

## Bristol City Council - Finance Exception Report – 31 March 2020/21

### 1. High Level Summary Financial Position

1.1.1 This is an exception report on any significant financial issues for the Council as at 31 March 2021 and movements following the period 9 (P9) report to February Cabinet. It is not a full financial forecast and the assumption is that there are no significant variances beyond the issues highlighted. The final outturn report for 2020/21 will be reported to the next scheduled Cabinet meeting June 2021.

#### 1.2 General Fund

1.2.1 The assessment at the end of March 2021 is that the Council's scheduled General Fund will have a net balanced position. There is currently forecasted to be a £74.8m overspend relating to the COVID-19 emergency; funded by a range of government COVID grants. The gross expenditure reported has decreased by £9.7m since period 9 largely due to an additional Public Health COVID grant received and confirmed to be carried forward to 2021/22 (total carry forward £11.5m, represents £6.5m net movement against P9). Parking and enforcement income has also seen some improvement in forecast (£0.5m). After applying £57m government grant (of the total c.£78m received matching spending according to the grant conditions) and an estimated compensation for sales, fees and charges income loss of £14.5m (noting that this figure will be subject to a MHCLG reconciliation and could be subject to change), the net forecast for 2020/21 is a balanced position.

1.2.2 The Adult Social Care service will also achieve greater than previously anticipated income this year from the NHS CCG, the net impact of this estimated to be £6.3m and as such the £6m drawn down from general reserve, approved by Council in February 2021, is unlikely to be required at the end of the financial year.

1.2.3 All COVID funding received by the Council will be considered and utilised where appropriate to mitigate the 2020/21 COVID related expenditure and, as approved by Cabinet on 14 July 2020 in the Period 2 finance report, any of the initial Council mitigations identified and grants not utilised in 2020/21 would be transferred to a specific COVID reserve to manage the ongoing pandemic through the medium term.

### Ring-Fenced Budgets

#### 1.3 Public Health

1.3.1 Public Health received £14.4m COVID related grants in 2021/22. These include Test and Trace Fund, Outbreak Management Fund, Community Testing, Clinically Extremely Vulnerable Fund and Rough Sleeping, Drug and Alcohol Treatment Grant. As the majority of these grants were received in the last quarter, matching expenditure according to grant conditions in-year, £3m has been spent in 2020/21 and the remainder £11.4m is proposed to be carried forward to future years, representing a £6.4m net movement against P9 forecast.

#### 1.4 Housing Revenue Account

1.4.1 The Housing Revenue Account (HRA) continues to report an in-year underspend of £6.2m due to delays in recruitment and in the repairs and maintenance programme due to socially restrictive measures. The forecast COVID impact on the HRA is £3.0m

which consists of £2.0m loss of income & increases in bad debt, and £1.0m increase in costs including additional resourcing pressures and PPE. These are offset by the underspend previously mentioned, giving a total reported forecast underspend of £3.2m which remains consistent comparing to P9. The actual 2020/21 underspend will be transferred to the HRA reserve at year-end.

## 1.5 Dedicated Schools Grant

- 1.5.1 The Dedicated Schools Grant (DSG) continues to forecast an overall deficit of £11.4m (£8.6m in-year). Areas of significant risk to the final outturn include Early Years (funding) and High Needs (expenditure and funding):

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

- 1.5.2 In-year forecast overspend in EY has increased by £0.07m to £0.4m. There are now risks to the expected income from this block which will arise mainly from lower January 2021 census numbers. The 2020/21 EY block income would normally be based on 5/12ths of the January 2020 census and 7/12ths of the January 2021 census. Due to COVID, it is anticipated that the January 2021 census count will be significantly lower than January 2020. The current proposal is to use a hybrid of January 2021 census and 2021 summer term count to fund the 2021 spring term allocations; with a minimum funding level set at 85% of January 2020 census numbers. January 2021 census figures are yet to be finalised and it is unlikely we will know the summer term count figures before end of June 2021. Early indication is that this is significantly lower than January 2020 figures. A future update will be provided to Cabinet and the School Forum once the final allocation is known.

### **High Needs Block (HNB)**

- 1.5.3 The HNB in-year overspend of £8.2m remains, with top-up funding continuing to be a major area of budget pressure. Areas of significant pressure include:
- Outcome of SEND panel, in terms of potential increase in pupil numbers and top-up rates.
  - Risks of further adjustment to import/export recoupment that will have adverse effect on the final HNB allocation.
- 1.5.4 The overall deficit on the DSG at the end of the year will be carried forward within the DSG budget for future years.

