

Bristol City Council May 2021 (P02) Revenue Finance Report

1 GENERAL FUND REVENUE SUMMARY POSITION

- 1.1.1 At Period 2 (May), the Council is forecasting an overspend of £22.992 million against the approved General Fund budget (£424.4 million), of which £26.018 million overspend relates to the impact of COVID 19 pandemic. This is offset by £2.840 million of specific grant funding and within the overall funding available set aside by the Council to manage Covid-19.
- 1.1.2 The non-Covid position is forecasting breakeven position however there are significant risks to the position which need to be mitigated against to ensure this position is maintained at the end of the financial year.
- 1.1.3 Table below provides a summary of the current 2021/22 forecast General Fund position by directorate.

Table 1 General Fund P02 Directorate Level Forecast

SERVICE NET EXPENDITURE SUMMARY	2021/22 - Full Year				Variance Analysis				
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	COVID-19 Exp	COVID-19 Inc	Gross COVID Impact	Covid Service Grants/Income	Non-COVID
	£000s			£000s	£000s				
People									
Adult Social Care	151,448	151,448	157,874	6,426	7,691	0	7,691	(2,271)	1,006
Children and Families Services	65,115	65,115	69,514	4,399	4,914	0	4,914		(515)
Educational Improvement	11,998	11,928	12,831	903	0	0	0		903
Public Health - General Fund	4,753	4,753	5,239	486	1,055	0	1,055	(569)	(0)
Total People	233,315	233,244	245,457	12,213	13,660	0	13,660	(2,840)	1,393
Resources									
Digital Transformation	15,305	15,165	15,344	179	221	0	221		(42)
Legal and Democratic Services	8,484	8,484	8,187	(297)	22	0	22		(319)
Finance	8,885	8,885	12,033	3,148	2,298	829	3,127		21
HR, Workplace & Organisational Design	16,546	17,146	17,030	(116)	0	162	162		(278)
Policy, Strategy & Partnerships	3,436	3,436	3,437	2	0	0	0		2
Total Resources	52,655	53,115	56,031	2,916	2,541	991	3,532	0	(616)
Growth & Regeneration									
Housing & Landlord Services	14,896	14,896	17,196	2,300	2,518	0	2,518		(218)
Development of Place	716	716	1,084	367	0	190	190		177
Economy of Place	12,436	12,436	13,150	714	0	867	867		(153)
Management of Place	33,049	34,049	39,298	5,249	140	5,111	5,251		(2)
Housing Delivery	875	846	808	(38)	0	0	0		(38)
Property and Asset Strategy	(7,122)	(7,122)	(6,552)	571	0	0	0		571
Total Growth & Regeneration	54,851	55,822	64,984	9,163	2,658	6,168	8,826	0	337
SERVICE NET EXPENDITURE	340,820	342,180	366,472	24,292	18,859	7,159	26,018	(2,840)	1,114
Levies	10,118	10,118	10,118	0	0	0	0		0
Corporate Expenditure	49,219	50,539	49,239	(1,300)	0	0	0		(1,300)
Capital Financing	22,495	20,175	20,175	0	0	0	0		0
Corporate Revenue Funding	(424,401)	(424,401)	(424,401)	0	0	0	0		0
Corporate Allowances	1,749	1,389	1,389	0	0	0	0		0
TOTAL REVENUE NET EXPENDITURE	(0)	(0)	22,992	22,992	18,859	7,159	26,018	(2,840)	(186)

2 NON-COVID POSITION

- 2.1.1 In this initial forecast we are currently anticipating breaking even on core service budgets not impacted by the COVID 19 pandemic. However, there is significant risk

to delivering this which will need consideration, further assessment and mitigations to be identified during the year.

2.1.2 The key areas at risk of overspend are:

People

Adult Social Care (ASC) – ASC budgets continue to experience significant pressure in 2021/22 with a risk of overspend of £6.5m. The main areas relate to adults of working age budgets in all areas of the service provision for this cohort. Residential and nursing budgets for people over 65 years old are also at risk. This risk is partly offset by forecast underspends on employee costs and higher than expected levels of service user income, however further mitigations are required to meet service needs in a sustainable way within cash limited budgets.

Children’s Social Care – There is significant volatility within placements within children’s social care due to the impact of Covid-19 and lockdown. There are also pressures due to lack of supply of placements within the external market, the in-house fostering and placement service are also running at capacity which results in significant risk of increased spend if demand continues to increase.

Growth and Regeneration

2.1.3 There is an anticipated shortfall of £0.6 million of commercial property income, however there is a risk these losses will increase. A provision of £0.5 million has been made in the budget for this risk, however current forecasts show that unless mitigating actions are taken this provision could be insufficient.

3 COVID 19 IMPACT

3.1 SUMMARY POSITION

3.1.1 The Council is managing the financial impact of Covid-19 as a one-off shock, over the medium term. The Covid-19 budget identified for 2021/22 to 2025/26 is £43.7 million, with £30.2 million from specific Covid grants and £13.5 million from the Council’s resources and other one-off non-covid grant funding. In addition, £21.7 million of earmarked funding was carried forward from 2020/21. Resulting in a total of £65.4 m for the period 2021 – 2026.

3.1.2 The provision assumed a combination of additional response expenditure and income losses were likely to occur against base budgets. Core budgets will need to be individually realigned to transparently report and manage the impact of Covid-19 separately from core activities, and Covid-19 non-specific response expenditure, will need to be approved prior to earmarking of these funds.

3.1.3 Of this the current forecast on loss of sales, fees and charges is in line with forecasts within the medium term financial plan, although no provision for a further outbreak or lockdown has been included.

3.1.4 There is risk that expenditure may start to exceed resources available over the medium term if not carefully managed or no additional funding is available to mitigate.

Table 2: Forecast Variances Due to COVID-19

SERVICE NET EXPENDITURE SUMMARY	COVID-19 Exp	COVID-19 Inc	Gross COVID Impact	Covid Service Grants/Income
	£000s			
People				
Adult Social Care	7,691	0	7,691	(2,271)
Children and Families Services	4,914	0	4,914	
Public Health - General Fund	1,055	0	1,055	(569)
Total People	13,660	0	13,660	(2,840)
Resources				
Digital Transformation	221	0	221	
Legal and Democratic Services	22	0	22	
Finance	2,298	829	3,127	
HR, Workplace & Organisational Design	0	162	162	
Total Resources	2,541	991	3,532	0
Growth & Regeneration				
Housing & Landlord Services	2,518	0	2,518	
Development of Place	0	190	190	
Economy of Place	0	867	867	
Management of Place	140	5,111	5,251	
Total Growth & Regeneration	2,658	6,168	8,826	0
SERVICE NET EXPENDITURE	18,859	7,159	26,018	(2,840)

3.1.5 The breakdown of the £43.7m is shown in the table below and includes £9.918 million for expenditure incurred in response to the pandemic. In addition to this £21.696 million earmarked reserve carried forward gives £65.443 million for the Council to manage the impact of Covid over the next three years.

3.1.6 As noted above of the £18.859 million expenditure forecast for 2021/22, £2.840 million relates to specific ring-fenced grant leaving £16.019 million is currently expected to be required in 2021/22 from the total, leaving just £15.595 million to manage any risk or additional expenditure required.

3.1.7 Sales, fees and charges losses of £7.159m in 2021/22 is in line with budgeted assumptions with further losses anticipated in 2022/23 and 2023/24 as services and demand takes time to return to pre-covid levels.

Table: Budgeted Resources available over medium term to manage financial impact of Covid-19

	Budget	Forecast	Variance
	£m	£m	£m
Collection Fund Losses	22.578	22.578	-
Sales, Fees and Charges Losses	11.251	11.251	-
Response Expenditure	9.918	16.019	6.101
	43.747	50.346	6.101
Reserve brought forward	21.696		
Total funding available	65.443	50.345	(15.595)

3.1.8 In addition, public health expenditure on outbreak management is not included in the above forecast.

3.2 INDICATIVE ADDITIONAL EXPENDITURE

3.2.1 Adult Social Care - Reflecting the need to continue to maximise hospital capacity for those being treated for coronavirus and to support the social care sector to help support and deliver this, Adult Social Care has received £2.271m from the government for Quarter 1 2021/22 in relation to Covid-19 grants to fund infection control and rapid testing measures, particularly in relation to care homes. This has been deployed at pace to support care providers with the challenges they face. Although no funding has been announced it is forecast that further infection control funding will be required and further forecast assumed.

3.2.2 There is also some increase in staffing needed across the services and also costs related to increase due to impact on mental health services across the City.

3.2.3 Children's and Families: The division is forecasting £4.9m expenditure pressure due to the impact of Covid-19. Majority of these is in Placement Services where there had been significant increase in the number of children being looked after. This was further compounded by lack of affordable provision to put them. Other Covid-19 pressure area includes the Area teams, After Care teams and Specialist Services.

3.2.4 Leisure – £1m of support is needed by leisure facilities to support them due to significant loss of income from closures and social distancing restrictions. £0.6m of this is funded by the National Leisure Recovery Fund grant.

3.2.5 Finance (Welfare Support) – Additional £2m spend on increase in Discretionary Housing Payments and Local Crisis Prevention Fund allocated from grant funding to support welfare schemes for 2021/22 as noted in report to Cabinet on 13 April 2021.

3.2.6 Housing & Landlord Services – Support is being provided during the pandemic for rough sleeping and this has also resulted in an increased use of temporary accommodation, active mitigations are being put in place to reduce spend as restrictions ease.

3.3 LOSS OF SALES, FEES AND CHARGES INCOME

3.3.1 The budget estimated an approximate £7.0m loss of sales, fees and charges income predominantly from loss of parking income across the city. It was expected £1.3m of this would be funded by grant from Government covering a proportion of Council’s income losses between April and June.

3.3.2 Although losses in April and May are slightly higher than forecast it is expected the income will recover more quickly than previously assumed with forecast losses at the end of the year in line with budgeted losses of £7.0m.

3.3.3 The change in profile also means that although overall losses across the year are similar there might be an opportunity of Government support is higher than budgeted as the grant support just covers the first quarter of the year.

3.3.4 *The indicative assumptions above should be noted only. Further analysis is required to the robustness of the assumptions and priority areas of financial support, prior to approval being sought from Cabinet to allocate the Covid-19 funding currently available to the Council.*

4 SAVINGS PROGRAMME

4.1.1 The savings programme agreed by Council in 2021 included savings totalling £7.4m. In addition, £4.3 m of savings were carried forward from prior years which still requires delivering. The total savings delivery target for 2021/22 is £11.7m.

4.1.2 Some savings reported at risk have been impacted by the current Covid situation but continue to be monitored and reviewed for delivery or in-year mitigation where possible. The approach being taken in monitoring savings delivery and ensuring robustness of delivery plans prior to indicating that savings are safe means that at this early point in the year only £3 million of the planned savings are safe, which means there is a risk that the budget position may deteriorate if savings aren’t delivered or mitigations not found. The total of £8.73 million savings at risk is above the provision made in the budget for delay to savings delivery.

4.1.3 Further detail is shown in the directorate appendices.

Table 4 Summary of Savings by Directorate

Directorate	2021/22 Savings £m	2021/22 Savings reported as safe	2021/22 Savings reported as at risk	
		£m	£m	%

People	6.11	0.22	5.89	96
Resources & Cross-Cutting	3.49	1.38	2.11	61
Growth and Regeneration	2.14	1.41	0.73	34
Total	11.74	3.01	8.73	74

