

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 18 January 2022

<b>TITLE</b>	<b>2021/22 Period 8 Finance Report</b>		
<b>Ward(s)</b>	n/a		
<b>Author:</b> Tim Gibson	<b>Job title:</b> Interim Head of Financial Management		
<b>Cabinet lead:</b> Cllr Craig Cheney	<b>Executive Director lead:</b> Denise Murray		
<b>Proposal origin:</b> Other			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b> 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 8 (as at the end of November 2021) against the approved budget and forecast use of resources for the financial year.			
<b>Evidence Base:</b> 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.  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.  At Period 8, 2021/22 the financial position is as follows: <ul style="list-style-type: none"> <li>○ Against the General Fund budget of £424.1m the forecast variation at period 7 is £0.7m (£1.8m in P07) overspend, this is after applying the Covid funding that has been allocated to BCC to date.</li> <li>○ 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.</li> </ul> The Ring-fenced Accounts <ul style="list-style-type: none"> <li>○ Housing Revenue Account (HRA) of £107.9m gross expenditure budget, forecasts an underspend of £0.65m at P08.</li> <li>○ The Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £404.7m. It forecasts £16.8m in-year deficit and a total £26.8m carried forward deficit at P08.</li> <li>○ The Public Health budget is £33.6m and no variation is forecast at P08 (unchanged from P07).</li> </ul> Capital Programme <ul style="list-style-type: none"> <li>○ Capital programme budget has been further revised at P8 2021/22 so that it plans spend of £201.8m. This comprises £148.2m for General fund and £53.6m for the HRA. The forecast variation at P08 is a net £38.9m underspend (£25.7m underspend on General fund and £13.2m underspend on HRA).</li> </ul>			

### General Fund Budget

We are currently forecasting an overspend of £0.7m 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 that are still to be delivered in line with the original plan, however 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 with alternative propositions or funding 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 £16.8m, 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 £26.8m. The main area for concern continues to be the High Needs block, which is forecasting an in-year overspend of £17.1m resulting from increase in EHCP assessments and need; offset by an underspend of £1.1m in the Schools' block.

### Housing Revenue Account

The HRA forecasts an underspend of (£0.65m) as at P08. This is a reduction of £0.35m from P07. 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.

### External Funding Decision

A number of external COVID-19 related grants have been received which are outlined in Appendix A, section 9 and approval is sought to make the necessary adjustments to the budgets.

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

### Cabinet Member / Officer Recommendations:

That Cabinet Approve:

- The acceptance and adjustment to the Council budget for the following grants as outlined in Appendix A Section 9:
  - Workforce Recruitment and Retention Fund, round 2 of £2.535m
  - COVID Business Support Grant - Omicron Hospitality and Leisure Grant for the period 21 December 2021 to 31 March 2022 - £4.356m
  - COVID Business Support Grant - Additional Restrictions Grant (ARG) for the period 30 December 2021 to 31 March 2022 - £0.794m
  - COVID New Burdens 4 Restart and the Additional Restrictions COVID-19 Grant Schemes of £0.154m
  - COVID New Burdens 5 Post Payment Assurance, Reconciliation and Debt Recovery Funding of £0.048m
  - COVID-19 Business Support Grant - Additional Relief Fund (CARF) - £13.728m
  - The Community Vaccine Champions Programme grant award - £0.485m following the urgent bid submission to the Department for Levelling Up Housing and Communities.
- The COVID-19 Business Support Grants - Additional Restrictions Grant Policy for the period to 31 March 2022

(Appendix B) and to delegate authority to the Chief finance Officer in consultation with the Deputy Mayor, Cabinet member for Finance, Governance, Property and Culture to approve the final prioritisation criteria and business award values once all the applications to the fund have been processed.

That Cabinet notes:

- The forecasted overspend position of £0.7m within the General Fund.
- The General Fund risks within service areas of non-COVID-19 related overspend on services which continue to be managed via management actions /mitigations within the financial year.
- The ongoing risks associated with the forecast outturn and the long-term financial impact on the Council as a result of the COVID-19 pandemic.
- A forecast underspend of £0.65m within the Housing Revenue Account.
- A forecast in-year deficit of £16.8m and a total £26.8m carried forward deficit in the ring-fenced Dedicated Schools Account (DSG).
- A breakeven position on Public Health services.
- A forecast £38.9m underspend against the latest approved Capital Programme's Budget.

**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>

<b>Revenue Cost</b>	See above	<b>Source of Revenue Funding</b>	Various
<b>Capital Cost</b>	See above	<b>Source of Capital Funding</b>	Various
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <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, 07 January 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. There are no specific legal implications in respect of the decisions sought.

**Legal Team Leader:** Nancy Rollason, Head of Legal Service, 7<sup>th</sup> January 2022

**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:**

**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 10 January 2022

<b>EDM Sign-off</b>	Denise Murray	10 January 2022
<b>Cabinet Member sign-off</b>	Cllr Craig Cheney	10 January 2022
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	10 January 2022

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>NO</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>NO</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>