

## Bristol City Council

### Period 7 Revenue Finance Monitoring Report

#### 1. GENERAL FUND REVENUE SUMMARY POSITION

- 1.1 At Period 7 (October), the Council is forecasting a potential net overspend of £1.8m against the approved General Fund budget (£424.4m). This is after allowing for Covid funding received to date and is made up almost entirely of non-funded covid pressures. The non-covid spend is broadly break-even. This is broken down in Table 1, para iv below. This position could fundamentally change however if additional covid funding is received by the Council or if ring-fenced covid funding can be used to fund existing planned expenditure. Note also that this does not include the Covid Hardship Funding of £2m and thus the projected overspend will be updated in Period 8 along with a more detailed analysis of the available Covid funding.
- 1.2 Should an overspend arise which cannot be mitigated, this will need to be funded via a transfer from reserves.
- 1.3 The forecast gross impact of the COVID-19 pandemic to the end of the current financial year is £48.4m which is offset by covid funding carried forward from 2020/21 and received in year totalling £46.6m, i.e. a net covid overspend of £1.8m (this assumes that all of the Contain Outbreak Management Fund (COMF) funding received will be spent by the financial year end). Note that there are other Covid ring-fenced amounts that have been received that are over and above these allocations and which are matched against equivalent amounts of expenditure.
- 1.4 The Covid funding received is made up as follows:

		£
Sales, Fees and Charges Scheme (DLUHC)	Claimed in 2021/22	2.05
Unringfenced (DLUHC)	Carried Forward	8.1
Unringfenced (DLUHC)	Received in 2021/22	14.371
COMF (ring-fenced) *	Carried Forward	13.595
COMF (ring-fenced) *	Received in 2021/22	3.709
Sub-total		41.825
Other specific Ring-fenced grants		4.801
Total		46.626
* Contain Outbreak Management Fund (COMF)		

Note that this is not a complete list of all Covid allocations.

## **APPENDIX A**

The Hardship Funding is not included in the above breakdown. This will be updated in the Month 8 report and could impact on the overall forecast variance for the Council.

