

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

MEETING DATE: 8 February 2022

TITLE	2021/22 Period 9 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			
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 9 (as at the end of December 2021) against the approved budget and forecast use of resources for the financial year.			
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. 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 9, 2021/22 the financial position is as follows: <ul style="list-style-type: none"> ○ Against the General Fund budget of £424.1m the forecast variance is £0.2m overspend (£0.7m in P08), this is after applying the Covid funding that has been allocated to BCC to date. ○ 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. The Ring-fenced Accounts <ul style="list-style-type: none"> ○ Housing Revenue Account (HRA) of £107.9m gross expenditure budget, forecasts an underspend of £2.06m. ○ The Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £404.7m. It forecasts £16.7m in-year deficit and a total £26.7m carried forward deficit. ○ The Public Health budget is £33.6m and no variation is forecast (unchanged from P08). Capital Programme <ul style="list-style-type: none"> ○ Capital programme budget has been further revised at P9 2021/22 so that it plans spend of £201.4. This comprises £148.8m for General fund and £52.6m for the HRA. The forecast variation at P09 is a net £2.9m underspend (no variation for the General fund and a £2.9m underspend on HRA). <u>General Fund Budget</u> Bristol City is currently forecasting an overspend of £0.2m against core services budgets however there are further			

significant risks which will need consideration and mitigations to be identified during the year. There is a high level of savings planned within the current year budget that are still to be delivered in line with the original plan and savings have a robust governance process for tracking delivery through Executive Directorate Meetings and Delivery Executive. As indicated in Appendix there are currently £5m of savings that are being reported as being at risk of not being delivered and allowance has been made for this risk in the 2022/23 budget setting process.

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. Work is being undertaken 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 £16.7m, 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 £26.7m. The main area for concern continues to be the High Needs block, which is forecasting an in-year overspend of £17.6m resulting from increases in EHCP assessments and need; offset by an underspend of £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.

Financial Reporting for Remainder of Financial Year

It is proposed that following this (Period 9) finance report that the next detailed update to Cabinet will be the full year outturn report. This is because the current timetabling means that a P10 report would only be able to be brought to Cabinet after the end of the financial year. There will however be an ability to bring a report if required to the March Cabinet and the early April Cabinet on an exception basis if required, for example if late grants are allocated to the Council that require a Cabinet decision or if material information comes to light that needs to be noted by Cabinet.

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:
 - Protect and Vaccinate Funding - £0.914m
 - Adult Social Care Omicron Support Grant - £0.507m
- That unless by exception, the next financial update to Cabinet will be the end of year Outturn Report (i.e. to not report the P10m position)

That Cabinet notes:

- The forecasted overspend position of £0.2m 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 £2.06m within the Housing Revenue Account.
- A forecast in-year deficit of £16.7m and a total £26.7m carried forward deficit in the ring-fenced Dedicated Schools Account (DSG).
- A breakeven position on Public Health services.
- A forecast £2.9m underspend against the latest approved Capital Programme's Budget.
- The allocation of grant income from Homes England in relation to the Affordable Homes Programme 2021-2026 for the shared ownership units at Airport Rd development (£480,000) and for Cedar House Social rented units (£1,750,000) that have been accepted under delegated authority.

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

Interim Head of Financial Management: Tim Gibson, 30 January 2022

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, 31 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, 31 January 2022

EDM Sign-off	Denise Murray	31 January 2022
Cabinet Member sign-off	Cllr Craig Cheney	31 January 2022
For Key Decisions - Mayor's Office sign-off		

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