

## Bristol City Council

### Period 8 Revenue Finance Monitoring Report

#### 1. GENERAL FUND REVENUE SUMMARY POSITION

- 1.1 At Period 8 (November), the Council is forecasting a potential net overspend of £0.7m against the approved General Fund budget (£424.4m). This is after allowing for Covid funding received to date and is made up of £0.8m of non-funded covid pressures and an underspend of £0.1m of non-covid related funding. This is broken down in Table 1, para 1.5 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.
- 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 £50.525m which is offset by covid funding carried forward from 2020/21 and received in year totalling £49.691m, i.e. a net covid overspend of £0.834m (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 referenced above is made up as follows:

		£'m
Sales, Fees and Charges Scheme (DLUHC)	Claimed in 2021/22	2.050
Unringfenced (DLUHC)	Carried Forward	8.100
Unringfenced (DLUHC)	Received in 2021/22	14.371
COMF (ring-fenced) *	Carried Forward	13.595
COMF (ring-fenced) *	Received in 2021/22	3.709
Hardship Fund	Carried Forward	2.000
Sub-total		<u>43.825</u>
Other specific Ring-fenced grants		5.866
Total		<u>49.691</u>
* Contain Outbreak Management Fund (COMF)		

Note that this is not a complete list of all of the Covid allocations that have been received by the Council as there are other ring-fenced amounts that are included in directorate forecasts.

- 1.5 [Table 1 General Fund P08 Directorate Level Forecast](#)

## APPENDIX A

Period 8 Budget Monitoring - Summary									
SERVICE NET EXPENDITURE SUMMARY	2021/22 - Full Year					Gross COVID Impact	Covid Service Grants/Income	Net Covid Position	Non-COVID
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance					
	£'000s	£'000s	£'000s	£'000s	Context				
<b>1 - People</b>									
14 - Adult Social Care	151,448	157,648	166,394	8,746		13,753	(5,007)		0
15 - Children and Families Services	65,115	65,076	68,964	3,888		6,362			(2,474)
16 - Educational Improvement	11,998	11,928	14,304	2,376		2,244			132
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>254,439</b>	<b>15,011</b>		<b>23,218</b>	<b>(5,866)</b>	<b>17,352</b>	<b>(2,341)</b>
<b>2 - Resources</b>									
21 - Digital Transformation	15,305	14,721	16,521	1,800		974			826
22 - Legal and Democratic Services	8,603	8,275	7,910	(365)		58			(423)
24 - Finance	8,885	8,923	12,638	3,715		3,652			62
25 - HR, Workplace & Organisational Design	16,344	17,001	17,004	3		162			(159)
28 - Policy, Strategy & Partnerships	3,436	3,828	3,632	(196)		65			(260)
<b>Total 2 - Resources</b>	<b>52,572</b>	<b>52,749</b>	<b>57,705</b>	<b>4,956</b>		<b>4,911</b>	<b>0</b>	<b>4,911</b>	<b>45</b>
<b>4 - Growth &amp; Regeneration</b>									
37 - Housing & Landlord Services	14,896	14,802	15,628	827		2,303			(1,476)
42 - Development of Place	1,591	1,530	1,456	(74)		0			(74)
46 - Economy of Place	12,519	12,900	14,403	1,504		1,296			208
47 - Management of Place	33,049	33,743	40,349	6,606		6,449			157
49 - Property and Asset Strategy	(7,122)	(7,122)	(7,242)	(120)		0			(120)
<b>Total 4 - Growth &amp; Regeneration</b>	<b>54,933</b>	<b>55,852</b>	<b>64,594</b>	<b>8,742</b>		<b>10,048</b>	<b>0</b>	<b>10,048</b>	<b>(1,306)</b>
<b>SERVICE NET EXPENDITURE</b>	<b>340,820</b>	<b>348,030</b>	<b>376,739</b>	<b>28,709</b>		<b>38,177</b>	<b>(5,866)</b>	<b>32,311</b>	<b>(3,602)</b>
X2 - Levies	10,118	10,118	10,510	392		0			392
X3 - Corporate Expenditure	49,219	41,934	40,543	(1,391)		0			(1,391)
X4 - Capital Financing	22,495	22,495	22,295	(200)		0			(200)
X5 - Insurance Fund	0	0	0	0		0			0
X9 - Corporate Allowances	1,749	1,824	1,534	(290)		0			(290)
RELEASED FROM RESERVES	0	0	0	0		0			0
<b>TOTAL REVENUE NET EXPENDITURE</b>	<b>424,401</b>	<b>424,401</b>	<b>451,621</b>	<b>27,220</b>		<b>38,177</b>	<b>(5,866)</b>	<b>32,311</b>	<b>(5,091)</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	
				27,220		50,525	(23,170)	27,355	(135)
Non-ringfenced Covid Funding available				(26,521)		0	(26,521)	(26,521)	
<b>Net Forecast Over / (Under) Spend</b>				<b>699</b>		<b>50,525</b>	<b>(49,691)</b>	<b>834</b>	<b>(135)</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