## 2. Decisions Taken under Delegated Authority in Relation to COVID

2.1.1 The following decisions have been taken under delegated authority or emergency procedures by Officers in conjunction with the relevant Cabinet Members and Cabinet are asked to note the details summarised below and where relevant appended.

### 2.2 Business Support Grants - up to 31 March 2021

2.2.1 A range of grant schemes have been announced through the course of the year to support specified businesses on the business rateable system that are vulnerable due to the impact of the pandemic. £93.1m was awarded by the Council and reported to Cabinet in September 2020. The fund remains open for some grant schemes and specified periods of restrictions and subsequent payments have been made to a value of £38.4m. Weekly reporting is in place to the government department and as at period ending 28 March 2021 the total value of grants paid to 14,883 eligible awards / businesses is £131.5m.

2.2.2 To provide additional support for businesses outside the scope of the business grants above, a small discretionary fund equating to £18.6m to 31 March 2021 has been allocated for administration by the Council. The discretionary fund has focused predominantly on sole traders, micro and small businesses, not eligible to the main business grant scheme.

2.2.3 The volume of eligible businesses indicated that this grant scheme would be oversubscribed and as such smaller values have been assigned throughout this period to enable the Council to increase the number of businesses that could be supported. £4.7m was awarded to 874 eligible business and reported to Cabinet September 2020. Subsequently as outlined in Appendix 1 – Decision 014 a further £8.2m has been awarded to 2,905 eligible businesses.

2.2.4 As at 31 March 2021, 3,779 businesses have been awarded discretionary grants to the value of £12.9m.

### 2.3 Adult Social Care – Workforce Capacity Fund

2.3.1 Adult Social Care - COVID-19 funding has been earmarked throughout the financial year to sustain local care providers during the crisis and to support Infection Prevention Control. In addition to the above a specific grant of £1.014 m has been allocated to enable the Council to deliver measures to supplement and strengthen adult social care staff capacity, to ensure that safe and continuous care can be achieved.

2.3.2 Appendix 2 - Decision 010 – outlines the conditions of grant, timescale for applying the funding (whilst only announced 29 January, can be applied retrospectively for expenditure incurred between 16 January and 31 March 2021 (10.5 weeks)) and the proposal for spend is as follows:

- Short term initiatives to support providers in addressing capacity
- Initiatives to support recruitment and retention
- Support through VCSE/ volunteers
- PA market recruitment and retention.

### 2.4 Mental Health Surge Capacity Contribution

- 2.4.1 A payment of £0.400m was made to Bristol, North Somerset & South Gloucestershire CCG as a contribution to a whole system (BNSSG-wide) c.£3.2m investment in 'upstream' Mental Health services.
- 2.4.2 This contribution will primarily support Primary MH specialists for schools and debt support:
- Expanding provision of Primary Mental Health Specialists (PMHS) to provide specialist CAMHS knowledge and skills 2 within wider children's services (schools, special schools and the Local Authority). This approach complements universal, targeted and more specialist services in meeting the mental health and emotional wellbeing needs of children and young people.
  - Co-Location of Debt and Mental Health Support, given the economic impact of COVID, and the anticipated increases in unemployment, the mental health capacity of local welfare agencies (such as Citizens' Advice) will be strengthened through specialist Mental Health support workers being co-located at DWP/CAB and services.
- 2.4.3 Full details are outlined in decision 011 (Appendix 3) and, due to the value, published in the associated Officer Executive decision which can be found by using the following [Link](#).

### 2.5 Winter Grant Scheme

- 2.5.1 In November 2020, a package of extra targeted financial support was announced for those in need over the winter period. Bristol was awarded £1.640m for the period 1 December 2020 to 31 March 2021 with the vast majority of this being spent on supermarket vouchers for children receiving Free School Meals and distributed to voluntary sector organisations to assist with food and fuel poverty, as noted and detailed in the P9 finance Cabinet report.
- 2.5.2 On Monday 22 February 2021, it was announced that the Winter Grant Scheme was to be extended to 16 April 2021, and Bristol was granted £0.570m with a deadline for the Council to submit the proposed spending plans by 15 March 2021.
- 2.5.3 The plans submitted and policy updated (see Appendix 4), further extended the previous support to 20,000 Free School Meals children @ £15 per week in the form of supermarket vouchers for the Easter holidays (2 weeks) at a total cost of £0.570m.

### 2.6 Leisure Services

- 2.6.1 A temporary variation was required to the SLM leisure contract and payment of £0.826m to enable the Council's leisure service provider to continue to maintain facilities and meet the Council and provider contractual obligations between the periods November 2020 to 31 March 2021 as outlined in Appendix 5, Decision 13.

