

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 02 June 2020

TITLE	2020/21 Period 1 (April) Finance Report		
Ward(s)	n/a		
Author: Tian Ze Hao	Job title: Senior Finance Business Partner		
Cabinet lead: Cllr Craig Cheney	Statutory Officer lead: Denise Murray		
Proposal origin: Other			
Decision maker: Cabinet Member			
Decision forum: Cabinet			
Purpose of Report: In response to the current development of the Covid-19 global pandemic, this report seeks to provide an update on the estimated direct financial impact on the Council's finances against the original budget approved on 25 th February 2020 by full Council.			
Evidence Base:			
<p>Bristol City Council set a balanced budget in February 2020 not only for 2020/21 but over a 5 year medium term. For 2020/21 full Council agreed the following:</p> <ul style="list-style-type: none"> • The General Fund net budget of £395.7m; • The ring-fenced Housing Revenue Account (HRA) of £122.4m gross expenditure budget • The ring-fenced Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies is £374.2m • The ring-fenced Public Health budget is £37.5m • 5 year capital programme totalling £612.0m for General fund and £354.0m for HRA. <p>COVID-19 is having a significant impact, locally, nationally and globally and in considering the impact specifically on the Councils finances, the Council has considered a range of plausible financial scenarios which are based on varying assumptions of prolongation and severity. The realistic case assumes that economic inactivity, direct impact on public services and negative shocks will be experienced over two-quarters and a gradual recovery over third and fourth quarter of 2020/21.</p> <p>The early indication following the update of April data is that the variation is likely to be c. £112.7m (response expenditure £34.5m and income losses £78.3m) forecasted for 2020/21. This is a movement of £3.4m from previous forecast of £109.3m and largely due to Waste and Recycling, savings undelivered and administrative new burdens.</p> <p>At the time of writing this report the Council had received two tranches of emergency funding support from the Government totalling £26.4m, and £0.5m of which was utilised against the Covid-19 financial impact for the month of March in 2019/20. Therefore significant, sustainable long-term additional finance will be required in order to deliver services in an adverse economic cycle where demand for public services will significantly increase. Joining up with our local and national partners, the Council will continue to work proactively with Government to seek additional funding support to close the emergent gap and revenue the in depth the current commitments against existing budgets and reserves.</p> <p>We recognise that for some of the income or expenditure streams the impact will go beyond a single financial year and further work is underway to extend the model over a medium term. It will be necessary for a further report to</p>			

be taken to Cabinet or Council (subject to adherence with the Policy and Budget Framework) at the earliest opportunity outlining the scale of budget gap and proposal if necessary for resetting the revenue and capital plans.

Full detail is provided in Appendix A.

Recommendations:

That Cabinet to note,

1. The significant financial impact on the Council as a result of COVID-19 pandemic
2. The extent to which further Government funding is required
3. A further report to be taken to Cabinet or Council, outlining the scale of the budget gap and proposal if required for resetting the revenue and capital plans.
4. It will also be necessary to refresh the Council's Business and Service plans later this year to reflect this impact and to ensure consistency in delivering changing priorities.

Corporate Strategy alignment: This report sets out progress against our budget, part of delivering the financial plan described in the Corporate Strategy 2018-23 (p4) and acting in line with our organisational priority to 'Be responsible financial managers' (p11).

City Benefits: Cross priority report that covers whole of Council's business.

Consultation Details: n/a

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

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: The resource and financial implications are set out in the report.

Finance Business Partner: Michael Pilcher (Chief Accountant)

2. Legal Advice: The report, including the detail in Appendix A, will assist the Cabinet to monitor the budget position with a view to meeting the Council's legal obligation to deliver a balanced budget.

Legal Team Leader: Nancy Rollason, Head of Legal Service

3. Implications on IT: There are no additional IT implications arising from production of this report.

IT Team Leader : Simon Oliver, ICT

4. HR Advice: Expenditure on staffing is monitored on a monthly basis. Managers are required to manage expenditure within the agreed staffing budget that has been set for 2020/21.

HR Partner: Mark Williams, Head of Human Resources

EDM Sign-off	Denise Murray	22 nd May 20
Cabinet Member sign-off	Cllr Cheney	22 nd May 20
For Key Decisions - Mayor's Office sign-off	Mayor's Office	22 nd May 20

Appendix A – P01 Revenue Budget Monitoring Report	YES
Appendix B – P01 Capital Budget Monitoring Report	NO
Appendix C – Summary of any engagement with scrutiny	NO

Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	NO
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Combined Background papers	NO
Appendix J – Exempt Information	NO
Appendix K – HR advice	NO
Appendix L – ICT	NO