------|-------------------------------------|------------|
|  | £m            | £m                               | £m                                  | %          |
| People   | 10.6          | 8.7                              | 2.0                                 | 19%        |
| Resources<br>(incl. Resources led cross-cutting savings)       | 6.6           | 6.5                              | 0.1                                 | 1%         |
| Growth & Regeneration<br>(incl. G&R led cross-cutting savings) | 6.9           | 6.6                              | 0.4                                 | 6%         |
| <b>Total</b>   | <b>24.2</b>   | <b>21.8</b>                      | <b>2.4</b>                          | <b>10%</b> |

- 4.3. Approved savings in 2022/23 totalled £24.2 million. This included rollover of £6 million from non-achieved or under-delivered savings in 2021/22. Of this £24.2 million, £21.8 million (90%) have been reported as safe and £2.4 million (10%) reported at risk. It should be noted that reported as safe does not in all instances mean delivered as this includes in-year write downs of over-optimistic savings targets for 2022/23 via the application of £4.1 million of optimism bias funding. From the overall savings, £16.0 million (66%) have been delivered with £8.2 million (34%) not being achieved in year as planned. Of the £8.2 million, £0.5 million (2%) of these savings were deemed to not be deliverable and were permanently written off in the 2023/24 budget setting process.
- 4.4. The in-year impact of this has been mitigated during the year and alternative savings of £10.0 million (£0.5m held centrally) were identified where original plans had not been achieved recurrently.

**Table 10: Summary of delivery of in year recovery activity/savings by directorate**

|                       | Recurrent    |              |              | One-off      | Total 22/23<br>£'000 |
|-----------------------|--------------|--------------|--------------|--------------|----------------------|
|                       | 22/23        | 23/24        | Total        | 22/23        |                      |
|                       | £'000        | £'000        | £'000        | £'000        |                      |
| People                | 2,128        | 693          | 2,821        | 1,952        | 4,080                |
| Resources             | 10           | 1,000        | 1,010        | 2,863        | 2,873                |
| Growth & Regeneration | 1,033        | 2,889        | 3,922        | 2,018        | 3,051                |
| <b>Total</b>          | <b>3,171</b> | <b>4,582</b> | <b>7,753</b> | <b>6,833</b> | <b>10,004</b>        |

- 4.5. From the in-year alternative mitigating recovery action, £8.4 million has been delivered or further mitigated and £1.6 million adjusted on a one off basis via the optimism bias and savings delivery contingency. This will leave approximately £0.9 million of recurrent savings still required to be delivered on a recurrent basis in 2023/24. When combined with the original £7.7 million, £8.6 million will be carried forward and will need to be delivered to achieve a balanced budget in 2023/24. These savings will continue to be monitored and reviewed for delivery in 2023/24. Full detail of savings delivery is provided in Appendix 2. See 2023/24 budget report here: [Council budgets \(bristol.gov.uk\)](https://www.bristol.gov.uk/budgets).

## Ring-Fenced Accounts

### 5. Housing Revenue Account

- 5.1. The Housing Revenue Account (HRA) is a statutory account which records expenditure and income relating to council dwellings and the provision of services to tenants.
- 5.2. For the financial year 2022/23 the Housing Revenue Account reported a deficit of £2.8 million (2%), based on both the gross expenditure budget of £127.1 million approved in March 2022. This represents a movement of £3.6 million compared to the deficit of £6.4 million reported in P10. The overspend reported in the HRA will be funded from the HRA general reserve. The main reasons for the deficit against budget are set out below.

**Table 11: Summary - Housing Revenue Account outturn 2022/23**

| Housing Revenue Account   | Revised Budget<br>£'000 | Outturn<br>£'000 | Outturn Variance<br>£'000 | Previous Forecast<br>£'000 | Previous Forecast Movement<br>£'000 |
|---|-------------------------|------------------|---------------------------|----------------------------|-------------------------------------|
| Income  | (128,051)               | (127,181)        | 870                       | (127,292)                  | 111                                 |
| Repairs & Maintenance   | 37,214                  | 35,164           | (2,050)                   | 34,280                     | 884                                 |
| Supervision & Management  | 32,021                  | 36,302           | 4,281                     | 36,360                     | (58)                                |
| Special Services  | 11,518                  | 14,136           | 2,618                     | 14,855                     | (718)                               |
| Rents, rates, taxes and other charges   | 595                     | 625              | 30                        | 653                        | (28)                                |
| Depreciation, Revenue Funded Capital, Interest Payable and Bad Debt Provision | 46,703                  | 43,735           | (2,968)                   | 47,547                     | (3,813)                             |
| <b>(Surplus) / Deficit on the HRA</b>   | <b>(3)</b>              | <b>2,781</b>     | <b>2,781</b>              | <b>6,403</b>               | <b>(3,623)</b>                      |

- 5.3. The HRA income is reporting an adverse variance of £0.9 million which is due to delays in the handover of new build properties as well as increased levels of Right-to-Buy (RTB) sales.
- 5.4. The full year results at the end of P12 for repairs & maintenance shows a favourable variance of £2.1 million against a revised budget of £37.2 million. This represents a £0.9 million deterioration compared to P10. The service has been hampered by capacity issues affecting internal as well as external contractor resources from the start of the financial year, rendering it difficult to carry out projects as planned or budgeted. This impacted our low-rise dwelling painting programme and given the upward rebasing of recharges to the capital programme, an overall underspend was realised. This has been mitigated by an uptick in the repairs & maintenance programme over the last three months.
- 5.5. Supervision and Management is reporting an overspend of £4.3 million, a favourable movement of £0.1 million when compared to P10. This is mainly due to additional investment agreed by cabinet for fire safety works (Waking Watch) and IT transformation costs.
- 5.6. Special Services is reporting an overspend of £2.6 million due to an increase in energy costs, though this is £0.7 million less than reported in P10.
- 5.7. There has been a significant increase in the interest received on HRA balances in 2022/23 of approximately £3.1 million, compared to P10 forecast of £0.2 million. This increase is reflective of the growth in interest rates and aligns with the council's Treasury Policy. Also, reflecting the cost of maintaining the council's stock, the depreciation charge for 2022/23 is £0.6 million less than budgeted. Ongoing work with residents resulted in improved income collection and lower levels of bad debt than originally forecast.

## 6. Dedicated Schools Grant

- 6.1. The DSG is a ring-fenced grant which is allocated in four blocks. The Schools Block funds the Individual Schools' Budgets of Academies and Authority schools. The Early Years Block funds the provision of education for children from age 3 up to age 5 and for qualifying two-year olds. The High Needs Block funds the place budgets at special schools, Enhanced Resource schools and Pupil Referral Units within the council's geographical boundary and other expenditure required to support children and young people with additional educational needs. The Central School Services Block funds limited central expenditure on behalf of all schools and academies plus historic commitments that have been agreed by the Schools Forum.
- 6.2. The in-year deficit on the DSG is £15.0 million, an improvement of £2.2 million when comparing to £17.2 million in-year deficit forecasted in P10. This gives a carried forward cumulative deficit of £39.7 million when added to the brought forward balance of £24.7 million. The main area for concern continues to be the High Needs block with an in-year deficit of £15.3 million, partially offset by the £0.9 million underspend in the school's blocks.
- 6.3. Please note this does not include the deficit in maintained schools and nurseries which was £1.7 million cumulative deficit, an adverse in-year movement of £5.2 million from 60 LA (Local Authority) maintained schools and 4 hubs plus 1 LA maintained children's centre. Further details are outlined in paragraph 6.10.
- 6.4. The variances by the four main DSG blocks are outlined below.

**Table 12: Summary of DSG position 2022/23**

| 2022/23 DSG<br>Outturn<br>Position   | Balance<br>b/fwd at<br>1 Apr 22 | Transfers | Revised<br>b/fwd | DSG<br>funding<br>22/23* | 2022/23<br>Outturn | In-year<br>variance | 2022/23<br>Outturn<br>C/fwd | Mov'nt<br>since<br>P10 |
|--------------------------------------|---------------------------------|-----------|------------------|--------------------------|--------------------|---------------------|-----------------------------|------------------------|
|                                      | £m                              | £m        | £m               | £m                       | £m                 | £m                  | £m                          | £m                     |
| Schools Block                        | (1.517)                         | 1.517     | -                | 304.661                  | 303.874            | (0.787)             | (0.787)                     | (0.230)                |
| De-delegation                        | (0.504)                         | -         | (0.504)          | -                        | (0.023)            | (0.023)             | (0.527)                     | (0.023)                |
| Schools<br>Central<br>Services Block | 0.008                           | -         | 0.008            | 2.742                    | 2.742              | -                   | 0.008                       | -                      |
| Early Years<br>Block                 | (0.472)                         | -         | (0.472)          | 35.329                   | 35.196             | (0.133)             | (0.605)                     | (0.802)                |
| High Needs<br>Block                  | 27.876                          | (1.517)   | 26.359           | 78.466                   | 94.629             | 16.162              | 42.521                      | (1.135)                |
| Education<br>Transformatio<br>n      | (0.740)                         | -         | (0.740)          | 1.531                    | 1.343              | (0.188)             | (0.928)                     | (0.033)                |
| <b>Total</b>                         | <b>24.650</b>                   | <b>-</b>  | <b>24.650</b>    | <b>422.730</b>           | <b>437.761</b>     | <b>15.031</b>       | <b>39.681</b>               | <b>(2.222)</b>         |

*\*Note: DSG allocation is indicative as Early Year's funding allocation is based on actual participation and is updated quarterly in arrears.*

### High Needs Block (HNB)

- 6.5. Within the High Needs Block, the biggest area of funding pressure is top-up payments to special and mainstream schools, special placements for pre and post 16, GFE top-up as well as payments to other local authorities, Pupil Referral Units (PRUs) and resource bases, where overspends of £10.0 million were recorded against a range of top up payments. Whilst this is

£3.7 million lower than the P10 forecast, it adds significant pressure to the DSG budget and cannot be sustained in the long run. There is significant increase in the number of pupils coming to panel for top-up funding as a result of the increased number of Education, Health and Care Plans (EHCPs) being completed, which has been reflected in a £0.5 million overspend in the Special Needs team and Education Psychologists in Accessible City within the education General Fund budget.

### **Early Years (EY)**

- 6.6. The Early Year's block is reporting a £0.1 million underspend at the end of the year. This is due to a reduction in spring term funding due to lower participation which also resulted in £0.7 million funding reduction adjustment in P12. Another reason for EY's underspend is due to delayed spending in EY's Transformation & Maintained Nursery Improvement programmes totalling £0.266 million, offset by slight overspend in 2 year old funding and EY's SEN budget.

### **Schools Block (SB)**

- 6.7. Schools Block is currently reporting an underspend of £0.8 million. The formula funding for maintained mainstream schools and academies has been fully allocated. Scope for variation is in the growth fund, or if schools close during the year. The £0.8 million favourable outturn variance on Schools Block is due to underspend in the growth fund.

### **Education Transformation Programme**

- 6.8. Following the agreement of Schools Forum, £1.5 million was transferred from the Schools Block in 2022/23 to contribute towards the Education Transformation Programme. The programme, however, underspent by £0.2 million, in addition to the £0.7 million underspend from the previous year. These underspends will be carried forward to 2023/24 to continue to support the delivery of the DSG High Needs Recovery plan alongside the DfE Delivering Better Value for SEND Programme. The Education Transformation Programme is primarily concerned with Special Educational Needs and Disability (SEND) and is expected to drive improvement in SEND practices as well as increase local provisions. This has led to increased numbers of pupils accessing the service (with impact on the HNB) and will in the longer-term lead to improved outcomes and more sustainable costs.
- 6.9. Nationally, High Needs continues to be challenging due in the main to SEND reforms introduced in 2014 and remains unfunded and, in Bristol, this has been exacerbated by work to clear the backlog of EHCPs. Further detailed activity review & analysis will need to be undertaken to ensure planning is robust and sufficient resources are available to meet needs, and we will continue to lobby government for a more sustainable funding settlement.