## APPENDIX A

1.5 Table 1 provides a summary of the current 2021/22 forecast General Fund position by directorate:

Table 1 General Fund P07 Directorate Level Forecast

Period 7 Budget Monitoring - Summary									
SERVICE NET EXPENDITURE SUMMARY	2021/22 - Full Year					Gross COVID Impact	Covid Grants/Income	Net Covid Position	Non-COVID
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance					
	£000s			£000s	Context				
<b>1 - People</b>									
14 - Adult Social Care	151,448	157,648	166,260	8,612		12,554	(3,942)		0
15 - Children and Families Services	65,115	65,076	68,931	3,855		6,260			(2,405)
16 - Educational Improvement	11,998	11,928	14,146	2,218		2,244			(26)
36 - Public Health - General Fund	4,753	4,777	4,777	0		859	(859)		0
<b>Total 1 - People</b>	<b>233,315</b>	<b>239,428</b>	<b>254,113</b>	<b>14,685</b>		<b>21,917</b>	<b>(4,801)</b>		<b>(2,431)</b>
<b>2 - Resources</b>									
21 - Digital Transformation	15,305	14,721	15,127	406		975			(569)
22 - Legal and Democratic Services	8,603	8,275	8,146	(129)		58			(187)
24 - Finance	8,885	8,923	11,882	2,959		3,071			(112)
25 - HR, Workplace & Organisational Design	16,344	17,001	16,977	(25)		162			(187)
28 - Policy, Strategy & Partnerships	3,436	3,828	3,708	(120)		64			(184)
<b>Total 2 - Resources</b>	<b>52,572</b>	<b>52,749</b>	<b>55,840</b>	<b>3,091</b>		<b>4,330</b>	<b>0</b>		<b>(1,239)</b>
<b>4 - Growth &amp; Regeneration</b>									
37 - Housing & Landlord Services	14,896	14,802	15,786	984		2,303			(1,319)
42 - Development of Place	1,591	1,530	1,417	(113)		0			(113)
46 - Economy of Place	12,519	12,908	13,969	1,061		1,192			(131)
47 - Management of Place	33,049	33,735	40,483	6,748		6,318			430
49 - Property and Asset Strategy	(7,122)	(7,122)	(7,168)	(46)		0			(46)
<b>Total 4 - Growth &amp; Regeneration</b>	<b>54,933</b>	<b>55,852</b>	<b>64,487</b>	<b>8,635</b>		<b>9,813</b>	<b>0</b>		<b>(1,178)</b>
<b>SERVICE NET EXPENDITURE</b>	<b>340,820</b>	<b>348,030</b>	<b>374,440</b>	<b>26,411</b>		<b>36,060</b>	<b>(4,801)</b>		<b>(4,848)</b>
X2 - Levies	10,118	10,118	10,118	0		0			0
X3 - Corporate Expenditure	49,219	41,934	40,819	(1,115)		0			(1,300)
X4 - Capital Financing	22,495	22,495	22,295	(200)		0			0
X9 - Corporate Allowances	1,749	1,824	1,824	0		0			0
<b>TOTAL REVENUE NET EXPENDITURE</b>	<b>(0)</b>	<b>(0)</b>	<b>25,096</b>	<b>25,096</b>		<b>36,060</b>	<b>(4,801)</b>	<b>31,259</b>	<b>(6,148)</b>
Adjustment for COMF Funding included in non-covid Directorate forecasts above				0		0	(4,956)	(4,956)	4,956
Additional COMF to be spent by year end				0		12,348	(12,348)	0	
				25,096		48,408	(22,105)	26,303	(1,192)
Non-ringfenced Covid Funding available				(24,521)		0	(24,521)	(24,521)	
				575		48,408	(46,626)	1,782	(1,192)
Risks and Opportunities expected to materialise in year (see Appendix A2)				1,200		0		0	1,200
<b>Net Forecast Over / (Under) Spend</b>				<b>1,775</b>		<b>48,408</b>	<b>(46,626)</b>	<b>1,782</b>	<b>8</b>

1.6 Further detail of the financial pressures and variances are contained in the following appendices:

- People Directorate – Appendix A1
- Resources Directorate – Appendix A2
- Growth and Regeneration Directorate – Appendix A3

## 2. NON-COVID POSITION

2.1As can be seen in Table 1 above, the non-Covid budget spend is broadly forecasting a breakeven position.

2.2 The key areas at **risk of overspend** are:

- People – There is significant volatility in the market particularly in relation to the availability of care staff. This presents a significant challenge as the service approaches winter and the challenge to facilitate timely hospital discharges.
- Growth and Regeneration – Increases in energy costs are a significant financial risk to the Council as a result of the current high prices in the market, the current energy contracts have been extended by 3 months and will be reviewed during this period.

## 3. COVID-19 IMPACT

### SUMMARY POSITION

- 3.1 The Covid funding available in 2021/22 is anticipated to be £46.6m (see, para iv above).
- 3.2 Further work continues to be done to manage the spend on the Contain Outbreak measures.
- 3.3 Further funding totalling £2.6m has been allocated to BCC for Adult Social Care Infection Control and Testing Fund (Round 3) and a decision to accept this grant and its conditions has been taken under the urgency/emergency powers provided in the Council's scheme of delegation. This decision is included at Appendix A7. Note that the emergency decision was to allocate the mandatory element of £1.8m to providers, the £0.8m discretionary element will be subject to a separate future report.
- 3.4 Sales, fees and charges losses of £8.3m in 2021/22 is higher than budgeted assumptions, although following the cessation of recovery restrictions collection may be quicker than assumed in the current financial year. Further losses are anticipated in 2022/23 as services and demand takes time to return to pre-covid-19 levels, although no provision for a further outbreak or lockdown has been included and

these forecasts were formulated before details of the new Omicron variant had emerged.