- 2.6.2 The Council has been allocated £1.091m from the National Leisure Recovery Fund (NLRF) (see section 3.4 below). Due to conditions of the NLRF grant only £0.253m of this can be allocated to the provider over the period outlined, leaving residual costs of £0.573m to be met from the £3m COVID mitigation funds previously allocated from the Council general reserve to mitigate unavoidable COVID related additional expenditure in 2020/21. This brings the total payment to the provider under this contract mechanism to £1.285m for 2020/21 (funded by Public Health, NLRF and Council reserve).
- 2.6.3 It is noted that the COVID related challenges to the sector will continue into 2021/22 and that a deed of variation to the contract to the end date of March 2022 with provision for additional payment will need to be finalised; and as such will be subject to a further report. The actual payment will be dependent on the level of COVID restrictions applied and terms agreed in the deed of variation; however 2020/21 costs provide an indication of the potential scale of this payment. A draw down of the 2nd tranche of the approved NLRF can be made of circa £0.424m in 2021/22 but should the scale reflect 2020/21, additional Council funding will need to be identified in year from COVID or Council funding sources.
- 2.6.4 Note: the general fund reserve is currently estimated to be in excess of the policy compliant level of £20m and this transaction will not breach the reserve policy.

### **3. 2021/22 Budget Changes For Inclusion of New Funding Announced**

- 3.1.1 Since the P9 Finance report to Cabinet and 2021/22 budget report to full Council there have been several additional funding streams announced which require approval for incorporation into the Council's 2021/22 budget.

#### **3.2 Test and Trace Support Grant**

- 3.2.1 The Council is responsible for administering the test and trace support payment announced by Government. Further to funding to support administration of the test and trace support payment scheme as detailed in the P8 budget monitoring a further £0.750m has been allocated to Bristol for the months of February – April '21.
- 3.2.2 The guidance on eligibility to the scheme has been revised by government and regional policy reflecting the local application is in the process of being refreshed for awards in April 2021 with some retrospective payments envisaged where the criterion can be demonstrated to have been met.

#### **3.3 CCG Covid Income/s256 Agreement**

- 3.3.1 In March the Council entered into an agreement with Bristol, North Somerset and South Gloucestershire (BNSSG) CCG for transfer of £10.199m funding to the Council to support the implementation of the BNSSG Healthier Together Single System Plan.
- 3.3.2 Further details are set out in Appendix 6 - Decision 012 and include supporting the transition and restoration of services impacted significantly by the COVID

pandemic, through alignment of several key priority areas which benefit the population of BNSSG CCG.

### **3.4 National Leisure Recovery Fund (NLRF)**

- 3.4.1 The final grant award for Bristol City Council for the NLRF is £1,091,980, an increase of £70,098 from previously reported total. The fund seeks to support eligible public sector leisure centres to reopen to the public, giving the sport and physical activity sector the best chance of recovery to a position of sustainable operation over the medium term.
- 3.4.2 The awarding body has agreed some changes to the criteria for how the award money can be spent. The funding can continue to be applied based on the position as at 14 December and includes for the additional costs for reopening between the 1 December and 31 March; however, periods of lockdown are excluded. In recognising that lockdown has delayed any reopening plans, remaining monies for reopening can be utilised beyond 31 March 2021 and can also now be used towards the following costs incurred by our outsourced operators during this latest lockdown period:
- Utilities
  - Staff costs not furloughed
  - Essential asset maintenance
  - Security.

### **3.5 BEIS - Heat Network Distribution Unit**

- 3.5.1 The Council was successful in being awarded £253,420 funding from BEIS to contribute towards the Council's Heat Network Distribution Unit. The grant will be utilised to fund feasibility and design work for the Bedminster and Temple Heat Network projects. Please note the bid and acceptance of this grant was approved by Cabinet in September 2020.

### **3.6 Public Sector Decarbonisation Scheme**

- 3.6.1 The Council submitted multiple bids in January 2021 for Public Sector Decarbonisation Scheme (PSDS) to replace fossil-fuelled heating systems in the Council and school buildings with low carbon heat pumps. On 2 March 2021 notification was received that we had been successful with our bid to replace the oil-fired heating system at the Wellsman office with an air source heat pump and £0.336m has been awarded.
- 3.6.2 The value of the grant will be matched with £0.085m of Council capital funding (from the existing approved energy capital scheme) providing a total of £0.421m and the project must be fully delivery by September 2021.