### **Schools surplus and deficits**

- 6.10. Overall school's balances have decreased by £5.3 million with most significant deterioration recorded in nursery schools where 11 out of 12 LA maintained nursery schools were in deficit at the end of March 2023. Analysis by setting is summarised in the table below:

**Table 13: Maintained schools balances 2022/23**

| 2022/23 Bristol LA Maintained Schools Balances | 2021/22 balance carry forward £'000 | 2022/23 closing balance £'000 | In-year movement £'000 | No of schools in cumulative deficit position as at 31 March 2023 |
|--|-------------------------------------|-------------------------------|------------------------|--|
| Children's Centres (CC)                        | 340.3                               | 541.3                         | 201.1                  | 1 of 1   |
| Hub  | (773.2)                             | (498.2)                       | 275.0                  | 0 of 4   |
| Nursery  | 5,192.5                             | 7,050.1                       | 1,857.6                | 11 of 12   |
| Primary  | (3,831.1)                           | (2,906.4)                     | 924.7                  | 4 of 28  |
| Primary with nursery settings                  | (1,714.6)                           | (737.2)                       | 977.4                  | 2 of 12  |
| Secondary                                      | (878.3)                             | (391.7)                       | 486.6                  | 0 of 2   |
| Special  | (1,297.6)                           | (789.4)                       | 508.2                  | 1 of 5   |
| PRU (Pupil Referral Unit)                      | (552.2)                             | (503.9)                       | 48.3                   | 0 of 1   |
| <b>Sum total (+ve: deficit)</b>                | <b>(3,514.3)</b>                    | <b>1,764.6</b>                | <b>5,278.9</b>         | <b>19 of 65</b>  |
| <b>Sum excluding CC &amp; Hubs</b>             | <b>(3,081.3)</b>                    | <b>1,721.5</b>                | <b>4,802.8</b>         | <b>18 of 60</b>  |

- 6.11. 14 out of 60 (excluding 4 hubs and 1 Bristol LA maintained children's centre) LA maintained schools started the year with a cumulative surplus of £3.1 million. By the end of the year, 18 schools shared a cumulative deficit position of £1.7 million, this represents an in-year deficit of £4.8 million to carry forward into 2023/24. The new MSAG (Mainstream Schools Additional Grant) Bristol indicative allocation for 2023/24 is £10.7 million, which should alleviate most of the financial pressures in primary and secondary settings. Financial position by settings is summarised in the table above.
- 6.12. Out of 18 schools sharing the end of cumulative deficit position of £1.7 million, the nursery sector continues to be a concern, with 11 out of 12 maintained nursery schools in a deficit position totalling £1.9 million (or £7.1m when including brought forward deficit balance of £5.2m), some of the deficits representing a substantial proportion of their annual budgets. Whilst the additional £1.6 million Maintained Nursery Schools supplement grant in 2023/24 is welcomed, it is not sufficient to cover the in-year budget pressure (in-year deficit of £1.9m in 2022/23), neither would it contribute towards the cumulative deficit (£7.1m as at March 2023). The Education Early Years and Education Finance teams have been working with the sector to find a sustainable way forward. Different models of operation have also been considered which could potentially reduce the deficit going forward.
- 6.13. Schools with a forecast a deficit position at Q3 were required to provide a deficit recovery plan. The LA finance team will continue to work alongside education colleagues to support and challenge schools with deficits to help them manage their medium-term recovery plan to a balanced position in line with the scheme for financing schools.

## 7. Communities and Public Health

- 7.1. The total Public Health budget in 2022/23 was £41.2 million. This is composed of £34.6 million public health grant and £6.6 million joint commissioned funding (£40.2m in the approved budget, of this £33.6m was indicative public health grant prior to actual grant notification). The Public Health grant is awarded annually to each local authority and is ring-fenced for the purposes of public health. The grant funds a range of mandated public health services and supports the Director of Public Health to discharge their statutory duties for protecting health, improving health, promoting health equity, and reducing health inequalities through the funding of locally identified public health priorities. Bristol's local priorities in 2022/23 included reducing harms from drugs

and alcohol, improving mental health, reducing harms from domestic abuse, food equality and community health action.

- 7.2. There are also a small number of Communities and Public Health Services which are funded from the General Fund with a budget of £6.4 million. These include Neighbourhood and Community services, the Bristol Impact Fund and Covid related expenditure. The services delivered secondary savings during 2022/23 and a planned underspend of £0.4 million was reported.
- 7.3. Public Health grant funded services ended the year with a small underspend of £0.8 million which was added into the ring-fenced reserve. The Public Health reserve currently totals £4.6 million. This underspend has occurred because of underperformance in primary care contracts due to pressures in the NHS systems for mandated services (sexual health, substance misuse and NHS health checks). The budget for 2023/24 will be amended to reflect this.
- 7.4. Moving into 2023/24 there remains risk to the Public Health budget linked to the NHS pay award, which will put pressure on NHS pay linked elements of services.

## 8. Capital Programme and Investments

- 8.1. The capital programme was revised during the year as the phasing of schemes was reviewed and approvals for additional schemes and resourcing were agreed. The original capital programme set in February 2022 totalled £300.5 million (including £122.7m within HRA). Approvals were sought in subsequent budget monitoring reports to revise the 2022/23 programme to a total budget of £227.1 million.
- 8.2. The previous monitoring report (P10) reported a budget of £223.3 million. This has been uplifted by £3.8 million following reallocation of CAZ funding from revenue to capital as detailed in the P10 report.
- 8.3. The table below sets out the capital outturn position by directorate (full breakdown is available in Appendix A6).

**Table 14: Capital outturn summary 2022/23**

| Approved Budget Council<br>£m | Directorate             | Revised Budget<br>£m | Outturn<br>£m | Outturn Variance<br>£m | Variance from Budget<br>% |
|-------------------------------|-------------------------|----------------------|---------------|------------------------|---------------------------|
| 25.1                          | People                  | 22.4                 | 16.2          | (6.2)                  | (28)%                     |
| 7.9                           | Resources               | 2.1                  | 1.6           | (0.5)                  | (24)%                     |
| *132.1                        | Growth & Regeneration   | 132.8                | 119.4         | (13.4)                 | (10)%                     |
| 12.7                          | Corporate               | 0.1                  | -             | (0.1)                  | -                         |
| 122.7                         | Housing Revenue Account | 69.7                 | 61.5          | (8.2)                  | (12)%                     |
| <b>300.5</b>                  | <b>Total</b>            | <b>227.1</b>         | <b>198.7</b>  | <b>(28.4)</b>          | <b>(13)%</b>              |
|                               | <i>Financed By:</i>     |                      |               |                        |                           |
| 73.7                          | Prudential Borrowing    |                      | 60.8          |                        |                           |
| 83.2                          | Capital Grants          |                      | 72.8          |                        |                           |
| 19.9                          | Capital Receipts        |                      | 2.6           |                        |                           |
| 122.7                         | HRA                     |                      | 61.5          |                        |                           |
| 1.0                           | Revenue Contributions   |                      | 1.0           |                        |                           |
| <b>300.5</b>                  | <b>Total</b>            |                      | <b>198.7</b>  |                        |                           |

*\*Excluded from the approved budget is £9.325 million - PL30A Housing Programme delivered through housing company as this budget line related to the transfer / sale of land rather than capital expenditure.*

- 8.4. The actual capital outturn achieved for 2022/23 is £198.7 million, which includes £61.5 million attributed to the HRA. This indicates an 87% delivery compared to the revised budget and a 64% delivery when compared to the originally agreed programme.
- 8.5. The level of actual prudential borrowing required to finance this reduced programme is £60.8 million, which is £12.9 million lower than when the budget was agreed. This has had an impact on the revenue accounts with a reduction in the capital financing costs (circa £0.129m) associated to the debt for the programme as outlined above.
- 8.6. Capital reporting included robust and rigorous reviews during the year to re-profile the capital spending across financial years on all schemes based on a realistic assessment of expected project delivery/implementation timescales, considering known risks. A strategic delivery partner has been appointed to drive up capital scheme delivery. With increased capacity in the council to deliver projects, capital spend has increased by 20% based on average prior year spend of c.£160 million per annum.
- 8.7. At the end of the financial year the net underspend is recommended to be reprofiled by scheme into future years. The allocation of the net underspend, and its reprofiling to future financial years, will be subject to a review to ensure that it is reprofiled realistically based on the scheme's delivery timeframe. The HRA net underspend will be reviewed against the refreshed 30-year Business Plan approved by Council in February 2023 to ensure consistency as a full reset of the HRA's capital investment plans was incorporated into the Business Plan. The outcome of this work will be incorporated into the monthly financial report to cabinet in July 2023.
- 8.8. The People Directorate reported a net capital underspend (£6.2m) with the main variance relating to the school's expansion programme and South Bristol Youth Zone with a reported underspend of £3.8 million and £1 million respectively.
- 8.9. Resources directorate reported a net underspend of £0.5 million against a budget of £2.1 million (24% delivery). The key drivers of this variance to budget are:
- ICT Programmes underspend of £0.383 million mainly due to slippage in the network replacement project (£0.234m) arising from a change in procurement approach/advice to run a competitive tender rather than direct award the contract, as previously planned. This is in order to generate further savings in the run cost, plus £0.150 million from the telephony/contact centre replacement project due to delays in recruitment and contractual segregation required to avoid a further 12 months license cost
  - £0.107 million underspend on Flax Bourton Mortuary storage expansion due to project delays arising from an additional options appraisal being required to mitigate the impact of rising construction costs
  - £0.076 million underspend on the ICT refresh programme due to fewer laptops than anticipated being replaced
- 8.10. Growth and Regeneration reported a net underspend of £13.4 million against a revised budget of £132.8 million (90% delivery). The key drivers of the variance to budget are:
- Economy development - ASEA 2 Flood Defences – GR03 £4.1 million. This is a joint scheme with South Glos. Council and the Environment Agency. The newly reported underspend reflects the latest assessment of work in progress and costs to date. The unspent amount is recommended to be reprofiled to 23/24
  - Housing Delivery is reporting slippage of £2.6 million, a movement of £2.0 million between the P10 forecast and year end. The programme has experienced delays in completion by



Registered Providers (RPs) and in several schemes including the Lockleaze, Romney House and Fulford Road projects

- Energy services – renewable energy investment – PL18 £2.3 million. HUGS1 (£1.5m) is due to delays in setting up the contract with Ameresco (City Leap partner). This has also affected the decarbonisation scheme (£0.6m) with agreements signed in December 22 between BCC & Ameresco for construction to start Jan 23. The balance relating to underspends against the BEIS Green Homes Grant (£0.2m) has now completed
- Clean Air Zone Programme – GR09 £1.3 million. This is a grant funded scheme that has facilitated the introduction of a clean air zone in Bristol and provided support, including financial support, to both residents, workers and businesses. While the majority of the infrastructure is now in place, the process for financial support and applications to access is ongoing, and the underspend is recommended to be rolled forward into 23/24 to ensure that all eligible for support have access within the approved deadlines to ensure compliance by the end of 2023
- Energy Services – Bristol Heat Networks expansion – PL18A - £1.4 million. This project transferred to the City Leap partners and the underspend reflects the fact that the council will not be picking up any future costs for this project going forward
- Building Practice Service - essential H&S – PL21 £1.3 million underspend due to the Bottleyard studio roofing programme slipping, as well as the general contingency fund not being utilised in 22/23

8.11. The main reasons for the £8.2 million slippage on the HRA capital programme are:

- Planned programme – the programme is reporting a small overspend for the financial year, however, there has been a movement of £1.5 million between P10 and year end. The service experienced considerable obstacles throughout most of the year including issues with contractors arising from disputes over pricing. Internal problems with the availability of skilled staff also contributed to difficulties with forecasting during the year. Over the past few months, the bottleneck in the delivery of projects has begun to ease and has led to the achievement of the positive outcome experienced since period 10
- New build and land enabling is reporting slippage of £8.3 million due to delays across several schemes. The new build programme has experienced challenges arising from the current volatile market conditions. There have been delays experienced with the completion of Airport Road and the start on site on for Brentry and Brunel Ford schemes

## Investments

8.12. The authority has commercial investments which are expected to generate both a commercial and social return. For social investments, the primary purpose is to provide service benefits / social impact while the generation of yield and liquidity is secondary. These are commonly known as impact investments. The investments for the year ending 31 March 2023 are summarised below:

**Table 15: Investments as at 31 March 2023**

| Investment                            | Approved Budget (£m) | Type                 | Amount C/F (£m) | Amount Invested (£m) | Amount Repaid (£m) | Amount O/S (£m) |
|---------------------------------------|----------------------|----------------------|-----------------|----------------------|--------------------|-----------------|
| Homelessness Property Fund            | 10                   | Share & Loan Capital | 9.3             | -                    | 0.3                | 9.0             |
| Temporary Accommodation Property Fund | 4                    | Share & Loan Capital | 0.7             | 2.7                  | -                  | 3.4             |
| City Funds LP                         | 5                    | Loan Capital         | 3.1             | 0.4                  | -                  | 3.5             |
| Great Western Credit Union            | 0.5                  | Loan Capital         | 0.5             | -                    | -                  | 0.5             |
| Bristol & Bath                        | 0.3                  | Loan Capital         | 0.3             | -                    | -                  | 0.3             |



|   |      |               |      |      |      |      |
|---|------|---------------|------|------|------|------|
| Regional Capital  |      |               |      |      |      |      |
| Avon Mutual Community Bank                                  | 0.3  | Share Capital | 0.3  | -    | -    | 0.3  |
| Bristol Port Company  | 2.5  | Share Capital | 2.5  | -    | -    | 2.5  |
| Bristol Waste   | 12.0 | Loan Capital  | 8.4  | -    | 1.3  | 7.1  |
| Goram Homes<br>(working capital facility)                   | 10.0 | Loan Capital  | 2.4  | 1.0  | -    | 3.4  |
| Goram Homes<br>(deferred capital receipt –<br>Romney House) | 12.9 | Loan Capital  | 12.9 | -    | 2.8  | 10.1 |
| Bristol Heat Networks LTD<br>(BHNL)                         | 26.0 | Loan Capital  | 0.3  | 21.2 | 21.5 | -    |

- 8.13. **Bristol Waste** - the council currently has 2 loan facilities with BWC. Cabinet approved (4 December 2018) a repayable loan facility of £12.7 million to BWC for the replacement of fleet vehicles. To date, £11.3 million of this loan has been contractually agreed and drawn down. At the start of the financial year £8.4 million of this loan was outstanding and by 31 March 2023 BWC had repaid £21.9 million of the principal plus interest, leaving an outstanding principal balance of £7.1 million. The loan is scheduled to be fully repaid by mid-28/29. In addition, following cabinet approval (26 January 2021) the council has entered into a further loan agreement with BWC for £2.8 million for Phase 2 of the Avonmouth site redevelopment. This loan also includes interest charges on the principal sum. Draw down of this funding has not yet commenced.
- 8.14. **Goram Homes** - the council has approved 2 loan facilities with Goram. An initial loan of £3.3 million was agreed for its first two sites ('Pipeline 1'). At 31 March 2023, Goram had drawn down £2.0 million so that £1.3 million remains to be drawn down. Cabinet approval currently allows for a loan of up to £4.3 million against this pipeline. A second loan of £4 million has since been agreed for 'Pipeline 2' and Goram has drawn down £1 million against this. Cabinet approval currently allows for a loan of up to £10 million against this second pipeline. Both loan agreements include interest charges on the principal sums and £3.4 million is currently outstanding (principal plus interest). In addition, the council also holds £12.9 million repayable loan notes representing its transfer of Romney site into Goram Home's Joint Venture for the development of that same site.
- 8.15. **Bristol Heat Networks** - all loan facilities have been repaid in full following acquisition of Bristol Heat Networks by Vattenfall Heat UK Ltd on 4 January 2023.
- 8.16. **City Funds LP** - the fund is £10.0 million, of which £5.0 million is invested by the council for a minimum duration of 10 years to support the provision of loans to local communities. During the year a further £0.4 million has been invested by the council bringing the total to £3.5 million.
- 8.17. **Temporary Accommodation Property Fund** - the council has approved a fund of £4.0 million of which £3.0 million has been funded by the Department for Levelling Up, Housing and Communities to reduce the level of rough sleeping within the city by investing in a bespoke property fund. During the year investment in the fund amounted to £2.7 million bringing the total to £3.5 million with the remaining draw downs to occur during the next financial period.

## 9. Core Local Income


### Council Tax

- 9.1. Budgeted Council Tax (Bristol element) for the year totalled £243.2 million, this assumed forecast growth in the number of homes and anticipated changes in demands for the Council Tax Reduction Scheme, discounts, and exemptions. As a tapered recovery from the pandemic began, collection rates were revised to an in-year collection rate of 95.8% and a collection of previous years arrears of 1.2%.

### Council Tax income collection

- 9.2. The table below shows the level of Council Tax and Non-Domestic rates collected by the council, for 2022/23, as at 31 March 2023 and the comparable performance for 2021/22:


**Table 16: Council tax collection 2022/23 vs 21/22**

| Council Tax       |               |               |   |
|-------------------|---------------|---------------|---|
|                   | 2022/23<br>£m | 2021/22<br>£m | Trend   |
| Collectable Debit | 297.9         | 283.9         |   |
| Collected         | 275.2         | 263.1         |   |
| Percentage        | 92.35%        | 92.67%        |  |

- 9.3. During the year, the estimate of council tax income was revised to reflect the gradual recovery from the pandemic. This included a significant reduction in the anticipated costs of the Local Council Tax Reduction Scheme (CTRS). In particular, the number of working age claimants had fallen much more sharply than anticipated at the height of the pandemic. However, debt remains high requiring a further in-year increase into the bad debt provision. The estimated outturn, for the Bristol share, as at 31 March 2023 is an in-year surplus of £0.85 million. The outturn “collectable debit” in the table above reflects the total council tax, which was due after taking into account all discounts, exemptions, growth during the year and also includes precepts of Avon Police and Crime Commissioner and Avon Fire and Rescue.

### Business Rate income collection

**Table 17: Business rates collection 2022/23 vs 21/22**

| Business Rates    |               |               |   |
|-------------------|---------------|---------------|---|
|                   | 2022/23<br>£m | 2021/22<br>£m | Trend   |
| Collectable Debit | 233.1         | 201.5         |   |
| Collected         | 209.1         | 183.9         |   |
| Percentage        | 94.84%        | 91.25%        |  |

- 9.4. Budgeted business rates (Bristol element) for the year totalled £197.4 million. Growth, changes in liability and level of arrears all impact on the net amount actually collected. The estimated outturn as at 31 March was an in-year surplus (Bristol share net of CARF – Covid Additional Relief Fund) of £1.0 million. This was mainly due to a reduction in arrears as CARF relief was credited against outstanding balances on accounts where possible.

- 9.5. The local taxation income included in the 2022/23 budget for these areas is fixed and therefore the actual variances will impact in the future financial year. Arrears associated to these local income streams will continue to be collected and the ultimate collection rate will be higher.

## 10. Debt Management

- 10.1. During the year the council collects core locally retained funding and income from various areas to fund the services provided. A breakdown of the main sources of debt outstanding at 31 March 2023 is outlined in the table below.

**Table 18: Opening and closing balances of outstanding debt**

| Debt Type                | Opening Balance<br>1 April 22<br>£m | Movement<br>£m | Closing Balance<br>31 March 23<br>£m |
|--------------------------|-------------------------------------|----------------|--------------------------------------|
| Accounts Receivable      | 78.300                              | (2.135)        | 76.164                               |
| Council Tax Arrears      | 38.191                              | 12.310         | 50.501                               |
| NNDR Arrears             | 29.042                              | (7,267)        | 21.775                               |
| Overpaid Housing Benefit | 18.731                              | 0.698          | 19.429                               |
| HRA Housing Arrears      | 11.935                              | (3.828)        | 8.107                                |

- 10.2. Of the £76.164 million sundry debt outstanding at 31 March 2023, £51.8 million (68%) was less than 1 year old and £21.7 million (28.5%) relates to invoices less than 30 days old which were not payable until after 31 March 2023. This is not directly comparable to the billing and collection processes for council tax and business rates.
- 10.3. During the 2022/3 fiscal year £3.295 million (CT/NDR/HBOP/AR) and £0.32 million (HRA) was written off in line with the scheme of delegation, details of which will be reported annually to cabinet, in the first quarterly report each year. As collection and recovery activity continues to work back up to previous levels write offs may increase, particularly with the ongoing cost of living crisis. A review of aged and static debt new activity has been undertaken with subsequent work planned to collect and recover monies from those who had previously absconded. Ethical engagement with indebted customers continues.

## 11. Reserves

- 11.1. The following section sets out the impact of the outturn on the reserves held by the council and use or movement in reserves during the year. The movements set out below have been reviewed and approved by the S151 Officer in line with approval arrangements as set out in the Management and Governance section of the updated Reserves Policy (see Appendix A4).

### General Reserve

- 11.2. The opening balance on the council's General Reserve is £36.9 million. An in year request of £4.7 million net to meet additional pay awards was approved at Q2 in October 2022 and it is recommended that the overspend in 2022/23 of £3.0 million be met by the General Reserves. This will bring the balance on the General Reserve to £29.3 million at 31 March 2023.

### Earmarked Reserves

- 11.3. The 2022/23 opening balance of earmarked reserves was £180.1 million. The normal operation of council business includes movements on earmarked reserves, including spending existing reserves or placing new funding aside for use in future years.

- 11.4. Contributions to earmarked reserves are from a mixture of sources, they are either planned as part of the budget setting process or from an underspend on a ring-fenced grant or budget where expenditure has slipped into a future year.

**Table 19: Summary of contributions to earmarked reserves during 2022/23**

|   | Transfers<br>Between<br>Reserves<br>approved by<br>Cabinet Q2 | Transfers into<br>Reserves<br>2022/23 |
|---|---|---------------------------------------|
|   | £m  | £m                                    |
| Capital Investment Reserve                            | -   | (0.52)                                |
| Goram Homes Investment                                | 1.00  | (0.84)                                |
| Business Transformation Reserve                       | -   | (0.04)                                |
| Waste Contract Payment Mechanism                      | 0.75  | -                                     |
| Housing Support                                       | 0.03  | -                                     |
| Counter Fraud Hub Development                         | 0.02  | -                                     |
| Capital Feasibility Fund                              | 0.69  | -                                     |
| SEND Transformation                                   | 0.50  | -                                     |
| Public Health   | -   | (0.80)                                |
| Substance Misuse                                      | 1.99  | -                                     |
| Energy Investment Reserve - Bristol Energy PCG        | 0.47  | -                                     |
| IFRS - Grants with no conditions                      | 0.32  | (0.29)                                |
| Development Fund                                      | 0.48  | -                                     |
| Mayoral Commissions/City Director                     | 0.40  | -                                     |
| Events Reserve  | 0.09  | -                                     |
| Libraries for the Future                              | 0.10  | -                                     |
| Tackling Digital Poverty                              | 0.03  | -                                     |
| Hartcliffe Recycling Centre                           | 0.18  | -                                     |
| Docks Dredging  | -   | (0.10)                                |
| Children's Services Improvement Plan                  | 0.11  | -                                     |
| Neighbourhood Partnerships                            | 0.11  | -                                     |
| ERDF  | 0.08  | -                                     |
| High Needs  | 0.09  | -                                     |
| Project Management (G&R)                              | 0.06  | -                                     |
| JSP & Local Plan record                               | 0.10  | -                                     |
| Economic strategy                                     | 0.05  | -                                     |
| Avon Mutual - Regional Community Bank                 | 0.08  | -                                     |
| COVID Response (unring-fenced)                        | 4.91  | -                                     |
| Streetworks Permit                                    | -   | (0.08)                                |
| Community Asset Refurbishment                         | 1.00  | -                                     |
| Communities Resilience Fund                           | -   | (0.07)                                |
| Reserve - Clean Air Zone (CAZ) - Implementation grant | -   | (5.10)                                |
| Reserve - Family Hubs & Start for Life Programme      | -   | (0.88)                                |
| Reserve - Clean Air Zone (CAZ) - Operational surplus  | -   | (8.44)                                |

|              |              |                |
|--------------|--------------|----------------|
| <b>TOTAL</b> | <b>13.62</b> | <b>(17.14)</b> |
|--------------|--------------|----------------|

11.5. The creation of the following new reserves is proposed at the close of the year and approval is sought respectively:

- Clean Air Zone reserve for grant funding of £5.1 million.
- Clean Air Zone reserve for operational surpluses of £8.4 million.
- Family Hubs & Start for Life Programme reserve to deliver on the aims and objectives of this grant-funded programme of £0.9 million.

11.6. During the year £26.4 million was drawn down from revenue reserves as outlined in the table below leaving a residual balance of £157.2 million.

**Table 20: Summary of drawdowns from revenue reserves during 2022/23**

|                                      | Drawdown from Reserves in 2022/23<br>£m |
|--------------------------------------|---|
| Capital Investment Reserve           | 0.12                                    |
| Business Transformation Reserve      | 0.07                                    |
| Waste Contract Payment Mechanism     | 0.31                                    |
| Operational Reserve - Resources      | 0.83                                    |
| Adult Social Care Innovation Fund    | 0.67                                    |
| Property Asset Management Plan       | 0.60                                    |
| Capital Feasibility Fund             | 0.04                                    |
| New Priority Investments (City Leap) | 1.80                                    |
| Project Management Office            | 0.20                                    |
| Licencing (ring-fenced)              | 0.07                                    |
| Reserve - City Funds                 | 0.28                                    |
| IFRS - Grants with no conditions     | 0.24                                    |
| Troubled Families                    | 0.56                                    |
| PFI (Sinking Fund) Various           | 0.20                                    |
| PFI (Phase 1 & BSF) Schools          | 1.68                                    |
| Business Rate - volatility           | 5.23                                    |
| Legal                                | 0.31                                    |
| GF Education Conversions             | 0.36                                    |
| BE Indemnity                         | 0.19                                    |
| Parking Renewals a/c                 | 0.11                                    |
| Local Development Plan               | 0.07                                    |
| Future City Demonstrator             | 0.06                                    |
| Cost of Elections                    | 0.58                                    |
| Learning City                        | 0.02                                    |
| Civic Events                         | 0.07                                    |
| GDPR and Data Information Security   | 0.05                                    |
| Marine                               | 0.03                                    |
| Strengthening Families               | 0.08                                    |

|   |              |
|---|--------------|
| JSP & Local Plan record   | 0.01         |
| Bear Pit  | 0.11         |
| Climate & Ecological Reserve                                    | 1.04         |
| ICT Cyber Security*   | 0.15         |
| Serious violence, contextual safeguarding and community tension | 0.19         |
| COVID Response (unring-fenced)                                  | 0.52         |
| Covid 19 Grants – Public Health                                 | 3.07         |
| Bristol Legacy Community Repair Fund                            | 0.05         |
| S256 - Healthier Together Funding for Integrated Care           | 5.36         |
| Reserve - Clean Air Zone (CAZ) - Operational surplus            | 1.05         |
| <b>TOTAL</b>  | <b>26.39</b> |

## HRA Reserves

11.7. The 2022/23 opening balance on the HRA reserves was £115.1 million. This has been reduced by £2.8m in the year to offset the approved one-off fire safety (Waking Watch) and IT Transformation expenditure. There has also been a net drawdown of £2.9 million from the major repairs reserve to finance the capital programme.

11.8. This leaves a total balance of £109.4 million as at the end of the financial year 2022/23, which comprises of £98.7 million on HRA general reserves, £0.7 million for CCTV and £10.0 million in the HRA major repairs reserve. The balances on the HRA reserves are ring-fenced and must be retained for use within the HRA and for which there is a long-term business plan, subject to regular review.

## School Reserves

11.9. Maintained schools operate delegated budgets and carry forward any cumulative surpluses or deficits at year end. The opening balance on the Schools' Cumulative Revenue Reserves was £5.1 million. The in-year overspend results in a net £6.3 million draw down from reserves, resulting in a carry forward deficit balance of £1.2 million.

11.10. Schools capital reserves had an opening balance of £3.5 million with an in-year movement of £3.8 million giving a closing balance of £7.3 million.