- 3.5 BCC has claimed £2.0m for lost Sales, Fees and Charges under the scheme for the period from April to June 2021. This scheme has now ended.

Table 3: Forecast Variances Due to COVID-19

SERVICE NET EXPENDITURE SUMMARY	COVID-19 Exp	COVID-19 Inc	Gross COVID Impact	Covid Service Grants/Inco
	£000s			£000s
<b>1 - People</b>				
14 - Adult Social Care	12,554	0	12,554	(3,942)
15 - Children and Families Services	6,260	0	6,260	
16 - Educational Improvement	2,074	170	2,244	
36 - Public Health - General Fund	859	0	859	(859)
<b>Total 1 - People</b>	<b>21,747</b>	<b>170</b>	<b>21,917</b>	<b>(4,801)</b>
<b>2 - Resources</b>				
21 - Digital Transformation	821	154	975	
22 - Legal and Democratic Services	58	0	58	
24 - Finance	2,218	853	3,071	
25 - HR, Workplace & Organisational Design	0	162	162	
28 - Policy, Strategy & Partnerships	64	0	64	
<b>Total 2 - Resources</b>	<b>3,161</b>	<b>1,169</b>	<b>4,330</b>	<b>0</b>
<b>4 - Growth &amp; Regeneration</b>				
37 - Housing & Landlord Services	2,303	0	2,303	
42 - Development of Place	0	0	0	
46 - Economy of Place	131	1,061	1,192	
47 - Management of Place	412	5,906	6,318	
49 - Property and Asset Strategy	0	0	0	
<b>Total 4 - Growth &amp; Regeneration</b>	<b>2,846</b>	<b>6,967</b>	<b>9,813</b>	<b>0</b>
<b>SERVICE NET EXPENDITURE</b>	<b>27,754</b>	<b>8,306</b>	<b>36,060</b>	<b>(4,801)</b>

## ADDITIONAL EXPENDITURE

### People:

- 3.6 **Adult social Care:** Budgets continue to experience significant pressure in 2021/22 with a risk of a gross overspend of £12.6m at

- P07. This is partly mitigated by the receipt of £3.9m of infection control and rapid testing grant funding giving a net position of £8.6m. This compares to the forecast net position of £8m at P06, a movement of £0.6m.
- 3.7 The Government recently awarded an additional £2.6m in respect of infection control, rapid testing and vaccine grant funding Round 3 in October 2021. Adult Social Care has been allocated the sum of £1.8m to date which will be passported to care providers.
- 3.8 It is becoming increasingly difficult to confidently forecast the on-going financial impact of Covid v non-Covid to the end of 2021/22, there remains uncertainty over transitional vs legacy costs.
- 3.9 **Children and Families:** Current estimated Covid-19 expenditure pressure is £6.3m. The main area where costs have increased is on additional cost of placements for Children, which is forecast to overspend by £5.6m. This overspend position is offset by one-off COMF funding in P07 which leaves a net forecast overspend position of £3.9m. The major area of overspend is in placements which is forecasted to overspend by £4.3m, a £254k increase compared to P06.
- 3.10 **Education and Skills:** There is a forecast overspend of £3.9m, offset by £1.661m of COMF funding giving a net forecast overspend of £2.218m (of which roughly £2.2m is Covid-19 related). The main cost pressure is related to Home to School Transport (HTST) of £2.4m (with £1.6m of this deemed to be Covid-19 related).
- 3.11 **Communities and Public Health:** At P07, there is no adverse forecast relating to the Public Health ring-fenced budgets. The current forecast on the PH general fund relates to the potential financial assistance for Leisure services contracts in the sum of £0.859m in 2021/22 as a result of the Covid-19 pandemic. This will be mitigated and partly funded by the National Leisure Recovery Funding (NLRF) - £0.634m grant and the remaining £0.225m will be covered by unallocated Covid-19 response funding carried forward from 2020/21.

### Resources:

- 3.12 **Legal and Democratic Services'** forecast underspend has increased by (£0.1m) at P7 compared to P6 due to a reduction in the Members'

Allowances forecast and a decrease in salary costs forecast within Democratic Services.