### **3.7 Business Support Grants - 2021/22**

- 3.7.1 Business support via local authority administered restart grants were announced in the budget with one off cash grants from April 2021 of £6,000 to support eligible businesses in the non-essential retail sector and £18,000 for eligible businesses in the hospitality, accommodation, leisure, personal care and gym sectors to reopen safely as COVID restrictions are lifted. The allocation for Bristol is £26.173m for the period 1 April 2021 to 31 July 2021 and on receipt will be deployed in line with the guidance.

- 3.7.2 In addition further discretionary grant funding will be made available to local authorities to support local businesses through an additional restrictions grant, with refined criteria for its application. The indicative top up allocations for the ARG, provided that the conditions in the ARG guidance have been met, is £3.496m

### **3.8 South Bristol – Light Industrial Workspace**

- 3.8.1 A revision was made to the European Regional Development Fund (ERDF) bid to MHCLG, securing a further £0.2m contribution to the South Bristol Light Industrial Workspace Project, increasing the fund reported and approved by Cabinet in July 2020 from £1.2m to a new total value of £1.4m.
- 3.8.2 The project is expected to provide new enterprise infrastructure and facilities to meet the needs of start-up and growing SMEs in South Bristol, and, especially, given its location at Whitchurch Lane, existing businesses and new entrepreneurs based in the outer Regeneration Area centred on Hengrove & Whitchurch Park, Hartcliffe & Withywood and Filwood wards, where there has been a growing pressure of demand for affordable modern, small industrial units and relative under-supply by the market.

### **3.9 West of England Combined Authority (WECA) - Highways & Pothole Grant**

- 3.9.1 The highways and transport capital grants allocated to West of England Combined Authority for distribution to constituent authorities has been reduced from £17.5m to £14m, for 2021/22. This reduction has been applied nationally and the assumption that Combined Authorities would be exempt from this decrease due to this grant being funded through the 100% Business Rates Retention pilot has not been realised. The revised allocation for Bristol is £5.2m, reduction of £1.3m on that approved in the Council's budget (£6.5m).
- 3.9.2 In contrast new pothole funding for 2021/22 has been confirmed as £7m for the region and the Council's allocation from this fund is £2.1m.
- 3.9.3 Approval is sought to adjust the capital programme accordingly to reflect the two variations above.

### **3.10 WECA - High Street Catalyst Fund**

- 3.10.1 WECA has allocated to the Council £0.290m grant funding from the Investment Fund to be utilised to conduct a series of reviews to assess the qualitative and quantitative needs for high street development across Bristol. The project is to be delivered in full by 2022/23. The Council is validating the terms of the offer, and anticipates that the grant will be accepted with project commencement in Q1 2021/22.

### **3.11 WECA – Walking and Cycling Investment Fund**

- 3.11.1 WECA has allocated to the Council £0.250m from the Investment Fund as part of a wider programme across the region to encourage cycling and walking in the region. The funding is to conduct feasibility and development studies for walking and cycling initiatives within the city, which will then be submitted to WECA as outline business cases. If approved by WECA after outline business case submission, these initiatives could then receive further funding from within a total fund of £9m for the build stage.

**Approval is sought to add all the grants outlined above to the Revenue Budget and Capital Programme to enable expenditure to be incurred as outlined.**

### **4. 2021/22 - Funding Deployment**

#### **4.1 Covid 19 Hardship Fund: CTR and Extended Local Support Schemes**

- 4.1.1 In February 2021 new COVID grant funding was made available to assist local Council Tax Reduction (CTR) schemes, based on working-age local council tax support caseloads.
- 4.1.2 The Council's budget approved in February retained £2.5m held for distribution through other local council tax support and other welfare schemes. In addition to this £2.5m there is a further £0.4m available from the 2020/21 MHCLG Hardship Fund which was held as contingency. This takes the total fund package available for 2021/22 to £2.9m.
- 4.1.3 To enable the continuation of the COVID welfare assistance programme developed in 2020/21 into 2021/22 and make the adjustments to Council Tax bills as required, Appendix 7 outlines the proposed deployment of the funds, with funding streams and amounts based on demand for welfare support experienced in 2020/21 and likely demand for 2021/22.

#### **4.2 Covid Capital Economic Recovery Fund**

- 4.2.1 The Council's 2021/22 budget includes £2m to support Economic Recovery for the City Centre, businesses and high streets. This funding needs to be distributed urgently to support businesses as soon as possible and in line with releasing of restrictions to businesses. Full detail on how the fund will be deployed is set out in Appendix 8.