5 RING-FENCED BUDGETS

5.1 HRA

- 5.1.1 For the financial year 2021/22, the HRA is forecasting an underspend of £1.5m, which will be transferred to reserves at the end of the year. The main reasons for the forecast surplus are set out below.
- 5.1.2 Salaries and Overheads: Forecast savings of £369k as a result of the delay to the Moving Forward Together Project £250k, salary savings of circa £80k. In addition, there is an additional £120k income forecast in relation to Joiners Shop, CCTV and Overheads rechargeable, offset by a £26k increase in R&M costs and £43k overheads relating to SAVA licences and Business Rates, and £12k of other miscellaneous variances.
- 5.1.3 Responsive Repairs currently have a number of vacant posts, leading to an overall forecast staff cost savings of £1,261k. The impact of the Covid pandemic has resulted in catch up works this year of £1,259k, though the effects continue to be felt, and savings of £885k in relation to void works and materials are expected to offset this. Operatives and Surveyors are expected to be provided with new equipment during the year resulting in an additional £123k. A reduction in expected recharged income, and an increase in recharged costs further reduces savings by £628k. Overall, an underspend of £122k is expected for the year.
- 5.1.4 Planned Works are anticipated to be overspent by circa £400k, as a result of increased energy costs of £89k, Facilities Management costs of £47k and Covid catch-up works of £398k. There is an expected underspend of £86k in relation to Professional Fees, but this is offset by a £50k increase in Consultancy Costs in relation to Zero Carbon works. Salaries are expected to underspend by £147k after taking account of an increase in Agency Costs of £145k.
- 5.1.5 There is a forecast saving of £1,350k within Estates Management, primarily due to Salary Savings of £1,001k and additional expected income from rents and service charges of £578k. These are offset by various service cost increases in relation to MBUS, Homeswapper, white goods purchases and storage costs in relation to the Sofa project, totalling £264k.
- 5.1.6 Estates Regeneration expects a savings of £30k during the year, arising from staff cost savings of £121k (net of additional Agency Fees of £136) , due to redundant

posts, offset by an additional £91k in Legal Fees anticipated as a result of the complex nature of some of the Housing Delivery schemes.

5.2 DSG

5.2.1 The in-year forecast deficit on the DSG is significant at £10.5m, which when added to the brought forward balance (of £10.0m) will give a total deficit to carry forward at the end of the year of £20.5m as can be seen in the table below. The main area for concern continues to be the High Needs block, which is forecasting an overspend, in-year, of £10.5m.

5.2.2 Within the High Needs Block, top-up funding is still experiencing the biggest pressure, with significant increase from 2020/21, the current forecast is £10.506m over budget. There will be further rounds of top-up applications, due to take place later in the year, the impact of which are, as yet, unknown. The other area of overspend (at £0.3m) is in Early Year’s block due to pressure in SEND costs.

Summary DSG position 2021/22 Period 2 (all figures in £000s)					
	b/f	Net DSG funding/ budget 2021/22	P2 2021/22 Forecast Outturn	In-year variance at P2	Cumulative c/f
Schools Block	(619)	87,256	86,874	(382)	(1,001)
De-delegation	(553)	0	13	13	(540)
Schools Central Block	0	2,627	2,653	26	26
Early Years	(621)	37,185	37,493	308	(313)
High Needs Block	12,609	54,266	64,772	10,506	23,115
HNB Transformation	(812)	1,400	1,400	0	(812)
Funding		(182,734)	(182,734)	0	0
Total	10,004	0	10,471	10,471	20,475

5.2.3 An iterative DSG Deficit Management Plan has been produced for the DSG based on the 2020/21 outturn position and was reported to the Schools Forum. The figures

above indicate a further increase in need and the plan will be undated periodically to reflect the latest financial and activity forecast.

5.3 Communities and Public Health

- 5.3.1 The Public Health England (PHE) grant award for Public Health (PH) ring-fenced grant for 2021/22 is £33,643m. PH also hold general fund budget and other partnership grants of £4.666m which supports domestic abuse and sexual violence, health watch, substance misuse, rough sleeping, drug and alcohol treatment, sports projects, Hengrove and Leisure Centres.
- 5.3.2 There is no adverse forecast relating to the Public Health ring-fenced budgets. The current forecast overspend on the Communities general fund relates to the potential financial assistance to SLM for Leisure services contract in the sum of £981,035 in 2021/22 as a result of Covid-19 pandemic. This will be mitigated by part funding by the National Leisure Recovery Funding (NLRF) - £494k grant and the remaining £487k would be covered by unallocated Covid-19 response funding carried forward from 2020/21.
- 5.3.3 In continuation of the Covid-19 support for the communities and public health in 2021/22, as at Period 2 Bristol City Council has received grant funding totalling £4.556m from government departments which include Test and Trace – Contain Outbreak Management Fund (COMF) £3.709m, Clinically Extremely Vulnerable (CEV) £279k, Practical Support for those self - isolating - £478k and project Eagle Surge Testing - £89k. Outbreak management funding is committed up to end of March 2022 with COMF grant is earmarked against the plan to ensure the council has sufficient capacity to manage throughout the year.