## DSG Reserve / (Deficit)

11.11. At the start of the financial year the opening balance on the DSG was a deficit of £24.7 million, the in-year overspend was £15.0 million meaning that the position at year end is a deficit of £39.7 million.

## Summary of movement of reserves during 2022/23 and balances as at 31 March 2023

11.12. The table below summarises the overall contributions and drawdowns as outlined above reflecting the additional reserves subject to cabinet approval.

**Table 21: Summary of movement of reserves during 2022/23 and balances as at 31 March 2023**

| Reserve Type | Opening Balance<br>01 Apr 22 | Contributions | Drawdown /<br>Reallocated | Closing Balance<br>31 Mar 23 |
|--------------|------------------------------|---------------|---------------------------|------------------------------|
|--------------|------------------------------|---------------|---------------------------|------------------------------|

|                                 | £m           | £m           | £m          | £m           |
|---------------------------------|--------------|--------------|-------------|--------------|
| General Reserve                 | (36.9)       | (13.6)       | 21.3        | (29.3)       |
| Earmarked General Fund Reserves | (180.1)      | (17.1)       | 40.0        | (157.2)      |
| Housing Revenue Account         | (115.1)      | -            | 5.7         | (109.4)      |
| <b>Schools:</b>                 |              |              |             |              |
| Trading with Schools            | (0.5)        | (0.0)        | 0.1         | (0.5)        |
| Schools Balances                | (5.1)        | -            | 6.3         | 1.2          |
| Capital Reserves                | (3.6)        | (3.8)        | -           | (7.4)        |
| <b>Total Schools Reserves</b>   | <b>(9.2)</b> | <b>(3.8)</b> | <b>6.4</b>  | <b>(6.6)</b> |
| <b>Total DSG Reserves</b>       | <b>24.7</b>  | <b>-</b>     | <b>15.0</b> | <b>39.7</b>  |

- It should be noted that prior to finalisation of the draft statement of accounts, the following reserves (usable and unusable) may be subject to further change: Collection Fund Adjustment Account, Business Rates Volatility Reserve, Revaluation Reserve, Capital Adjustment Account, Capital Receipts, HRA Reserves (including Capital receipts, MRA and Revenue reserves.)

## Flexible Use of Capital Receipts

11.13. During the year no capital receipts were used to fund costs related to the delivery of transformation/saving programmes. It was budgeted that £8.5 million would be available to support transformation schemes, however, as set out in the P10 report these in-year costs (£4.2m for 2022/23) have been financed within the Capital Financing budget, with the residual balance of £1.8 million to be funded from capital receipts in future periods, subject to their availability.

## 12. Treasury Management

12.1. The following summarises the treasury management position as at 31 March 2023. A full report on treasury management performance and prudential indicators for 2022/23 will follow to Audit Committee and Full Council.

### Borrowing as at 31 March 2023

12.2. The treasury management strategy for 2022/23 identified a net borrowing requirement of £65 million to finance the planned capital programme, however due to slippage in the capital programme and significant additional grants provided by government, which are yet to be fully spent, no additional borrowing was required during 2022/23.

**Table 22: Summary of external borrowing**

|                                       | 31 March 2022 |                | 31 March 2023 |                |
|---------------------------------------|---------------|----------------|---------------|----------------|
|                                       | £m            | Average Rate % | £m            | Average Rate % |
| Long Term Debt (fixed rates) - PWLB   | 331           | 4.63           | 326           | 4.59           |
| Long Term Debt (fixed rates) – LOBOS  | 70            | 4.09           | 70            | 4.09           |
| Long Term Debt (fixed rates) – Market | 50            | 4.04           | 50            | 4.04           |
| Short Term Borrowing                  | -             | -              | -             | -              |
| <b>Total borrowing</b>                | <b>451</b>    | <b>4.48</b>    | <b>445</b>    | <b>4.45</b>    |

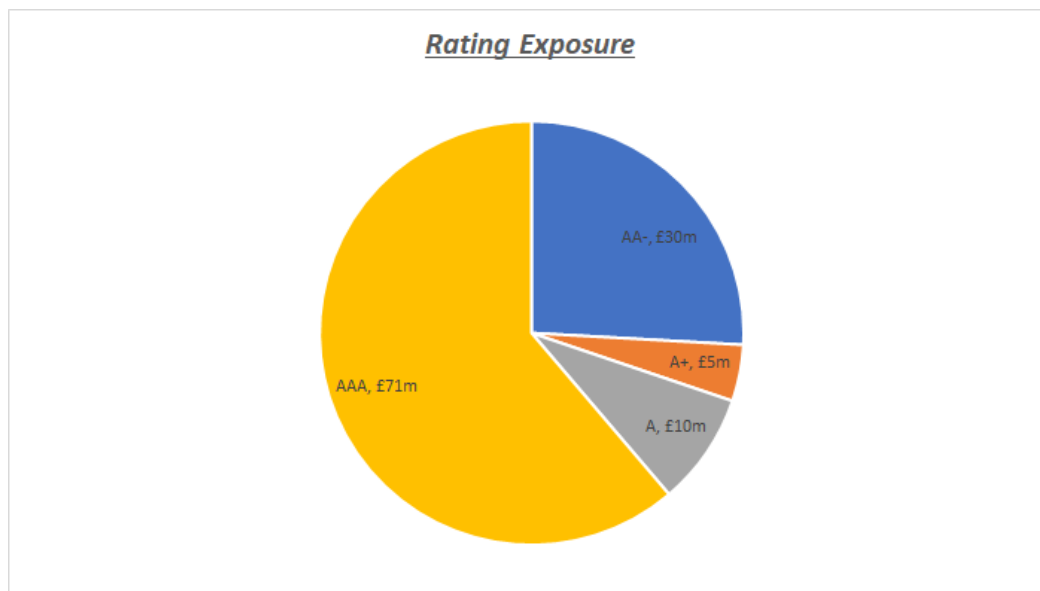
**Table 23: Summary of treasury investments**

|  | As at 31 March 2022 | As at 31 March 2023 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

|                        | £m             | £m             |
|------------------------|----------------|----------------|
| UK Local Authorities   | 58.000         | 15.000         |
| UK Banks               | 44.960         | 30.063         |
| Debt Management Office | 15.000         | -              |
| UK Building Societies  | 11.000         | -              |
| Money Market Funds     | 108.177        | 71.409         |
| <b>Total</b>           | <b>237.137</b> | <b>116.472</b> |

- 12.3. The credit quality of these treasury investments is reflected in the chart below, noting that these investments are of high credit quality and in accordance with approved investment strategy.

**Table 24: Credit quality of treasury investments**



## 13. Statement of Accounts

- 13.1. This is the provisional outturn and as such figures outlined in this report could be subject to change. Work continues on final balance sheet movements and reconciliations to close the council's 2022/23 accounts and the draft Statement of Accounts (subject to external audit) will be presented to Audit Committee 30 May 2023. The draft Statement of Accounts will include a full reconciliation of all movements between the provisional report and the draft statement.



## Appendix A2 – 2022/23 End of Year Savings Delivery Position

### End of Year Summary

1.1 The target savings for 22/23 were **£24.2m** (this included rollover of £6m from non-achievement or under-delivery of savings in 21/22).

1.2 A further £1.30m of recurring mitigations were agreed in mid-2022 which ultimately increased the overarching target to **£25.54m**.

| Saving Status  | (£'ms)       |                                  |        |
|--|--------------|----------------------------------|--------|
|  | MTFP savings | Additional recurring mitigations | Total  |
| <b>Category A0: Saving was covered via growth</b>  | £ 4.0        |                                  | £ 4.0  |
| <b>Category A1: Saving has been <u>confirmed</u> as secured and delivered (recurring)</b><br><i>These savings have been closed as secured and delivered with all approvals in place. These are sustainable, ongoing savings.</i>   | £ 3.7        |                                  | £ 3.7  |
| <b>Category A2: Saving are <u>presumed</u> to be secured and delivered (recurring)</b><br><i>These savings have been closed as presumed to be 'secured and delivered' however only partial approvals are in place. These are presumed to be sustainable, ongoing savings.</i>  | £ 8.0        | £ 0.4                            | £ 8.4  |
| <b>Category B: Saving delivered (or mitigated) (one off)</b><br><i>These savings were only due as one off in 22/23. These may have been delivered as per the original agreed method or a mitigation has been identified. These were always planned as non-recurring savings.</i>   | £ 0.4        |                                  | £ 0.4  |
| <b>Category C: Savings which have been mitigated on an ongoing basis (recurring)</b><br><i>This category represents savings where the saving is being delivered but a variation of the original method.<br/>In this instance, the service has identified mechanisms to mitigate the shortfall on an ongoing basis.</i>   |              |                                  | £ -    |
| <b>Category D: Savings which were mitigated in year one-off, but remain due in 23/24</b><br><i>This category represents savings where the original saving has under-delivered, unable to deliver or not delivered. In this instance, the service has either identified mechanisms to mitigate the shortfall within the same division via a tactical approach, or a mitigation has been provided via external funding sources or wider corporate BCC mitigations.</i> | £ 7.5        | £ 0.9                            | £ 8.4  |
| <b>Category E: Original savings undelivered but mitigated one off, but do not remain due in 23/24.</b><br><i>These savings have now been written off, replaced or addressed via base budget growth from 23/24. These savings will cease to exist in their current format from 23/24.</i>   | £ 0.7        |                                  | £ 0.7  |
| <b>Total</b>   | £ 24.2       | £ 1.3                            | £ 25.5 |

### Mitigated Savings

1.3 Table 1 below documents all the savings in category C and, D and E as noted in above, where there has been non-delivery during 2022/23 of the saving as originally described and approved by Full Council.

1.4 Table 2 documents the additional savings that were agreed mid-year that were undelivered/ required mitigations.

1.5 In some cases, Directors identified mitigations within their services. If these savings continue to be unachievable in the future the Council will need to identify other savings to compensate or seek write off's via the formal process.

**Table 1: Undelivered 22/23 MTFP budget savings**

| ID                  | Name of Proposal  | Amount mitigated | End of 22/23 Year (Category) | What was the one-off 22/23 mitigation?   | MTFP Impact/Actions in place for 23/24   |
|---------------------|---|------------------|------------------------------|--|--|
| 21_New18_M2         | ICT P750 Server replacement   | 30,000           | D                            | Mitigated through contingencies or use of reserves   | Complete project to replace the server.  |
| 21_NS_03_2223CEN04  | 22/23 mitigations for Common Activities (incl. Streamline strategic support services) | 291,000          | D                            | Various (incl. £135k optimism bias funding)  | Remaining part year effect savings will be achieved in 23/24 and completion of remaining plans agreed in 22/23.  |
| 21_NS_04_Ex_22CEN02 | Addressable Spend/ Third Party Savings  | 79,000           | D                            | Mitigated through contingencies or use of reserves   | Completion of activities underway  |
| IN25_continued      | Culture savings   | 56,000           | E                            | Optimism Bias funding  | <i>N/a - saving replaced or written off from 23/24 onwards</i>   |
| IN27b-M2            | Generating and saving money through energy generation and efficiency                  | 230,000          | D                            | Mitigated through contingencies or use of reserves   | Further work required  |
| NEW2223_ASC11       | Review the Bristol Community Meals service delivery                                   | 100,000          | D                            | Optimism Bias funding  | Continue to implement services changes to meet budget reduction  |
| NEW2223_ASC12       | Review Concord Lodge service delivery and consider alternative model                  | 350,000          | D                            | Mitigated through contingencies or use of reserves and £70k of Optimism Bias funding             | Being reviewed as part of ASC transformation plans   |
| NEW2223_ASC14       | Review Home Choice processes and criteria   | 547,000          | D                            | Mitigated through contingencies or use of reserves and £160k of Optimism Bias funding            | Being reviewed as part of ASC transformation plans   |
| NEW2223_ASC3        | Manage and control cost of care for people with care and support needs                | 560,000          | D                            | Mitigated through contingencies or use of reserves and £160k of Optimism Bias funding            | Being reviewed as part of ASC transformation plans   |
| NEW2223_ASC4        | Undertake Care Act reviews  | 448,000          | D                            | Mitigated through contingencies or use of reserves and £200k of Optimism Bias funding            | Being reviewed as part of ASC transformation plans   |
| NEW2223_ASC6        | Transfer rehabilitation services to external partner                                  | 408,000          | D                            | Mitigated through contingencies or use of reserves and £100k of Optimism Bias funding            | Being reviewed as part of ASC transformation plans   |
| NEW2223_CEN01       | Management and capacity review  | 2,000,000        | D                            | One off vacancy savings, partial contingency/reserves and remaining £1m of Optimism Bias funding | The full £5.5m recurring savings will be met in 23/24 through the full year effect of senior leadership restructure, succession planning, with the remaining balance to be met through the deletion of vacancies or service redesign. Directorate and division targets have been set and budgets |