2.1 As can be seen in Table 1 above, the non-Covid budget spend is forecasting an underspend of £0.1m.

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**

- 3.1 The Covid funding available in 2021/22 is anticipated to be £49.7m (see, para 1.4 above).
- 3.2 Further work continues to be done to manage the spend on the Contain Outbreak measures.
- 3.3 Losses of income due to Covid impacts and restrictions of £8.3m in 2021/22 is higher than budgeted assumptions, although following the cessation of 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 lockdown has been included.
- 3.4 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.
- 3.5 Forecast Variances Due to Covid-19:

Table 3: Forecast Variances Due to COVID-19

SERVICE NET EXPENDITURE SUMMARY	COVID-19 Exp	Losses of Income due to Covid-19	Gross COVID Impact
	£000s		
<b>1 - People</b>			
14 - Adult Social Care	13,753		13,753
15 - Children and Families Services	6,362	0	6,362
16 - Educational Improvement	2,074	170	2,244
36 - Public Health - General Fund	859		859
<b>Total 1 - People</b>	<b>23,048</b>	<b>170</b>	<b>23,218</b>
<b>2 - Resources</b>			
21 - Digital Transformation	821	153	974
22 - Legal and Democratic Services	58	0	58
24 - Finance	2,268	1,384	3,652
25 - HR, Workplace & Organisational Design	0	162	162
28 - Policy, Strategy & Partnerships	65	0	65
<b>Total 2 - Resources</b>	<b>3,212</b>	<b>1,699</b>	<b>4,911</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	1,165	1,296
47 - Management of Place	412	6,037	6,449
49 - Property and Asset Strategy	0	0	0
<b>Total 4 - Growth &amp; Regeneration</b>	<b>2,846</b>	<b>7,202</b>	<b>10,048</b>
<b>SERVICE NET EXPENDITURE</b>	<b>29,106</b>	<b>9,071</b>	<b>38,177</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 £13.7m at P08. This is partly mitigated by the receipt of £5m of infection control and rapid testing grant funding giving a net position of £8.7m. This compares to the forecast net position of £8.6m at P07, a movement of £0.13m.
- 3.7 Bristol has recently been awarded £2.5m from the Workforce Recruitment and Retention Fund, round 2 (see Section 9 below for more details).
- 3.8 **Children and Families:** The overall forecast overspend on services is £6.7m, offset by one-off COMF funding of £2.8m to give a net forecast overspend of £3.9m. Pressures directly attributable to Covid-19 total £6.4m with non-Covid related overspends of £0.3m making up the balance. The P8 forecast overspend on externally provided children's placements is the area of most financial concern, totalling £4.7m net of COMF funding.

- 3.9 **Education and Skills:** Education and Skills division is forecasting to overspend by £4.0m, offset by £1.7m one-off COMF funding which leaves a net forecast overspend of £2.3m; (of which roughly £2.1m was Covid-19 related). Cost pressures mainly relate to Home to School Transport (HTST).
- 3.10 **Communities and Public Health:** At P08, 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:**

- 3.11 The Resources Directorate has continued throughout 21/22 to face financial pressures. These have arisen notably within the Finance division's Revenues and Benefits services where there is respectively a budget shortfall of £1.5m relating to the ongoing loss of summons and overpayments income (this has deteriorated by £0.6m this period due to extended delays in recovery activity) and a £2m pressure relating to ongoing emergency and hardship fund payments. Both these pressures are a direct consequence of COVID-19. They are not expected to continue in to 2022/23 and, as such, have not been budgeted for. These were previously recorded in the Risks and Opportunities register.
- 3.12 The Digital Transformation division is forecasting significant contract licencing pressures and some undelivered legacy savings issues in 21/22 which, combined, will equate to £1.6m additional recurrent spend per annum from 22/23. It is planned that investment in Digital Transformation Phase 2 will deliver savings to offset this spend.