- 3.13 **HR, Workplace and Organisational Design division** is now forecasting to come in on budget. This is a deterioration since P6 when a (£0.1m) underspend was anticipated and is due to a £0.3m shortfall on internal income from the holiday purchase scheme partially offset by a confirmed (£0.2m) of savings in training in Organisational Development. Both this risk and opportunity have been flagged in previous months on the Directorate's Risks and Opportunities register.
- 3.14 **The Finance Division** continues to forecast a £2.9m overspend at P07. The Benefits Service is forecasting a £2m pressure which relates to ongoing emergency and hardship fund payments due to COVID-19. The Revenues Service is forecasting a shortfall of £0.8m, relating to the ongoing loss of summons and overpayments income.

**Growth and Regeneration:**

- 3.15 The Growth & Regeneration Directorate is forecasting an £8.6m overspend against the revised net expenditure budget of £55.852m in P07. The overspend results largely from the impact of the Covid lockdown on several of the Council's fee generating services, the additional pressure of providing support for homelessness during the pandemic and unachieved income targets resulting from vacant operational buildings.

**4. SAVINGS PROGRAMME**

- 4.1 The savings programme agreed by Council in 2021 included savings totalling £7.4m. In addition, £4.3m of savings were carried forward from prior years which still requires delivery. The total savings delivery target for 2021/22 is thus £11.7m.
- 4.2 Some savings reported at risk have been impacted by the current Covid-19 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 currently £6.2m of the planned savings are safe and £5.5m of savings remain reported at risk. It should be noted that these savings are expected to be recurrent annual savings and whilst one off mitigation

may be provided via Covid funding as outlined in the tables above, undelivered savings will create a c/fwd pressure in 2022/23.

- 4.3 The improvement in savings reported as safe since P6 (£0.9m) relates mainly to the reporting of Third-Party Savings (£0.8m) as safe and 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	2.11	4.00	65
Resources & Cross-Cutting	3.49	2.64	0.85	24
Growth and Regeneration	2.14	1.52	0.62	29
<b>Total</b>	<b>11.74</b>	<b>6.27</b>	<b>5.47</b>	<b>47</b>

## 5. RING-FENCED BUDGETS

### a. HRA

- 5.1 The HRA forecast as at P07 is an underspend of (£1.0m), there is no movement on the reported forecast at P06. The underspend will be transferred to the HRA general reserve at the end of the year. The details of these movements are covered in Appendix A4.
- 5.2 The revenue underspend of (£1.0m) is split 50/50 between increased income and an overall reduction in expenditure. The most notable item is an allowance for the impairment of debt of £1.6m, although this is offset by reductions in other expenditure headings. The increase in the impairment allowance is as a result of the pandemic, which has led to a need for a downward revision of the level of debt assumed to be recoverable. In addition to this, there has also been a further £0.7m of other Covid related expenditure. Therefore, without the impacts of the pandemic, the forecast net underspend would have been (£3.3m).
- 5.3 The HRA capital programme is forecast to have £20.4m slippage from the revised budget of £87.2m. This is primarily due to external factors, which have led to delays on a number of development schemes in the new build and land enabling programme of works.
- 5.4 Appendix A4 provides more detail.

**b. DSG**

- 5.4 The in-year forecast deficit on the DSG is significant at £14.8m (movement of £0.27m from P6), which when added to the brought forward deficit balance of £10.0m will give a total deficit to carry forward at the end of the year of £24.8m as can be seen in the table in para 5.7 below. The main area for concern continues to be the High Needs block, which is forecasting an in-year overspend of £15.5m.
- 5.5 Within the High Needs Block, top-up funding is still experiencing the biggest pressure, with significant increase from 2020/21, the current forecast is indicating an overspend of £15.4m in top up funding. The forecast model allows for requests that are likely to come through in the coming months and this is reviewed regularly.
- 5.6 The Schools Block is forecast to underspend by (£0.86m) which is caused by a forecast underspend on the Growth Fund and due to the closure of 3 schools.
- 5.7 Summary of DSG grant performance is detailed in the table below and Appendix A5 provides further detail.