|                            |   |           |   |   |   |
|----------------------------|---|-----------|---|---|---|
|                            |   |           |   |   | adjusted for 23/24."  |
| NEW2223_CEN03a             | Reduce council-owned property & Continued Corporate Landlord [One off mitigation - <i>Optimism bias</i> ] | 1,467,000 | D | Optimism Bias funding (originally £1.5m but small reduction)                        | Delivery of the Property programme with savings primarily achieved from reduction to the estate   |
| NEW2223_CEN05              | Strategic Business Review of Fees and Charges - One off Mitigation ( <i>Optimism Bias</i> )               | 250,000   | D | Optimism Bias funding   | Work is underway with our financial strategic partner to review implementation of the recommendations from the recently completed fees & charges review with expectation that savings will deliver during the coming financial year |
| NEW2223_CEN06              | Discretionary Giving  | 50,000    | E | Optimism Bias funding   | <i>N/a - saving replaced or written off from 23/24 onwards</i>  |
| NEW2223_CF6                | Review special guardianship order arrangements - One off mitigation via <i>Optimism Bias</i>              | 123,020   | E | Optimism Bias funding   | Service led and will be reporting into savings delivery oversight at our families programme board<br><br><i>£25k of the saving replaced or written off from 23/24 onwards</i>   |
| NEW2223_E1                 | Find potential alternative use or new provider for Exmouth Camp   | 30,000    | D | Mitigated through contingencies or use of reserves                                  | service led and will be reporting into savings delivery oversight at our families programme board   |
| NEW2223_E2                 | Introduce nominal charge for first referrals for attendance penalty notices                               | 16,000    | D | Mitigated through contingencies or use of reserves                                  | service led and will be reporting into savings delivery oversight at our families programme board   |
| NEW2223_E8                 | Improve Home to School Transport commissioning arrangements   | 283,850   | E | Optimism Bias funding   | <i>N/a - saving replaced or written off from 23/24 onwards</i>  |
| NEW2223_GR014_C (+GR055)_M | Review charges for permits and pay and display spaces in Residents' Parking Schemes                       | 100,000   | D | Mitigated through contingencies or use of reserves                                  | Continue to monitor   |
| NEW2223_GR021_M            | Secure new commercial opportunities through the Bristol Future Parks approach                             | 25,000    | D | Mitigated through contingencies or use of reserves                                  | Requires focused effort in 23/24  |
| NEW2223_GR023A             | Increase income target for Development Management.  | 15,000    | D | Mitigated through contingencies or use of reserves                                  | Requires focused effort in 23/24  |
| NEW2223_GR024_M            | Increase income target for Engineering Design / Placeshaping.   | 20,000    | D | Mitigated through contingencies or use of reserves                                  | Requires focused effort in 23/24  |
| NEW2223_GR038              | Raise additional income at M Shed   | 10,000    | E | Mitigated through contingencies or use of reserves and £2k of Optimism Bias funding | <i>N/a - saving replaced or written off from 23/24 onwards</i>  |
| NEW2223_GR050_M            | Reprocure energy contracts  | 150,000   | E | Optimism Bias funding   | <i>N/a - saving replaced or written off from 23/24 onwards</i>  |
| NEW2223_GR054              | Increase civil enforcement officers   | 80,000    | E | Mitigated through contingencies or use of reserves                                  | <i>N/a - saving replaced or written off from 23/24 onwards</i>  |
| NEW2223_GR056              | Establish at least one new Resident Parking Scheme  | 75,000    | D | Saving from not borrowing or service underspend                                     | The saving can still be achieved, but won't be progressed until overwhelming public support has been demonstrated.  |
| NEW2223_R17_M              | Review static debt management and duplicate payment processes   | 100,000   | D | Mitigated via Finance division underspend   | Further review required in 23/24 to achieve the £50k recurring element of the saving  |

|               |   |              |   |   |   |
|---------------|---|--------------|---|---|---|
| NEW2223_R28_M | Allocate Public Health funding to City Office                     | 30,000       | D | Change reserve funding (team supporting budget setting saving activities) | Whilst we will always aim to continue seeking additional external income, an opportunity has arisen to re-shape the City Office team in light of several vacancies. Going forwards the team will only be recruited up to its funded level, permanently achieving the financial effect of this saving. |
| NEW2223_R29_M | Seek additional income from external partners to fund City Office | 5,000        | D | Underspend in the Policy Strategy division                                | See comments above.   |
| NEW2223_R30_M | Reduce funding for Mayor's Office                                 | 205,000      | D | 21/22 underspend (as agreed in 21/22 Outturn report)                      | This saving will be contained within existing budgets for the Mayor's Office which will be reviewed as part of 2024/25 budget setting in the context of change to Committee Model   |
| NEW2223_R8_M  | Review democratic engagement to modernise service delivery        | 35,000       | D | Underspend from the Shareholder Liaison budget.                           | There are plans in place to deliver the £50k next year via staffing savings, options for which are currently being explored.  |
| RS32_M        | Reduce the scope of upgrading the city's advertising and signage  | 30,000       | D | Mitigated through contingencies or use of reserves                        | Requires focused effort in 23/24  |
|               | <b>Total</b>  | <b>£8.2m</b> |   |   |   |

Table 2: Undelivered savings from the additional mitigations agreed mid-year

| ID           | Name of Proposal  | Amount mitigated | End of 22/23 Year (Category) | What was the one-off 22/23 mitigation?             | MTFP Impact/Actions in place for 23/24   |
|--------------|---|------------------|------------------------------|--|--|
| RM_P_G044_M2 | Capitalisation of GF posts directly associated with housing development / delivery        | 58,245           | D                            | Mitigated through contingencies or use of reserves | Review being led by service  |
| RM_P_G002_M  | Meanwhile use of Hospital accommodation   | 50,000           | D                            | Optimism Bias (from remaining £322k)               | Being reviewed as part of Temporary Accommodation work   |
| RM_S_G055_M  | Recharge staff time   | 10,000           | D                            | Mitigated through contingencies or use of reserves | Service will continue to seek opportunities to increase recharging of staff time to external funding and income, including management costs. |
| RM_P_G004_M  | 5th Block contract  | 25,000           | D                            | Optimism Bias Funding                              | Review being led by service  |
| RM_P_G005_M  | Increase the supply of Private Rented sector leased accommodation (TA)                    | 70,000           | D                            | Optimism Bias Funding                              | Review being led by service  |
| RM_P_G009_M  | Use Council and Housing Association properties for TA rather than let through Home Choice | 69,245           | D                            | Optimism Bias Funding                              | Being reviewed as part of Temporary Accommodation work   |
| RM_P_G014_M  | Place clients in cheaper Temporary Accommodation outside of Bristol                       | 10,000           | D                            | Optimism Bias Funding                              | Review being led by service  |
| RM_S_G040_M  | Additional revenue Bottle Yard Studios  | 500,000          | D                            | Mitigated through contingencies or use of reserves | Continuing to explore opportunities to maximise income and efficiency of the service   |

|              |  |              |   |                       |  |
|--------------|--|--------------|---|-----------------------|--|
| RM_P_G015_M  | Develop the Temporary Social Housing model   | 63,000       | D | Optimism Bias         | Being reviewed as part of Temporary Accommodation work |
| RM_P_G041_M  | Fees uplift  | 11,000       | D | Optimism Bias Funding | Review being led by service                            |
| RM_P_G044_M1 | Capitalisation of GF posts directly associated with housing development / delivery | 23,755       | D | Optimism Bias Funding | Review being led by service                            |
|              | <b>Total</b>   | <b>£0.9m</b> |   |                       |  |

2023/24 Revenue and Capital Forecasting Timetable

|           |                          | Service Managers and Budget Managers to post forecasts into ABW |         |           |          |        |          |        |        |         |           | DMT      | Service Directors and Finance to review forecasts and make amendments as appropriate |          |        |        |         |           |          |        |          |        |        |         | Key Meeting Date |          |        |          |        |        |         | Non working day |          | Bank Holiday                |                              |                                       |  |                   |
|-----------|--------------------------|---|---------|-----------|----------|--------|----------|--------|--------|---------|-----------|----------|--|----------|--------|--------|---------|-----------|----------|--------|----------|--------|--------|---------|------------------|----------|--------|----------|--------|--------|---------|-----------------|----------|-----------------------------|------------------------------|---------------------------------------|--|-------------------|
| Month     | Type of Report           | Monday  | Tuesday | Wednesday | Thursday | Friday | Saturday | Sunday | Monday | Tuesday | Wednesday | Thursday | Friday   | Saturday | Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | Sunday | Monday | Tuesday | Wednesday        | Thursday | Friday | Saturday | Sunday | Monday | Tuesday | Wednesday       | Thursday | Friday                      | Saturday                     | Sunday                                | Cabinet Key Dates                      | Cabinet Key Dates |
| June      | P2/Q1 Detailed           |   |         |           |          |        |          |        |        |         |           |          |  |          |        |        |         |           |          |        |          |        |        |         |                  |          |        |          |        |        |         |                 |          |                             |                              |                                       | 28th Jun                               | 4th Jul           |
|           |                          |   | 1st     | 2nd       | 3rd      | 4th    | 5th      | 6th    | 7th    | 8th     | 9th       | 10th     | 11th   | 12th     | 13th   | 14th   | 15th    | 16th      | 17th     | 18th   | 19th     | 20th   | 21st   | 22nd    | 23rd             | 24th     | 25th   | 26th     | 27th   | 28th   | 29th    | 30th            |          |                             | Submit Q1/MTFP               | Cabinet Q1/MTFP                       |  |                   |
| July      | P3 Exception             |   |         |           |          |        |          |        |        |         |           |          |  |          |        |        |         |           |          |        |          |        |        |         |                  |          |        |          |        |        |         |                 |          |                             |                              |                                       | 24th Jul                               | 1st Aug           |
|           |                          |   | 3rd     | 4th       | 5th      | 6th    | 7th      | 8th    | 9th    | 10th    | 11th      | 12th     | 13th   | 14th     | 15th   | 16th   | 17th    | 18th      | 19th     | 20th   | 21st     | 22nd   | 23rd   | 24th    | 25th             | 26th     | 27th   | 28th     | 29th   | 30th   | 31st    |                 |          | Submit P3 Exception Report  | Cabinet P3 Exception Report  |                                       |  |                   |
| August    | P4 Exception             |   |         |           |          |        |          |        |        |         |           |          |  |          |        |        |         |           |          |        |          |        |        |         |                  |          |        |          |        |        |         |                 |          |                             |                              |                                       | 25th Aug                               | 5th Sep           |
|           |                          |   | 1st     | 2nd       | 3rd      | 4th    | 5th      | 6th    | 7th    | 8th     | 9th       | 10th     | 11th   | 12th     | 13th   | 14th   | 15th    | 16th      | 17th     | 18th   | 19th     | 20th   | 21st   | 22nd    | 23rd             | 24th     | 25th   | 26th     | 27th   | 28th   | 29th    | 30th            | 31st     |                             |                              | Submit P4 Exception Report            | Cabinet P4 Exception Report            |                   |
| September | P5/Q2 Detailed           |   |         |           |          |        |          |        |        |         |           |          |  |          |        |        |         |           |          |        |          |        |        |         |                  |          |        |          |        |        |         |                 |          |                             |                              |                                       | 25th Sep                               | 3rd Oct           |
|           |                          |   | 1st     | 2nd       | 3rd      | 4th    | 5th      | 6th    | 7th    | 8th     | 9th       | 10th     | 11th   | 12th     | 13th   | 14th   | 15th    | 16th      | 17th     | 18th   | 19th     | 20th   | 21st   | 22nd    | 23rd             | 24th     | 25th   | 26th     | 27th   | 28th   | 29th    | 30th            |          |                             | Submit P5/Q2 Detailed Report | Cabinet P5/Q2 Detailed Report         |  |                   |
| October   | P6 Exception             |   |         |           |          |        |          |        |        |         |           |          |  |          |        |        |         |           |          |        |          |        |        |         |                  |          |        |          |        |        |         |                 |          |                             |                              |                                       | 30th Oct                               | 7th Nov           |
|           |                          |   | 2nd     | 3rd       | 4th      | 5th    | 6th      | 7th    | 8th    | 9th     | 10th      | 11th     | 12th   | 13th     | 14th   | 15th   | 16th    | 17th      | 18th     | 19th   | 20th     | 21st   | 22nd   | 23rd    | 24th             | 25th     | 26th   | 27th     | 28th   | 29th   | 30th    | 31st            |          |                             | Submit P6 Exception Report   | Cabinet P6 Exception Report           |  |                   |
| November  | P7 Exception             |   |         |           |          |        |          |        |        |         |           |          |  |          |        |        |         |           |          |        |          |        |        |         |                  |          |        |          |        |        |         |                 |          |                             |                              |                                       | 27th Nov                               | 5th Dec           |
|           |                          |   | 1st     | 2nd       | 3rd      | 4th    | 5th      | 6th    | 7th    | 8th     | 9th       | 10th     | 11th   | 12th     | 13th   | 14th   | 15th    | 16th      | 17th     | 18th   | 19th     | 20th   | 21st   | 22nd    | 23rd             | 24th     | 25th   | 26th     | 27th   | 28th   | 29th    | 30th            |          |                             | Submit P7 Exception Report   | Cabinet P7 Exception Report           |  |                   |
| December  | P8/Q3 Detailed           |   |         |           |          |        |          |        |        |         |           |          |  |          |        |        |         |           |          |        |          |        |        |         |                  |          |        |          |        |        |         |                 |          |                             |                              |                                       | 15th Jan                               | 23rd Jan          |
|           |                          |   | 1st     | 2nd       | 3rd      | 4th    | 5th      | 6th    | 7th    | 8th     | 9th       | 10th     | 11th   | 12th     | 13th   | 14th   | 15th    | 16th      | 17th     | 18th   | 19th     | 20th   | 21st   | 22nd    | 23rd             | 24th     | 25th   | 26th     | 27th   | 28th   | 29th    | 30th            | 31st     |                             |                              | Submit P8/Q3 detailed Report & Budget | Cabinet P8/Q3 detailed Report & Budget |                   |
| January   | P9 Option for Exception  |   |         |           |          |        |          |        |        |         |           |          |  |          |        |        |         |           |          |        |          |        |        |         |                  |          |        |          |        |        |         |                 |          |                             |                              |                                       | 29th Jan                               | 6th Feb           |
|           |                          |   | 1st     | 2nd       | 3rd      | 4th    | 5th      | 6th    | 7th    | 8th     | 9th       | 10th     | 11th   | 12th     | 13th   | 14th   | 15th    | 16th      | 17th     | 18th   | 19th     | 20th   | 21st   | 22nd    | 23rd             | 24th     | 25th   | 26th     | 27th   | 28th   | 29th    | 30th            | 31st     |                             |                              | Submit P9 Exception Report            | Cabinet P9 Exception Report            |                   |
| February  | P10 Exception            |   |         |           |          |        |          |        |        |         |           |          |  |          |        |        |         |           |          |        |          |        |        |         |                  |          |        |          |        |        |         |                 |          |                             |                              |                                       | 26th Feb                               | 5th Mar           |
|           |                          |   | 1st     | 2nd       | 3rd      | 4th    | 5th      | 6th    | 7th    | 8th     | 9th       | 10th     | 11th   | 12th     | 13th   | 14th   | 15th    | 16th      | 17th     | 18th   | 19th     | 20th   | 21st   | 22nd    | 23rd             | 24th     | 25th   | 26th     | 27th   | 28th   | 29th    |                 |          | Submit P10 Exception Report | Cabinet P10 Exception Report |                                       |  |                   |
| March     | P11 Option for Exception |   |         |           |          |        |          |        |        |         |           |          |  |          |        |        |         |           |          |        |          |        |        |         |                  |          |        |          |        |        |         |                 |          |                             |                              |                                       | 25th Mar                               | 2nd Apr           |
|           |                          |   | 1st     | 2nd       | 3rd      | 4th    | 5th      | 6th    | 7th    | 8th     | 9th       | 10th     | 11th   | 12th     | 13th   | 14th   | 15th    | 16th      | 17th     | 18th   | 19th     | 20th   | 21st   | 22nd    | 23rd             | 24th     | 25th   | 26th     | 27th   | 28th   | 29th    | 30th            | 31st     |                             |                              | Submit P11 Exception Report           | Cabinet P11 Exception Report           |                   |



# Bristol City Council

## Reserves Policy

| Version | Purpose/Change  | Author / Review Date                       |
|---------|---|--|
| V1.0    | <ul style="list-style-type: none"><li>Updated in conjunction with refresh of the Medium Term Financial Planning</li></ul> | Denise Murray<br>Full Council - 18/10/2022 |

|                         |  |
|-------------------------|--|
| <b>Document status:</b> | <input type="checkbox"/> Draft <input checked="" type="checkbox"/> Final |
| <b>Document owner:</b>  | Denise Murray, Director of Finance/S151 Officer                          |

# 1. Introduction

An essential part of the financial planning process of the council is a robust policy on the level and nature of reserves.

We must ensure that our reserves are kept at an appropriate level to enable the council to be resilient to future shocks, stressors and emergency situations that we may encounter in the future and plan effectively for our known and potential one-off liabilities.

- 1.1. Section 25 of the Local Government Act (Part II) 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of the Council's financial reserves when setting a Medium Term Financial Plan and the budget requirement as part of the annual budget report. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 1.2. The Council continues to face a shortfall in funding compared to spending demands and must annually review its priorities in order to address the shortfall. Unlike central government, local authorities cannot borrow to finance day-to-day spending, and so they must either operate to agreed cash limits or seek approval to draw down reserves to ensure that their annual spending does not exceed their annual revenue budget.
- 1.3. Reserves are one-off monies and can only be spent once. The Council aims to avoid using reserves to meet ongoing financial commitments, other than as part of a sustainable budget plan. One of the Council's financial principles is to stop the use of one-off funding to support the base budget. The Council has to balance the opportunity cost of holding reserves in terms of the impact upon Council Tax against the importance of internal borrowing, interest earning and planning for long-term financial resilience.
- 1.4. This policy note sets out the Council's policy for the management and governance of its financial reserves, including:
  - The General Fund Reserves
  - Earmarked Reserves
  - Housing Revenue Account reserves
  - Schools Reserves
- 1.5. The report covers the principles for when reserves will be held, the appropriate categories for reserves, the Section 151 recommended minimum levels of reserves and criteria for the release of reserves.
- 1.6. Reserves are an important part of the Council's financial strategy and are held to create long-term financial resilience and stability. All movements in reserves will continue to require Section 151 Officer approval and are subject to a quarterly review. The outcomes of this quarterly review will then be presented to Cabinet as part of the quarterly budget monitoring reports and are included within the annual MTFP.
- 1.7. Reserves enable the Council to manage its business and its change agenda without undue impact on the annual Council Tax or Tenants, and they are a key element of ensuring the Council's strong financial standing and resilience over the medium to long-term. The Council operates in an uncertain and volatile environment and its main sources of funding face an uncertain future. The Council therefore holds earmarked reserves and a General Fund reserve in order to mitigate against future financial liabilities and risks.



- 1.8. The Council is an extremely complex organisation with a wide range and diversity of activities and assets, interests and liabilities. By their nature many of the risks cannot be quantified and in this current challenging financial climate it is essential that the Council maintains adequate levels of reserves.

## 2. General Fund

- 2.1. The Council's earmarked reserves are currently categorised and reported in the MTFP and Budget in the following way:

**Table 1: Description of Reserve Types**

| Reserve Type          | Description   |
|-----------------------|---|
| Capital Investment    | The capital reserve is maintained to provide funding for the Council's capital and commercial investments.  |
| Risk and Legal        | Risk Reserves Funds set aside to mitigate risks not otherwise provided for as well as commission advice and mitigate risks of potential litigation/claims.  |
| Statutory/Ring-Fenced | 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.                    |
| Financing             | 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               | Amounts set aside to finance specific projects or to meet   |

## 3. General Reserve

- 3.1. The purpose of the Council's General Reserve will be to meet costs arising from any unplanned or emergency events such as unforeseen financial liabilities or natural disasters. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years.
- 3.2. The level of the reserve will be a matter of judgement having had regard to the advice of the Section 151 Officer which will take account of the specific risks identified through the various corporate processes. This is considered on an annual basis as part of the robustness of reserves assessment, which forms part of the annual budget setting process. It will also take account of the extent to which specific risks are supported through earmarked reserves.
- 3.3. The current General Reserve Policy is that an unallocated general reserve will be retained of at least 5-6% of the net revenue budget, subject to the sensitivity and risks in the financial plans, to which the Council is exposed. The Council's Section 151 Officer recommends that the Council should work towards increasing this percentage in future MTFPs to reflect the heightened financial risk that the Council is facing.

## 4. Earmarked and Ringfenced Reserves

- 4.1. The purpose of the Council's earmarked reserves is to meet identified spending commitments. These reserves will only be used for the purpose for which they were created and will be reviewed periodically but as a minimum annually.

- 4.2. The Council's controllable reserves will be held corporately and the use of is subject to a prioritisation process and assessment of the use of the reserve for the approved purpose. Approval of the Section 151 Officer or Deputy Section 151 Officer is required in order to apply the use of earmarked reserves to support revenue expenditure. Each application will require a robust justification and will be assessed based on the planned and approved legitimate use of the reserve and the financial situation of the Council at that time and may result in earlier decisions for funding being revisited and amended.
- 4.3. All reserves are to be reviewed at least annually to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part or require topping up based on known/expected calls upon them. Particular attention will be paid in the annual review to those reserves whose balances have not moved over a twelve-month period.

### **HRA Ringfenced Reserve**

- 4.4. The Council will continue to use a range of funding opportunities to ensure the Interest Cover Ratio (ICR) of the HRA is a minimum of 1.25 and the minimum ICR will be supplemented by an HRA capital investment reserve of at least £10m (approx. 1 year's interest cost) after provisions for any known liabilities and provision in the HRA budget each year to set aside monies to repay borrowing above the level of the historic HRA debt cap.

## **5. Management and Governance**

- 5.1. Approval arrangements to be as follows:

- Cabinet Board approval is required for the creation of new earmarked reserves, upon recommendation from the Section 151 Officer.
- Directors and Heads of Service are required to apply to establish a new reserve and to specify the intended use and to demonstrate their plans for use of such a reserve over the period of the MTFP. The planned use shall be reflected in the development of the annual budget process.
- Directors and Heads of Service are required to apply to the Section 151 Officer / Deputy Section 151 Officer in order to draw down from the reserves.
- The Section 151 Officer / Deputy Section 151 Officer shall approve the use of all earmarked reserves provided that the intended use is in accordance with the purpose for which the reserve was established and approved. Intended use outside the defined purpose will require Cabinet approval upon recommendation of the Section 151 Officer.
- Section 151 Officer / Deputy Section 151 Officer approval is required for all contributions to reserves.
- The quarterly timetable for movements in reserves is aligned to the quarterly budget monitoring, which is reported to Cabinet
- Directors will be the designated officer in each Directorate responsible for submitting requests to the Section 151 Officer / Deputy Section 151 Officer for any contributions to or from earmarked reserves via their relevant Finance Business Partner.
- Movements in reserves will be reported to cabinet quarterly for noting as part of the budget monitoring process.

- 5.2. Each earmarked reserve must be supported by a standard proforma to maintain an audit trail. The proforma can be obtained from your Finance Business Partner and will need to contain:

- the named individual in the Directorate/Division and the Finance Business Partner

- a clear rationale and description for the movement in the reserve;
  - details of any conditions associated with the reserve (e.g., grant, legal requirements, etc.); and
  - a profile of expected movements and an end date – at which point any balance should be transferred to the general reserve.
- 5.3. If there is a genuine reason for slippage, then the proforma will need to be updated at the next available quarterly review. An annual review of each earmarked reserve is to take place between the Section 151 Officer / Deputy Section 151 Officer and relevant Director and Finance Business Partner to ensure that all reserves comply with legislative and accounting requirements. This review will ensure that the number and value of reserves is not unnecessarily increasing annually and will continue to be held corporately.
- 5.4. The Transformation Reserve will be the Corporate Leadership Boards tool for managing additional expenditure is required for business activities, projects and capacity that is critical to delivering the Councils' improvement agenda.
- 5.5. A de-minimis level has been set to avoid small funds being set up that could be managed within existing budgets or declared as an overspend and then managed collectively with the express agreement of the Section 151 Officer. This has been set at £0.100m, the exception being where reserves have specific grant or legal conditions.
- 5.6. Each proforma will clearly identify contributions to and drawdowns from reserves, and these will be built into the MTFP and monitored on a quarterly basis. Accessing reserves will only be for significant unusual spend, more minor fluctuations will be managed or declared as budget variances. Ongoing recurring costs should not be funded from reserves. Any request contrary to this will only be considered during the annual budget-setting process.
- 5.7. The short-term use of reserves may be agreed by the Section 151 Officer to provide time to plan for a sustainable funding solution in the following financial year. Decisions on the use of reserves may be delayed until financial year end and will be dependent on the overall financial position of the Council rather than the position of just one budget area.
- 5.8. The report will contain estimates of reserves where necessary.
- 5.9. The following principles will be applied by the Section 151 officer:
- Any in year use of the general reserve will need to be approved by Cabinet and any planned use will be part of the budget setting process
  - Any in year use of the General reserve which reduces the level below the policy compliant level
  - In considering the use of reserves, there will be no or minimal impairment to the Council's long term financial resilience unless there is no alternative.
- 5.10. The Council will review the Reserves Policy on an annual basis and will form part of the MTFP reports to Cabinet which will then be subject to Full Council annually. Reserves with no movement in 2 years will be returned to the centre to be held corporately.
- 5.11. Within the existing categories, there are a number of earmarked reserves that are established for a specific purpose. During 2022/23 a review of earmarked reserves will be undertaken in order to:
- increase the visibility and transparency of reserves
  - clearly define the purpose and intended use of reserves

- review the justification for continuation of all reserves, including a review of the level of reserve that is justified
- identify those reserves that are subject to statutory regulations governing their use, e.g. grants; and
- update the categorisation of reserves.

5.12. Progress on this review and the outcomes of the updated categorisation will be reported part of the Quarterly Budget Monitoring reports, Annual MTFP and next MTFP report.



# Bristol City Council

## Finance Scheme of Delegation

| Version | Purpose/Change  | Author / Review Date           |
|---------|---|--------------------------------|
| V0.1    | <ul style="list-style-type: none"><li>Updated in conjunction with changes to the Financial Regulations</li></ul>  | Denise Murray<br>June 2018     |
| V0.2    | <ul style="list-style-type: none"><li>Concomitant with Financial Regulations review</li></ul>   | Denise Murray<br>December 2019 |
| V1.0    | <ul style="list-style-type: none"><li>Scope and purpose of the scheme expanded, and classes of transactions excluded stated.</li><li>Changes in management structures and changes to job titles.</li><li>Capital reflect actual practice</li><li>Changes to write off arrangements to reflect the corporate debt management policy.</li><li>Hyperlinks to “additional procedures” reinstated.</li><li>Define “Following consultation with” and evidenced required</li></ul> | Denise Murray<br>February 2023 |

|                  |  |
|------------------|--|
| Document status: | <input type="checkbox"/> Draft <input checked="" type="checkbox"/> Final |
| Document owner:  | Denise Murray, Director of Finance/S151 Officer                          |

# Introduction

In the Constitution, the Mayor and Full Council delegate certain powers and functions to the Executive Directors. Officer Schemes of Delegation then explain how these powers are delegated onwards to officers across the council

The Policy and Budget Framework Procedure Rules apply to in-year changes or amendments to the budget, the Financial Regulations provide the framework for managing the council's financial affairs and the Finance Scheme of Delegation details the power that officers have to make financial decisions. As a collective, they aim to ensure that the council conducts its financial affairs in a way that complies with specific statutory provisions and best practice and that an effective internal controls framework is maintained.