**Growth and Regeneration:**

- 3.13 The Growth & Regeneration Directorate is forecasting an £8.7m overspend against the revised net expenditure budget of £55.9m in P08. 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 £6.7m of the planned savings are safe and £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 P7 (£0.5m) relates to the reporting of Common Activities 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	3.11	0.38	11
Growth and Regeneration	2.14	1.52	0.62	29
<b>Total</b>	<b>11.74</b>	<b>6.74</b>	<b>5.00</b>	<b>43</b>

## RING-FENCED BUDGETS

### 5 HRA

- 5.1 The HRA forecast as at P08 is an underspend of (£0.65m), which compares to £1m forecast at P07. 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 Of the (£0.65m) revenue underspend, (£0.58m) represents an increase in forecast income while only (£0.071m) comes from an overall reduction in expenditure. The £1.6m allowance for the impairment of debt, mentioned in last month's report, remains the most notable item offsetting underspends 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. 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 a £33.6m 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.

## 6 Dedicated Schools Grant

- 6.1 The in-year forecast deficit on the DSG is significant at £16.8m (movement of £1.9m from P7), 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 £26.8m as can be seen in the table in para 6.2 below. The main area for concern continues to be the High Needs block, which is forecasting an in-year overspend of £17.1m.
- 6.2 Summary of DSG grant performance is detailed in the table below and Appendix A5 provides further details.

Summary DSG position 2021/22 Period 08 (all figures in £000s)

	<u>b/f</u>	Net DSG funding/ budget 2021/22	P08 2021/22 Forecast Outturn	In-year variance at P08	Cumulative c/f
Schools Block	(619)	86,066	84,970	(1,095)	(1,714)
De-delegation	(553)	31	31	0	(553)
Schools Central Block	0	2,627	2,627	0	0
Early Years	(621)	37,185	37,954	768	147
High Needs Block	12,609	55,067	72,168	17,101	29,710
HNB Transformation	(812)	1,400	1,400	0	(812)
Funding		(182,376)	(182,376)	0	0
<b>Total</b>	<b>10,004</b>	<b>0</b>	<b>16,774</b>	<b>16,774</b>	<b>26,778</b>

## 7. COMMUNITIES AND PUBLIC HEALTH

- 7.1 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, Hengrove and Leisure Centres.

- 7.2 At Period 8, the forecast remains unchanged as that reported in the previous month. There is no adverse forecast relating to the Public Health ring-fenced budgets.
- 7.3 In continuation of the Covid-19 support for the communities and public health in 2021/22, as at Period 8, Bristol City Council has received grant funding totalling the sum of £5.138m from government departments which include Test and Trace – Contain Outbreak Management Fund (COMF) £3.709m, Clinically Extremely Vulnerable (CEV) £0.717m Practical Support for those self - isolating - £0.623m and Project Eagle Surge Testing - £0.89m. All outbreak management funding is committed up to end of March 2023 with COMF grant ring fenced against the plan to ensure the council has sufficient capacity to manage throughout the year. The delivery of the outbreak management plan is reliant on that budget and that posts across the council are in place.
- 7.4 Appendix A6 provides further detail.

## **8. REGULATORY INCOME LOSS**

### **COUNCIL TAX**

- 8.1 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).
- 8.2 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.
- 8.3 In terms of the Council Tax Reduction Scheme (CTR), after a significant increase in 2020/21 due to the pandemic, we are now starting to see a decreasing trend in both from both working age and pensioners claimants. £1.0m has been set aside for Hardship Fund payments, of which to date £0.7m has been awarded.
- 8.4 It is important to note this represents latest modelling and we anticipate a tapered recovery through 2022/23 and beyond.

### **BUSINESS RATES**

- 8.5 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
- 8.6 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.

- 8.7 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.

## **9. EXTERNAL FUNDING**

The following announcements have been made of additional external funding awards to the Councils and subject to acceptance of the associated conditions will need to be adjusted within the budget.

