

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 05 October 2021

TITLE	2021/22 Period 5 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			
<p>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 at Period 5 (end of August) against the approved budget and forecast use of resources for the financial year 2021/22.</p>			
<p>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.</p> <p>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.</p> <p>For 2021/22 full Council agreed the following:</p> <ul style="list-style-type: none"> ○ The General Fund net budget of £424.1m; forecast variation at P05 is £30.7m (£30.7m in P04) overspend, prior to the application of the COVID-19 funding. <p>The Ring-fenced Accounts</p> <ul style="list-style-type: none"> ○ Housing Revenue Account (HRA) of £106.8m gross expenditure budget forecast an underspend of £0.6m at P05 (overspend of £0.3m at P04) ○ The Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £404.7m (forecast £13.96m in-year deficit at P05 and a total £23.96m carried forward deficit, at P05) ○ The Public Health budget is £33.6m (no forecast variation at P05) <p>Capital Programme</p> <ul style="list-style-type: none"> ○ Capital programme revised budget 2021/22 only is £238.1m for General fund and £110.6m for HRA. (forecast variation at P05 £52.7m underspend on General fund and £23.4m underspend on HRA) <p><u>Core Budget</u> 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 P05 this still outweighs the</p>			

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, and Childrens and Families Services which could result in overspends at the end of the financial year if not mitigated in a timely manner. 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 budgets. The 2021/22 budget identified £16.467m resource to manage this impact of Covid-19. In addition, £21.696m of earmarked funding was carried forward from 2020/21, including ringfenced funding from Contain Outbreak Management Fund.

Whilst indicative forecasts indicate there is risk that this cost may exceed available resources it is expected this will be managed as appropriate and appropriate funding used if no further grants are made available to the Council.

Dedicated Schools Grant

The in-year forecast deficit on the DSG is £13.96m, which when added to the brought forward balance will give a total deficit to carry forward at the end of the year of £23.96m. The main area for concern continues to be the High Needs block, which is forecasting an overspend, in-year, of £14.45m. This position has deteriorated significantly 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) forecast as at P05 is an underspend of (£0.6m), a movement of (£0.9m) on the reported forecast at P04 of £0.3m overspend. The underspend will be transferred to the HRA general reserve at the end of the year. There are significant risks which will impact the HRA budget such as increase in arrears following economic impact of the pandemic 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 for revenue and Appendix B for capital.

Cabinet Member / Officer Recommendations:

That Cabinet approves:

1. Delegation to the Director - Economy of Place to submit a £1.1m bid to the Museum Estate and Development Fund as noted in Section 6 of Appendix A, subject to a report being brought to Cabinet for approval to accept and spend any funding awarded.
2. Acceptance and inclusion in the 21/22 budget of £0.289m for August and September allocations of the Local Authority Practical Support for Self-Isolation grant as set out in Appendix A section 6.2
3. Re-profiling of up to £76m slippage across the Capital Programme into future years as outlined in Appendix B2.
4. To approve drawn down of £30,000 from the Capital Investment reserve for a feasibility study by City Funds to explore a sustainable place making investment model for Bristol.

That Cabinet note:

- Risks associated with the forecast outturn and the long-term financial impact on the Council as a result of COVID-19 pandemic.

- The significant risks within service areas of non-COVID-19 related overspend on General fund services, an overall forecast breakeven position for 21/22 at P05 and that it is expected that the risk of overspend will be managed through management actions /mitigations through the rest of the financial year.
- Forecasts underspend of £0.6m within the Housing Revenue Account.
- A forecast in-year deficit of £13.96m and a total £23.96m carried forward deficit in the ring-fenced Dedicated Schools Account (DSG).
- A breakeven position on Public Health services.
- A forecast £76.1m underspend against the approved Capital Programme.

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, 24 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.

Legal Team Leader: Husinara Jones, Team Leader/Solicitor, 24 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 24 September 2021

4. HR Advice: No HR implications evident

HR Partner: James Brereton, HR Business Partner 24 September 2021

EDM Sign-off	Mike Jackson	26 September 2021
Cabinet Member sign-off	Councillor Craig Cheney	26 September 2021
For Key Decisions - Mayor's Office sign-off	Mayor's Office	26 September 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