

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 14 December 2021

TITLE	2021/22 Period 7 Finance Report		
Ward(s)	n/a		
Author: Tim Gibson	Job title: Interim Head of Financial Management		
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. This report provides an update on the Council's financial performance at Period 7 (end of October) 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 the 5-year medium term. Executive Directors are responsible for ensuring that appropriate action is taken to contain both revenue and capital spending in line with the directorate's overall budget limit.</p> <p>Budget holders forecasting a risk of overspend which is not related to the Covid 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>At Period 7, 2021/22 the financial position is as follows:</p> <ul style="list-style-type: none"> ○ Against the General Fund budget of £424.1m the forecast variation at period 7 is £25.1m (£25.4m in P06) overspend, this is shown after applying £4.8m of ringfenced covid funding but prior to the application of all further available COVID-19 funding. ○ After applying the Covid funding that has been allocated to date, the Council is forecasting a potential net overspend of £1.8m against the approved General Fund budget. This is made up entirely of non-funded covid pressures, with the non-covid spend against budget being broadly break-even. ○ It may be possible to mitigate the projected overspend by further application of Covid funding and by reducing spend in other areas, however, should this overspend materialise then it will be funded by utilisation of existing reserves. <p>The Ring-fenced Accounts</p> <ul style="list-style-type: none"> ○ Housing Revenue Account (HRA) of £107.9m gross expenditure budget, forecasts an underspend of £1.0m at P07 (no change from P06) ○ The Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £404.7m. It forecasts £14.8m in-year deficit and a total £24.8m carried forward deficit at P07. ○ The Public Health budget is £33.6m and no variation is forecast at P07 (unchanged from P06). <p>Capital Programme</p>			

- Capital programme budget has been further revised at P7 2021/22 so that it plans spend of £271.5m. This comprises £184.3m for General fund and £87.2m for the HRA. The forecast variation at P07 is a net £30.8m underspend (£10.4m underspend on General fund and £20.4m underspend on HRA).

Core Budget

We are currently forecasting an overspend of £1.8m against core services budgets however there are further significant risks 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 these are still to be delivered. 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 Children and Families Services which could result in further overspends at the end of the financial year if not mitigated in a timely manner. Where services have projected risks that exceed their cash limited budgets the Council has a governance pathway to review these areas and agree action plans.

COVID-19

Provision has been made in the budget for additional expenditure and income losses which are anticipated to occur against base budgets. Detailed reviews are under way to align the criteria of each COVID grant available to the Council with these pressures.

Dedicated Schools Grant

The in-year forecast deficit on the DSG is significant at £14.8m, 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 £24.8m. The main area for concern continues to be the High Needs block, which is forecasting an in-year overspend of £15.5m resulting from additional EHCP assessments; offset slightly by an underspend of £0.86m in the Schools' block on the growth fund and also due to closure of 3 schools.

Housing Revenue Account

The HRA forecasts an underspend of (£1.0m) as at P07. This is unchanged from P06. The underspend will be transferred to the HRA general reserve at the end of the year.

Public Health

Public Health services continue to forecast 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:

- The decision taken to accept the Mandatory element of the grant for Adult Social Care Infection Control and Testing Fund (Round 3) and its conditions which was taken under the urgency/emergency powers provided in the Council's Constitution and scheme of delegation (Appendix A7).

That Cabinet notes:

- The potential overspend position of £1.8m for 21/22 at P07.
- The risks within service areas of non-COVID-19 related overspend on services, and that it is expected that the further risk of overspends will be managed through management actions /mitigations through the rest of the financial year.
- The ongoing risks associated with the forecast outturn and the long-term financial impact on the Council as a result of COVID-19 pandemic.
- A forecast underspend of £1.0m within the Housing Revenue Account.
- A forecast in-year deficit of £14.8m and a total £24.8m carried forward deficit in the ring-fenced Dedicated

<p>Schools Account (DSG).</p> <ul style="list-style-type: none"> • A breakeven position on Public Health services. • A forecast £30.8m underspend against the approved Capital Programme’s Revised Budget.
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<p>Corporate Strategy alignment:</p> <ol style="list-style-type: none"> 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).

<p>City Benefits:</p> <ol style="list-style-type: none"> 1. Cross priority report that covers whole of Council’s business

<p>Consultation Details: n/a</p>

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

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

Interim Head of Financial Management: Tim Gibson, 25 November 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 report also seeks approval of the Officer decision taken to accept the Mandatory element of the grant for Adult Social Care Infection Control and Testing Fund (Round 3) and its conditions which was taken pursuant to urgency/emergency powers in the Council’s Constitution and scheme of delegation.
 There are no particular legal implications with regard to the decision.

Legal Team Leader: Nancy Rollason, Head Of Legal Service, 6 December 2021

3. Implications on IT: No impact to IT/Digital Services arises from this report. The information within is as expected from the service areas.

IT Team Leader: Simon Oliver, Director Digital Transformation, 25 October 2021

4. HR Advice: Expenditure on staffing is monitored on a monthly basis by budget holders. Managers are required to deliver their service within the agreed staffing budget that has been set for 2021/22.

HR Partner: Mark Williams, Head Of Human Resources, 6 December 2021

EDM Sign-off	Denise Murray	6 December 2021
Cabinet Member sign-off	Cllr Craig Cheney	6 December 2021
For Key Decisions - Mayor’s Office sign-off	Mayor’s Office	6 December 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