- o Workforce Recruitment and Retention Fund, round 2 of £2.535m

The main purpose of the Workforce Recruitment and Retention Fund, round 2, is to support local authorities to urgently address adult social care workforce capacity pressures in their geographical area through recruitment and retention activity this winter, in order to:

- support timely and safe discharge from hospital to where ongoing care and support is needed
- support providers to maintain the provision of safe care and bolstering capacity within providers to deliver more hours of care
- support providers to prevent admission to hospital
- enable timely new care provision in the community
- support and boost retention of staff within social care

Bristol has been awarded £2.5m from the Workforce Recruitment and Retention Fund, round 2 to be expended in accordance with the funding agreement.

- o Covid-19 Business Support Grant - Omicron Hospitality and Leisure Grant for the period 21 December 2021 to 31 March 2022 - £4.356m

The Grant is offered as part of the wider set of measures to support the nation's economy and its businesses in response to Covid-19 and specifically for businesses that have been affected by national restrictions and need support to reopen and start trading safely as the restrictions ease. Under the Omicron Restart Grant scheme, Local Authorities will receive funding to be allocated in one-off grants to businesses. Grants of up to £6,000 will be paid to non-essential retail business premises, to help them reopen and start trading safely. Grants of up to £18,000 will be allocated to hospitality, accommodation, leisure, personal care and gym business premises, which may open later under plans set out in the roadmap and will be more impacted by restrictions when they do reopen.

- o Covid-19 Business Support Grant - Additional Restrictions Grant (ARG) for the period 30 December 2021 to 31 March 2022 - £0.794m

Recognising that the rise of the Omicron variant means some businesses are likely to struggle over the coming weeks due to challenges such as cancellations and reduced footfall, the government is providing one-off grants for businesses in the hospitality and leisure sectors and those businesses severely impacted by the rise of the Omicron variant. These may include, but are not limited to: hospitality, accommodation, leisure, personal care, the travel and tourism sector, including group travel, travel agents and tour operators, coach operators, wedding industries, nightclubs, theatres, events industries, wholesalers, English language schools, breweries, freelance and mobile businesses (including caterers, events, hair, beauty and wedding related businesses), gyms, and other businesses that may have not received other grant funding.

There is no restriction on the number of grants a business may receive, subject to subsidy limits. However, to provide support to as many businesses as possible the discretionary grants the council will award will be capped at a maximum of £2,000.

The proposal is to merge the fund above with the residual Additional Restrictions Grant fund held by the authority and award the next tranche of one-off grants to eligible local businesses that have been severely impacted by restrictions, or by the Omicron variant in line with the policy at Appendix B.

- o Covid-19 New Burdens 4 Restart and the Additional Restrictions Covid-19 Grant Schemes of £0.154m

The Grant is offered as part of the wider set of measures to support the nation's economy and its businesses in response to Covid-19. The purpose of the grant is to provide support to local authorities towards expenditure incurred by them to cover additional administration costs incurred due to the delivery of Restart and the Additional Restrictions Covid-19 Grant Schemes. In determining this grant the government take into account returns from LAs detailing additional costs resulting from grant delivery of the schemes.

- o Covid-19 New Burdens 5 Post Payment Assurance, Reconciliation and Debt Recovery Funding of £0.048m

The purpose of the grant is to provide support to local authorities (LAs) in England towards expenditure incurred or to be incurred by them to cover increased administration costs in delivering a range of business support grants over the period 1 August 2020 to 31 March 2022.

The New Burdens payments will be made in 2 stages. The 1st Stage payment, 60% of total allocation was received December 2021. The 2nd Stage payment, 40% is anticipated to be received July 2022. In determining this grant the government take

into account returns from LAs detailing additional costs resulting from grant delivery of the schemes.

- o Covid-19 Business Support Grant - Additional Relief Fund (CARF) - £13.728m

The government announced a further grant allocation to local authorities to develop a discretionary relief schemes for ratepayers within the local area who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact. This grant will exclude businesses eligible for the Extended Retail Discount (covering Retail, Hospitality and Leisure), the Nursery Discount; and businesses unoccupied. A discretionary policy will need to be developed and will be reported to Cabinet for approval in due course.

- o The Community Vaccine Champions Programme grant award - £0.485m

An urgent decision was taken to submit a proposal on behalf of the Council to the Department for Levelling Up, Housing and Communities Vaccine Champions Programme and to authorise the Director of Public Health to accept the funding subject to acceptable terms and conditions. The award has been confirmed and approval is sought to make the necessary adjustments to the Councils Budget.