**Revenue Position**

Summary DSG position 2021/22 Period 07 (all figures in £000s)

	b/f	Net DSG funding/ budget 2021/22	P07 2021/22 Forecast Outturn	In-year variance at P07	Cumulative c/f
Schools Block	(619)	87,256	86,397	(859)	(1,478)
De-delegation	(553)	31	31	0	(553)
Schools Central Block	0	2,627	2,627	0	0
Early Years	(621)	37,185	37,406	221	(400)
High Needs Block	12,609	55,230	70,712	15,482	28,091
HNB Transformation	(812)	1,400	1,400	0	(812)
Funding		(183,698)	(183,698)	0	0
<b>Total</b>	<b>10,004</b>	<b>0</b>	<b>14,843</b>	<b>14,843</b>	<b>24,847</b>

**c. COMMUNITIES AND PUBLIC HEALTH**

- 5.8 The Public Health England (PHE) grant award for Public Health (PH) ring-fenced grant for 2021/22 is £33.6m. PH also hold general fund budget and other partnership grants of £4.8m which supports domestic abuse and sexual violence, health watch, substance misuse, rough sleeping, drug and alcohol treatment, sports projects and the Hengrove Park and other Leisure Centres.

- 5.9 At Period 7, there is no adverse forecast relating to the Public Health ring-fenced budgets. The current forecast overspend on the PH general fund relates to the potential financial assistance for Leisure services contracts in the sum of £0.859m in 2021/22 as a result of Covid-19 pandemic. This will be partly funded by the National Leisure Recovery Funding (NLRF) - £0.634m grant and the remaining £0.225m would be covered by unallocated Covid-19 response funding carried forward from 2020/21.
- 5.10 Appendix A6 provides further detail.

## **7. REGULATORY INCOME LOSS**

### **7.1 COUNCIL TAX**

- 7.1.1 Council tax (CT) including preceptor's income: Like many councils we set our Council Tax budget for 2021/22 with a 3.99% increase (1.99% for general requirements plus 2% specifically for adult social care). The Council's budgeted income from Council Tax is £236.2m and represents 56% of the net budget requirement (£424.1m).
- 7.2.1 The current year's collection rate is around 92%, compared with pre-Pandemic collection rates of 96.8%. There is currently over £20m in missed instalments. Initial steps are being taken towards the recovery of arrears.
- 7.2.2 In terms of the Council Tax Reduction Scheme (CTRS), during the pandemic, there was a significant increase in working age CTRS claimants and caseload, whereas, due to the triple lock, pensioner numbers continued to reduce. Working age claimants have continued to rise but at a much slower rate than during the pandemic. Current trends would suggest that the number of working age claimants is likely to peak in 2022/23, followed by a levelling off and then a reduction over the medium term.
- 7.2.3 £1.0m has been set aside for Hardship Fund payments, of which to date £0.7m has been awarded.
- 7.2.4 It is important to note this represents latest modelling and we anticipate a tapered recovery through 2022/23 and beyond.

### **7.2 BUSINESS RATES**

- 7.2.1 Business rates (BR): The Council's budgeted BR income is £133.6m in 2021/22 (net of tariff) and represents 31.5% of the net budget requirement (£424.1m). It is estimated that around £39m of grants have been awarded this year, mainly to businesses in the retail, hospitality and leisure sectors. These are in turn funded by Central Government. However, missed instalments for 2021/22 are currently over £14.5m

- 7.2.2 To date the impact (in-year and backdated) of rateable value (RV) reductions is around £14m. This can be met from the appeals provision, but any requirement at year-end to top up the provision, over and above that budgeted for will impact on net income from business rates.
- 7.2.3 Please note that the collection fund shortfalls will impact on the Council's cash position in 2021/22 however, because of timing differences, the budgetary impact will fall in the following year, 2022/23.