

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 14 September 2021

TITLE	2021/22 Period 3 and 4 Finance Report		
Ward(s)	n/a		
Author: Michael Pilcher	Job title: Chief Accountant		
Cabinet lead: Cllr Craig Cheney	Executive Director lead: Denise Murray		
Proposal origin: Other			
Decision maker: Cabinet Member			
Decision forum: Cabinet			
Purpose of Report: The Council budget for 2021/22 was agreed by Council in February 2021 and this report provides the update on the Council's financial performance in June and July and up to the end of Period 4 (end of July) against the approved budget and forecast use of resources for the financial year 2021/22.			
Evidence Base: The budget set in February 2021 was balanced over 5 year medium term. The Council operates to Directorate cash limited budgets and Executive Directors are responsible for ensuring that appropriate action is taken to contain both revenue and capital spending within the directorate's overall budget limit. Budget holders forecasting a risk of overspend which is not related to the pandemic and potentially recoverable, should in the first instance set out in-service options for mitigation. Where these are considered undeliverable or pressures cannot be contained across the directorate the budget scrutiny process will be triggered and a request may be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source. For 2021/22 full Council agreed the following: <ul style="list-style-type: none"> ○ The General Fund net budget of £424.1m; forecast variation at P4 is £30.7m (£23m in P2) overspend, prior to the application of the COVID-19 funding. The Ring-fenced Accounts <ul style="list-style-type: none"> ○ Housing Revenue Account (HRA) of £106.8m gross expenditure budget forecast overspend of £0.3m P4 (underspend of £1.5m at P2) ○ The Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £404.7m (forecast £11.1m in-year deficit at P4 and a total £21.1m carried forward deficit, £20.5 as at P2) ○ The Public Health budget is £33.6m (no forecast variation at P4) Capital Programme <ul style="list-style-type: none"> ○ Capital programme revised budget 2021/22 only is £237.3m for General fund and £110.6m for HRA. (forecast variation at P4 £22.1m underspend on General fund and £23.3m underspend on HRA) Core Activity We are currently forecasting expecting to breakeven on core services budgets however there is significant risk to delivering this which will need consideration and mitigations to be identified during the year. There is still a high level of savings planned within the current year budget but which hasn't been delivered, at P04 this still outweighs the			

level of optimism bias applied within budget setting so represents a risk to year end position. Savings have a robust governance process for tracking delivery through Executive Directorate Meetings and Delivery Executive and all savings are expected to be delivered or mitigated by the end of the financial year.

There are also service risks particularly within Adult Social Care, Childrens Social Care and Property services which could result in overspends at the end of the financial year if not mitigated in a timely manner. It is anticipated these will require mitigating action and alternative funding and are currently subject to deep dive reviews which when concluded this month further detail will be brought to Cabinet. Where services have projected risks to exceeding their cash limited budgets the Council have a governance pathway to review these areas and agree action plans for ensuring approved budgets aren't exceeded.

COVID-19

Provision has been made in the budget for additional expenditure and income losses which are anticipated to occur against base budgets but core budgets have not been individually realigned to transparently report and manage the impact of Covid-19 separately from core activities, therefore within reporting Covid impact is shown as an "overspend"

The 2021/22 budget identified £16.965million resource to manage this impact of Covid-19, with a further £8.100 million ringfenced funding from funds received last financial year not yet spent, totalling £25.065 million.

The current indicative forecast indicates a total spend of £35.302million. Of this £4.511million relates to ringfenced grant funding, leaving £30.791million to fund. This total exceeds the £25.065million available so some planned reactive activities may not proceed to ensure costs are contained within available funding.

In addition the Council has £13.596million related to Contain Outbreak management activities not included in the above.

Dedicated Schools Grant

The in-year forecast deficit on the DSG is £11.1m, which when added to the brought forward balance will give a total deficit to carry forward at the end of the year of £21.1m. The main area for concern continues to be the High Needs block which is forecasting an overspend, in-year, of £11.5m. This position has deteriorated by £3.7m since the first iteration of a deficit management plan was presented to Schools Forum on 8 June 2021, this reflects the full year impact of special education needs tops ups agreed during the last financial year.