This Finance Scheme of Delegation outlines officer delegation; details the power that council officers have to make decisions on spending and other finance issues across the council and sets out the approved financial limits within which authorised officers may conduct the council's business. The Scheme includes general limits on spending money for both revenue and capital expenditure, asset disposals, maladministration or compensation, insurance claims, virement, emergency and urgent payments and supplementary estimates.

In the event that the authorised officer is unable to take a decision then the decision can be taken by the relevant line manager up to and including the Executive Director.

Guidance for managers and staff on financial management or how to use Schemes of Delegation is available on the intranet.

The council's subsidiaries and schools are excluded from this policy as each has their own scheme of financial delegation aligned with the associated regulations.

## Finance functions delegated to officers

| No | Delegated Function   | Limitation   | Authorised officer  |
|----|--|--|---|
| 1  | <b>General Expenditure</b><br><br>Power to incur expenditure within the approved budget, provided it is within the relevant area of responsibility, legally incurred, within council policy, and procured in accordance with the council's procurement procedures.<br><br>This covers all revenue and capital expenditure including the award of contracts for supplies, works and services.<br><br>These financial delegation levels are built into the workflow approval process in the financial system and inherit through the | <b>up to £500</b>  | Self-approved by requesting officer   |
|    |  | <b>In excess of £500, but not more than £25,000</b>      | Budget Holder (or officer with authority delegated by the Budget Holder)  |
|    |  | <b>In excess of £25,000, but not more than £100,000</b>  | Heads of Service  |
|    |  | <b>In excess of £100,000, but not more than £250,000</b> | Director (following consultation* with the relevant Executive Director)   |
|    |  | <b>In excess of £250,000, but less than £500,000</b>     | Executive Director with approval of the Section 151 Officer** and relevant Cabinet Member(s) with delegated financial |

| No | Delegated Function   | Limitation                                       | Authorised officer   |
|----|--|--|--|
|    | officer's position   |  | authority.   |
|    |  | <b>£500,000 and above, but not more than £1m</b> | Cabinet approval needed.<br><br>Post Cabinet approval of the key decision - the requisition or payments can only be authorised by: Director / Executive Director   |
|    |  | <b>Over £1m</b>                                  | Cabinet approval needed.<br><br>Post Cabinet approval of the key decision - the requisition or payments can only be authorised by: Section 151 Officer   |
| 2. | <b>Re-profiling (including acceleration) of capital payment between financial years</b><br><br>If the overall project funding and / or prudential borrowing level is not increased, approval must be sought in line with the limits set out.<br><br>Where the funding is increased see section 3 below | <b>Less than £500,000</b>                        | Executive Director (following consultation with Section 151 Officer (or officer with authority delegated by the Section 151 Officer to ensure that there are no adverse implications on capital financing resources) and relevant Cabinet Member(s), and subsequently reported in the Finance Monitoring Report to Cabinet; unless the amount being re- profiled is greater than 25% of the project or block approval, in which case the £500,000 and above level of approval is required. |
|    |  | <b>£500,000 and above</b>                        | Cabinet (following Executive Director consultation with the Section 151 Officer and Cabinet Member(s) as above.  |
| 3  | <b>Adding schemes to the Capital Programme or increasing the level of capital expenditure on an existing scheme</b><br><br>Schemes will in the main be added to, or removed from, the  | <b>Less than £500,000</b>                        | Executive Director with approval of the Section 151 Officer** (or officer with authority delegated by the Section 151 Officer) and relevant Cabinet Member(s) with Cabinet approval via Finance Monitoring Report.   |

| No | Delegated Function  | Limitation   | Authorised officer   |
|----|---|--|--|
|    | Capital Programme as part of the annual budget setting process.<br><br>Requests outside of this process to change the Capital Programme by adding or removing schemes, or by allocating additional items to an approved scheme, must be approved by a supplementary process.<br><br>Where the funding is associated to a new external funding bid see section 4 below.<br><br>Where the funding includes prudential borrowing in excess of the borrowing level agreed in the budget, regardless of value, this must be approved by a report to council. | <b>£500,000 and above</b>  | Cabinet (following Executive Director consultation with the Section 151 Officer and relevant Cabinet Member(s)).   |
|    |   |  | Full Council approval is needed to increase affordability indicators   |
| 4  | <b>Submission of plans and bids to government / external bodies</b><br><br>Plans / bids submitted for external funding must go through the council's governance process and in accordance with the <a href="#">Grant bid and claim protocol</a> with any associated match funding identified prior to submission  | <b>Expenditure of the funds must follow the General Expenditure delegations at 1</b> | Financial data / analysis must be approved by the Business Partner (Finance) and the Section 151 Officer where specified<br><br>The Section 151 Officer and Executive Directors must, as appropriate, satisfy audit requirements in respect of external funding claims |
|    | <b>Direct allocation (without a submission of a bid) of specific grant funding from government departments for core activity.</b><br><br>Request to change the council's revenue or capital budget by adding additional funding must be approved by a supplementary process   | <b>Expenditure of the funds must follow the General Expenditure delegations at 1</b> | Director with approval of the Section 151 Officer** and relevant Cabinet Member(s)<br><br>Cabinet approval via Finance Monitoring Report   |
| 5  | <b>Asset Leasing</b>  |  | All proposed leasing arrangements to be appraised and approved by Corporate Finance  |



| No | Delegated Function  | Limitation   | Authorised officer   |
|----|---|--|--|
| 6  | <b>Treasury Management</b><br><br>The Section 151 Officer is responsible for treasury management and no other employees, unless named in the officer delegation, must borrow or invest council monies, make loans to or acquire interest in companies, joint ventures or other enterprises  |  | The Section 151 Officer or officer with delegated authority  |
| 7  | <b>Disposal of Assets</b><br><br>Disposal of council assets other than: <ul style="list-style-type: none"> <li>Land and Property - see <a href="#">Scheme of delegation Growth and Regeneration</a></li> <li>Schools - covered by <a href="#">Scheme for financing schools</a> and <a href="#">Financial regulations for schools with delegated budgets</a></li> </ul> Consult as outlined and proceed in line with delegations and any associated disposal guidance or original grant conditions | <b>Up to 5,000</b>                                       | Head of Service  |
|    |   | <b>In excess of £5,000 but not more than £100,000</b>    | Head of Service Property / Culture   |
|    |   | <b>In excess of £100,000, but not more than £250,000</b> | Director; following consultation with the Head of Service Property / Culture and relevant cabinet member                           |
|    |   | <b>In excess of £250,000, but less than £500,000</b>     | Executive Director; following consultation with the Director, Head of Service, relevant cabinet member and the Section 151 Officer |
|    |   | <b>£500,000 and above</b>                                | Cabinet (following consultation with Cabinet Member, Executive Director and the Section 151 Officer)                               |
| 8  | <b>Power to make payments or provide other benefits in cases of maladministration or compensation</b>   | <b>up to £500</b>  | Heads of Service (following consultation with the Budget Holder)   |
|    |   | <b>In excess of £500, but less than £5,000</b>           | Director (following consultation with the Budget Holder)   |
|    |   | <b>In excess of £5,000, but less than £10,000</b>        | Executive Director (following consultation with the Budget Holder)   |
| 9  | <b>Fees and Charges</b><br><br>All new fees and amendments to existing charges will be reviewed annually and subject to formal approval in accordance with the  | <b>All changes</b>                                       | Cabinet (following consultation with the relevant Cabinet Member, Executive Director and Section 151 Officer)                      |

| No | Delegated Function   | Limitation  | Authorised officer   |
|----|--|---|--|
|    | <p>Budget and Policy Framework.</p> <p>Any request to change fees and charges outside of this process must be subject to a separate Cabinet report.</p> <p>Officers do not have the power to make changes to policies relating to fees and charges or give concessions to fees and charges</p>   |   |  |
| 10 | <b>Write Off of Income</b>   |   | The Debt Write Off Policy and authorisation levels is outlined within the <a href="#">Corporate Debt Management Policy</a> |
| 11 | <p><b>Budget Virements</b></p> <p>Authorisation levels for virements: within or from a directorates revenue and capital budgets; within approved policy headings:</p> <p>No virements are possible:</p> <ul style="list-style-type: none"> <li>- from capital to revenue budgets</li> <li>- from staffing budgets to supplies and services budgets</li> <li>- If the proposed virement, together with the total of previous virements within the same financial year, <b>would result in an aggregate increase or decrease in the original 'net' budget for any directorate of more than 25% or £500,000.</b></li> </ul> <p>A virement that is likely to impact on the level of service activity of another budget holder can only be implemented with the agreement of the relevant budget holder(s).</p> <p>The Section 151 Officer (or officer with delegated authority) may also approve budget adjustments of unlimited value where they are purely technical in nature (eg not impacting upon the service provided or on</p> | <b>Up to £25,000</b>                                    | Heads of Service / (following consultation with the Budget Holder)   |
|    |  | <b>In excess of £25,000 but not more than £100,000</b>  | Director (following consultation with the Budget Holder)   |
|    |  | <b>In excess of £100,000 but not more than £500,000</b> | Executive Director with approval of the S151 Officer and relevant Cabinet member(s))                                       |
|    |  | <b>£500,000 and over</b>                                | Cabinet approval   |

| No | Delegated Function   | Limitation   | Authorised officer  |
|----|--|--|---|
|    | income generated)  |  |   |
| 12 | <b>Settling insurance claims / related works</b><br><br>The settling of insurance claims against the council not covered by our insurance and in compliance with all relevant insurance terms and conditions, will be subject to approval as follows | <b>Up to £500</b>                                      | Principal Risk and Insurance Officer  |
|    |  | <b>In excess of £500, but not more than £25,000</b>    | Risk and Insurance Senior Officer   |
|    |  | <b>In excess of £25,000 but not more than £100,000</b> | Head of Strategic Finance (in consultation with Risk and Insurance Senior Officer)  |
|    |  | <b>In excess of £100,000, but less than £250,000</b>   | Section 151 Officer (in consultation with Risk and Insurance Senior Officer)  |
|    |  | <b>In excess of £250,000, but less than £500,000</b>   | Executive Director with approval of the Section 151 Officer and relevant executive member(s) with delegated authority.                  |
|    |  | <b>£500,000 and above</b>                              | Cabinet (following consultation with relevant executive member(s) with delegated authority, Executive Director and Section 151 Officer) |
| 13 | <b>Emergency / Urgent Payments</b><br><br>Emergency / urgent payments in this instance are those made in extenuating circumstance, arising   | <b>Up to £250,000</b>                                  | Executive Director, following consultation with the relevant cabinet member   |
|    |  | <b>In excess of £250,000, but not more than £2m</b>    | Head of Paid Service or Section 151 Officer following   |

| No   | Delegated Function   | Limitation  | Authorised officer  |
|--|--|---|---|
|  | <p>as a consequence of unforeseen circumstances (eg a natural disaster, a civil emergency or a court order, etc) and where budget provision has not been made and the payment cannot be covered within the relevant service's existing budget.</p> <p>A full report (see opposite for further detail) will be produced to the relevant forum (threshold permitting) explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.</p> |   | <p>consultation with the Mayor or Deputy Mayor with responsibility for City Economy, Finance and Performance (two of the three named roles).</p> <p>The following report formats should be used:</p> <ul style="list-style-type: none"> <li>• <a href="#">Officer Executive Decision (OED)</a> for values below £500k, service resources are available and non-key decisions.</li> <li>• <a href="#">Finance urgent key decision</a> where draw down from corporate or general reserves and/or a key decision is required which must be published within a cabinet report.</li> </ul> |
| 14   | <p><b>Supplementary Estimates</b></p> <p>The withdrawal of funds from reserves to provide additional funding to meet service budget requirements is referred to as a supplementary estimate</p>  | up to £1m   | Mayor   |
|  |  | In excess of £1m  | Individual estimates exceeding this limit shall be referred to Council for determination  |
|  |  | Funded from the approved policy level of minimum general reserves | Supplementary revenue estimate which are to be funded wholly or in part from the approved policy level of general reserves, regardless of value, must be approved by Council  |
| <b>Changes to the delegated limits / values above may only be made with the approval of the council's S151 Officer</b> |  |   |   |

\* Following consultation with (= after discussion and agreement with someone), with agreement evidenced in written form.

\*\* The officer appointed under section 151 of the Local Government Act 1972 (Section 151 Officer / Chief Finance Officer) in the council is the Service Director: Finance

## Gross Expenditure by Programme

| Ref          | Scheme   | Budget | Outturn | Variance |
|--------------|--|--------|---------|----------|
|              |  | £000s  | £000s   | £000s    |
| People       |  |        |         |          |
| CRF2         | CRF2 – South Bristol Youth Zone                            | 1,090  | 88      | (1,002)  |
| PE01         | School Organisation/ Children’s Services Capital Programme | 4,794  | 3,538   | (1,257)  |
| PE02         | Schools Organisation/SEN Investment Programme              | 12,826 | 10,317  | (2,509)  |
| PE03         | Schools Devolved Capital Programme                         | 1,475  | 1,228   | (248)    |
| PE05         | Children & Families - Aids and Adaptations                 | 208    | 178     | (30)     |
| PE06         | Children Social Care Services                              | 1,392  | 668     | (724)    |
| PE06B        | Adult Social Care – Better Lives at Home Programme         | 652    | 241     | (411)    |
| Total People |  | 22,438 | 16,258  | (6,180)  |

## Resources

|                        |   |              |              |              |
|------------------------|---|--------------|--------------|--------------|
| NH06A                  | Bristol Operations Centre - Phase 2                       | 99           | 99           | (0)          |
| RE01                   | ICT Refresh Programme                                     | 757          | 681          | (76)         |
| RE03                   | ITTP – IT Transformation Programme                        | 33           | 32           | (1)          |
| RE06                   | Return to Workplace ICT equipment – Covid Response Fund   | 0            | (9)          | (9)          |
| RE07                   | Digital Transformation - Networks - Pending Business Case | 350          | 116          | (234)        |
| RE08                   | Digital Transformation Programme                          | 682          | 533          | (149)        |
| RE09                   | Expansion of Flax Bourton Mortuary                        | 200          | 93           | (107)        |
| <b>Total Resources</b> |   | <b>2,121</b> | <b>1,545</b> | <b>(576)</b> |

## Growth &amp; Regeneration

|       |  |        |        |         |
|-------|--|--------|--------|---------|
| CRF3  | Covid Recovery Fund – Economic Infrastructure                  | 650    | 517    | (133)   |
| GR01  | Strategic Property – Temple Meads Development                  | 3,679  | 4,349  | 670     |
| GR03  | Economy Development - ASEA 2 Flood Defences                    | 13,728 | 9,601  | (4,126) |
| GR05  | Strategic Property - Hawkfield Site                            | 3,263  | 3,241  | (22)    |
| GR05A | South Bristol Light Industrial Workspace Redevelopment         | 4,700  | 3,666  | (1,034) |
| GR08  | Delivery of Regeneration of Bedminster Green                   | 2,055  | 2,022  | (33)    |
| GR09  | Clean Air Zone Programme                                       | 8,979  | 7,648  | (1,332) |
| NH01  | Libraries for the Future                                       | 40     | 7      | (33)    |
| NH02  | Investment in parks and green spaces                           | 1,239  | 1,420  | 181     |
| NH03  | Cemetries & Crematoria - Pending Business Case Development     | 310    | 205    | (105)   |
| NH04  | Third Household Waste Recycling and Re-use Centre              | 1,431  | 1,083  | (348)   |
| NH06A | Bristol Operations Centre - Phase 2                            | 300    | 284    | (16)    |
| NH07  | Private Housing  | 5,962  | 6,300  | 338     |
| PL01  | Metrobus   | 1,037  | 455    | (582)   |
| PL02  | Passenger Transport  | 431    | 315    | (116)   |
| PL04  | Strategic Transport  | 5,341  | 4,764  | (578)   |
| PL05  | Sustainable Transport  | 2,472  | 1,686  | (786)   |
| PL06  | Portway Park & Ride Investment                                 | 3,106  | 4,581  | 1,475   |
| PL09  | Highways infrastructure - bridge investment                    | 2,235  | 2,767  | 533     |
| PL09A | Highways infrastructure - Cumberland Road Stabilisation Scheme | 3,896  | 3,642  | (253)   |
| PL10  | Highways & Traffic Infrastructure - General                    | 12,041 | 11,597 | (444)   |
| PL10B | Highways & Traffic - Street Lighting                           | 1,258  | 1,434  | 176     |
| PL10C | Transport Parking Services                                     | 303    | 295    | (8)     |
| PL11A | Cattle Market Road site re-development                         | 328    | 365    | 37      |
| PL15  | Environmental Improvements Programme                           | 135    | 127    | (8)     |
| PL17  | Resilience Fund (£1m of the £10m Port Sale)                    | 45     | 26     | (19)    |
| PL18  | Energy services - Renewable energy investment scheme           | 6,446  | 4,143  | (2,304) |

Gross Expenditure by Programme

| Ref                                   |   | 2022/23 |         |          |
|---------------------------------------|---|---------|---------|----------|
| Scheme                                |   | Budget  | Outturn | Variance |
|                                       |   | £000s   | £000s   | £000s    |
| PL18A                                 | Energy Services – Bristol Heat Networks expansion | 9,917   | 8,548   | (1,369)  |
| PL18B                                 | Energy Services - School Efficiencies             | 211     | 25      | (186)    |
| PL18D                                 | Energy Services - EU Replicate Grant              | 11      | 0       | (11)     |
| PL20                                  | Strategic Property                                | 90      | 14      | (76)     |
| PL21                                  | Building Practice Service - Essential H&S         | 2,902   | 1,619   | (1,283)  |
| PL23                                  | Strategic Property - Temple St                    | 46      | 30      | (16)     |
| PL24                                  | Bristol Beacon                                    | 21,104  | 22,457  | 1,352    |
| PL27                                  | Vehicle Fleet Replacement Programme               | 1,934   | 1,964   | 30       |
| PL30                                  | Housing Delivery Programme                        | 10,333  | 7,771   | (2,563)  |
| PL34                                  | Strategic property - Community investment scheme  | 150     | 1       | (149)    |
| PL35                                  | Harbour Operational Infrastructure                | 277     | 348     | 71       |
| PL36                                  | Investment in Markets infrastructure & buildings  | 386     | 126     | (260)    |
| Total Growth & Regeneration           |   | 132,773 | 119,441 | (13,332) |
| Corporate Funding & Expenditure       |   |         |         |          |
| CP03                                  | Corporate Contingencies                           | 130     | 0       | (130)    |
| Total Corporate Funding & Expenditure |   | 130     | 0       | (130)    |
| Total General Fund                    |   | 157,462 | 137,244 | (20,218) |
| Housing Revenue Account               |   |         |         |          |
| HRA1                                  | Planned Programme - Major Projects                | 40,549  | 40,589  | 40       |
| HRA2                                  | New Build and Land Enabling                       | 28,549  | 20,272  | (8,277)  |
| HRA4                                  | HRA Infrastructure                                | 604     | 604     | 0        |
| Total Housing Revenue Account         |   | 69,702  | 61,465  | (8,237)  |
| Total 2022/23 Capital Programme       |   | 227,164 | 198,709 | (28,455) |

Budget Monitoring - Summary 2022/23

Budget Monitoring - Summary

|   | Approved<br>Opening Budget | Opening<br>Technical<br>Virements | Revised Opening<br>Budget | P2/Q1 variance | Plus: P3 | Plus: P4 | Plus: P5 | Less: In-year<br>primary and<br>secondary<br>mitigations | Less: P5/Q2<br>Supplementary<br>estimates/<br>corporate<br>adjustments | Plus: P6 | Plus: P7 | Plus: P8 | Plus: P9 | Plus: P10 | Plus: P11<br>and P12 | Total variance<br>without<br>mitigations | Total<br>variance<br>with<br>mitigations |
|---|----------------------------|-----------------------------------|---------------------------|----------------|----------|----------|----------|--|--|----------|----------|----------|----------|-----------|----------------------|--|--|
|   | £000s                      |                                   | £000s                     | £000s          | £000s    | £000s    | £000s    | £000s  | £000s  | £000s    | £000s    | £000s    | £000s    | £000s     | £000s                | £000s                                    | £000s                                    |
| People                                      |                            |                                   |                           |                |          |          |          |  |  |          |          |          |          |           |                      |  |  |
| Adult Social Care                           | 165,389                    | 3,419                             | 168,809                   | 4,729          | 1,840    | 554      | (2,245)  | (2,125)  | (2,753)  | 643      | 272      | 127      | 527      | (191)     | (1,394)              | 8,281                                    | 3,403                                    |
| Children and Families Services              | 72,073                     | 491                               | 72,563                    | 7,717          | 0        | 174      | 3,501    | (1,200)  | (9,888)  | 2,010    |          | 1,444    | 1,034    | 2,692     | (998)                | 18,065                                   | 6,977                                    |
| Educational Improvement                     | 15,454                     | 789                               | 16,243                    | 2,058          | 0        | 0        | 45       | (502)  | (1,601)  |          | 435      | 436      | 185      | 103       | (523)                | 3,528                                    | 1,425                                    |
| Management - People                         | (5,431)                    | 3,800                             | (1,631)                   | 0              | 0        | 0        | 0        |  |  |          |          |          |          |           | 9                    | 3,809                                    | 3,809                                    |
| Public Health - General Fund & Other Grants | 4,787                      | 22                                | 4,809                     | 0              | 0        | 0        | 404      | (253)  | (455)  |          |          | (89)     | 0        | 0         | (31)                 | 306                                      | (402)                                    |
| Total People                                | 252,272                    | 8,521                             | 260,793                   | 14,503         | 1,840    | 728      | 1,706    | (4,080)  | (14,697)   | 2,653    | 707      | 1,918    | 1,746    | 2,604     | (2,938)              | 33,988                                   | 15,211                                   |
| Resources                                   |                            |                                   |                           |                |          |          |          |  |  |          |          |          |          |           |                      |  |  |
| Digital Transformation                      | 14,460                     | 199                               | 14,659                    | 1,477          | 0        | 0        | 240      | (645)  | (150)  | 210      |          | (216)    |          | 211       | (404)                | 1,717                                    | 922                                      |
| Legal and Democratic Services               | 7,980                      | 74                                | 8,054                     | 89             | 0        | 0        | 4        | (320)  |  |          |          | 28       |          | (152)     | 44                   | 87                                       | (233)                                    |
| Finance                                     | 8,418                      | 330                               | 8,747                     | 113            | 0        | 0        | (4)      | (425)  |  | 1,100    |          | 0        |          |           | (862)                | 677                                      | 252                                      |
| Human Workplace & Organisational Design     | 10,211                     | 598                               | 10,808                    | 1              | 0        | 0        | (66)     | (250)  |  |          |          | (45)     |          |           | (13)                 | 475                                      | 225                                      |
| Management - Resources                      | (2,250)                    | 0                                 | (2,250)                   | 2,125          | 0        | 0        | (202)    | (1,015)  | (1,000)  |          | 900      | 180      |          |           | (311)                | 2,692                                    | 677                                      |
| Policy, Strategy & Partnerships             | 3,729                      | 150                               | 3,879                     | 54             | 0        | 0        | (26)     |  |  | (210)    |          | 53       |          | (59)      | (99)                 | (137)                                    | (137)                                    |
| Total Resources                             | 42,547                     | 1,350                             | 43,897                    | 3,859          | 0        | 0        | (54)     | (2,655)  | (1,150)  | 1,100    | 900      | 0        | 0        | 0         | (1,645)              | 5,510                                    | 1,705                                    |
| Growth & Regeneration                       |                            |                                   |                           |                |          |          |          |  |  |          |          |          |          |           |                      |  |  |
| Housing & Landlord Services                 | 16,795                     | 160                               | 16,956                    | 3,814          | 0        | 0        | 337      | (1,409)  | (1,700)  |          |          | 30       |          | 80        | (333)                | 4,089                                    | 980                                      |
| Development of Place                        | 1,703                      | 50                                | 1,753                     | (14)           | 0        | 0        | 0        |  |  |          |          |          |          |           | 0                    | 36                                       | 36                                       |
| Economy of Place                            | 12,723                     | 350                               | 13,073                    | (0)            | 0        | 0        | (408)    | (1,342)  |  |          |          | 1,600    |          | 61        | 274                  | 1,878                                    | 536                                      |
| Management of Place                         | 33,117                     | 98                                | 33,215                    | 25             | 0        | 0        | 281      |  | 402  |          |          | (1,021)  |          | 635       | (760)                | (742)                                    | (340)                                    |
| Corporate Landlord/Property,Assets,Infra.   | (51)                       | 39                                | (12)                      | (4)            | 0        | 0        | 18       |  |  |          |          | 267      |          | 2,403     | 774                  | 3,497                                    | 3,497                                    |
| Management - G&R                            | (2,360)                    | 0                                 | (2,360)                   | 0              | 0        | 0        | 5,667    |  | (5,667)  |          |          | (876)    |          | 116       | 80                   | 4,987                                    | (680)                                    |
| Total Growth & Regeneration                 | 61,928                     | 698                               | 62,626                    | 3,820          | 0        | 0        | 5,895    | (2,751)  | (6,965)  | 0        | 0        | 0        | 0        | 3,295     | 36                   | 13,745                                   | 4,029                                    |
| SERVICE NET EXPENDITURE                     | 356,747                    | 10,569                            | 367,316                   | 22,182         | 1,840    | 728      | 7,547    | (9,486)  | (22,812)   | 3,753    | 1,607    | 1,918    | 1,746    | 5,899     | (4,547)              | 53,243                                   | 20,945                                   |
| Pay Award                                   |                            |                                   |                           |                |          |          | 4,661    |  | (4,661)  |          |          |          |          |           |                      | 4,661                                    | 0  |
| SERVICE NET EXPENDITURE                     | 356,747                    | 10,569                            | 367,316                   | 22,182         | 1,840    | 728      | 12,208   | (9,486)  | (27,473)   | 3,753    | 1,607    | 1,918    | 1,746    | 5,899     | (4,547)              | 57,904                                   | 20,945                                   |