Housing Revenue Account

The Housing Revenue Account (HRA) is forecasting an overspend of £0.3m, this is a deterioration of £1.8m since Period 2 which reported an underspend of £1.5m. The movement reflects the risk of increases in arrears following economic impact of the pandemic. There are further risks of and the inflationary impact on labour and materials for repairs and construction works on housing stock.

Public Health

Public Health services are forecasting a breakeven position against the in-year grant allocation.

Full detail of revenue and capital spending and forecast is provided in Appendix A and A1 to A6 and Appendix B

City Region Sustainable Transport Settlement

The Council, as part of the West of England Combined authority have an opportunity to submit proposals for a multi-year transport settlement with significant funding available to fund significant investment in transport infrastructure between 2022 and 2027. Due to the short timelines associated with submission delegated approval is sought to submit the initial prospectus which will seek to maximise the allocation for Bristol.

Full detail will subsequently be brought to Full Council for approval for full acceptance of any funding awarded due to the scale of the grant and match funding outside the Cabinet delegated authority. Further detail is available in section

of 5.4.1 of appendix A.

Cabinet Member / Officer Recommendations:

The Cabinet approve,

- the allocation of the Discretionary Award element of the Adult Social Care Infection Control and Testing Fund Ring-Fenced Grant 2021 as set out in Appendix C.

That Cabinet delegate authority to:

- the Executive Director, Growth & Regeneration in consultation with the Mayor, Deputy Mayor and Cabinet Member for Finance, Governance & Performance, the Cabinet Member for Transport and the Director of Finance to submit a regional bid for the City Region Sustainable Transport Settlement for the West of England as set out in section 5.4.7 of Appendix A optimising the allocation of funding for Bristol and bring back to Full Council for approval the full proposal and detail of match funding.

That Cabinet note,

- the indicative impact of £35 million for 21/22 relating to Covid exceeds available resources set in the budget and some areas of planned reactive spend may not proceed.
- The significant risks, of £11.892m within service areas of non COVID-19 related overspend on General fund services at Period 4 and that management actions outlining how this will be managed will be included in the next finance report.
- Forecasts overspend of £0.3m within the Housing Revenue Account.
- A forecast in-year deficit of £11.1m and a total £21.1m carried forward deficit in the ring fenced Dedicated Schools Account (DSG)
- A breakeven position on Public Health services.
- A forecast £45.4m in-year underspend against the approved Capital Programme and a full reprofile will be brought back in the next finance report.
- The cost pressures emerging within the current capital programme particularly relating to delays and inflation caused by national supply issues.

Corporate Strategy alignment:

1. 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:

1. Cross priority report that covers whole of Council's business

Consultation Details: n/a

Background Documents: <https://www.bristol.gov.uk/council-spending-performance/council-budgets>

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 06 September 2021

2. Legal Advice: The report, including the detail set out in the appendices, will assist Cabinet to monitor the budget position, the ongoing impact of COVID 19 and mitigations put in place, with a view to meeting the Council's legal obligation to deliver a balanced budget.

The submission of a bid for funding does not raise any specific legal implications.

The report also seeks approval for the allocation of the Discretionary Award element of the Adult Social Care

Infection Control and Testing Fund Ring-Fenced Grant. Legal support should be sought to ensure that the grant terms are sufficiently robust.

Legal Team Leader: Nancy Rollason, Head of Legal Services 06 September 2021

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

IT Team Leader: Simon Oliver, Director Digital Transformation 06 September 2021

4. HR Advice: No HR implications evident

HR Partner: James Brereton, HR Business Partner 06 September 2021

EDM Sign-off	Mike Jackson	06/09/2021
Cabinet Member sign-off	Councillor Craig Cheney	06/09/2021
For Key Decisions - Mayor's Office sign-off	Mayor's Office	06/09/2021

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	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 – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO