

Bristol City Council

Period 9 Revenue Finance Monitoring Report

1. GENERAL FUND REVENUE SUMMARY POSITION

- 1.1 At Period 9 (December), the Council is forecasting a potential net overspend of £0.2m against the approved General Fund budget (£424.4m). This is after allowing for Covid funding received to date. This is broken down in Table 1, para 2.1 below. This position could change however if additional covid funding is received by the Council, if ring-fenced covid funding can be used to fund existing planned expenditure or if new expenditure pressures arise that need to be met from the already allocated Covid funding sources.
- 1.2 Should an overspend arise which cannot be mitigated, this will need to be funded via a transfer from reserves.

2. REVENUE POSITION

2.1 Table 1 General Fund P09 Directorate Level Forecast

<i>Period 9 Budget Monitoring - Summary</i>							
SERVICE NET EXPENDITURE SUMMARY	2021/22 - Full Year					P08 Forecast	
	Approved Budget	Revised Budget	P09 Forecast Outturn	P09 Outturn Variance		Forecast Variance	Movement in Forecast
	£000s			£000s	Context	£000s	£000s
14 - Adult Social Care	151,448	157,648	166,399	8,751		8,746	5
15 - Children and Families Services	65,115	65,076	68,836	3,761		3,888	(127)
16 - Educational Improvement	11,998	11,928	14,418	2,490		2,376	114
36 - Public Health - General Fund	4,753	4,777	4,777	0		0	0
Total 1 - People	233,315	239,428	254,431	15,003		15,011	(8)
21 - Digital Transformation	15,305	14,721	16,818	2,097		1,800	297
22 - Legal and Democratic Services	8,603	8,275	7,633	(643)		(365)	(277)
24 - Finance	8,885	8,923	12,648	3,725		3,715	10
25 - HR, Workplace & Organisational Design	16,344	17,001	17,020	19		3	16
28 - Policy, Strategy & Partnerships	3,436	3,828	3,627	(201)		(196)	(6)
Total 2 - Resources	52,572	52,749	57,746	4,997		4,956	41
37 - Housing & Landlord Services	14,896	14,802	15,650	849		827	22
42 - Development of Place	1,591	1,530	1,368	(162)		(74)	(88)
46 - Economy of Place	12,519	12,900	14,379	1,480		1,504	(24)
47 - Management of Place	33,049	33,743	40,094	6,351		6,606	(255)
49 - Property and Asset Strategy	(7,122)	(7,122)	(7,315)	(192)		(120)	(73)
Total 3 - Growth & Regeneration	54,933	55,852	64,177	8,325		8,742	(417)
SERVICE NET EXPENDITURE	340,820	348,030	376,355	28,325		28,709	(384)
X2 - Levies	10,118	10,118	10,511	393		392	1
X3 - Corporate Expenditure	49,219	41,934	40,433	(1,501)		(1,391)	(111)
X4 - Capital Financing	22,495	22,495	22,295	(200)		(200)	0
X8 - Corporate Revenue Funding	(424,401)	(424,401)	(424,401)	0		0	0
X9 - Corporate Allowances	1,749	1,824	1,534	(290)		(290)	0
Total 4 - Corporate Items	(340,820)	(348,030)	(349,628)	(1,599)		(1,489)	(110)
TOTAL REVENUE NET EXPENDITURE	(0)	(0)	26,726	26,726		27,220	(494)
Non-ringfenced funding available to offset the pressures above			(26,521)	(26,521)		(26,521)	0
Net Forecast over/(under) spend	(0)	(0)	205	205		699	(494)

2.2 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

2.3 People Directorate:

2.3.1 **Adult social Care:** Budgets continue to experience significant pressure in 2021/22 with a projected gross overspend of £8.75m at P09. No significant movement from the forecast net position reported at P08.

2.3.2 The major areas of overspend continue to be:

- Adults with Long Term Conditions aged 18-64 (forecast overspend of £11.07m) which is mainly caused by an increase in the number of people being supported with residential and nursing placements and accommodation-based support costs being the main drivers of the cost pressures.
- Older People (forecast overspend of £4.46m) relating to residential and nursing home cost pressures.

2.3.3 Bristol was recently awarded £2.5m from the Workforce Recruitment and Retention Fund round 2. In respect of the Covid Omicron variant, Bristol City Council has been allocated £0.5m funding to support care providers and the community.

2.3.4 **Children and Families:** The forecast overspend is £3.76m. The P9 forecast overspend on externally provided children's placements is the area of most financial concern, totalling £4.7m net of COMF funding.

2.3.5 **Education and Skills:** The forecast overspend is £4.2m, offset by £1.7m one-off COMF funding giving a net forecast overspend of £2.5m (of which £2.1m was Covid-19 related). Cost pressures mainly relate to Home to School Transport (HTST) and SEN staffing and Education psychologists to support higher level of assessment needs.

2.3.6 **Communities and Public Health:** At P09, there is no adverse forecast relating to the Public Health (PH) 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.

2.4 Resources:

- 2.4.1 The Resources Directorate has continued throughout 21/22 to face financial pressures as a result of COVID-19. At Period 9 these are forecast to amount to £5m.
- 2.4.2 Financial pressures have arisen within the Finance division’s Revenues and Benefits services where there is a shortfall of £1.5m relating to the ongoing loss of summons and overpayments income and a £2m pressure relating to ongoing emergency and hardship fund payments.
- 2.4.3 The Digital Transformation division is forecasting a total overspend of £2.1m as a result of significant increases in contracted licencing costs, undelivered legacy savings and an in-year shortfall in opportunities to internally recharge permanent and agency staff costs to programmes and projects. £1m of this £2.1m pressure is assessed as being a result of COVID-19.

2.5 Growth and Regeneration:

- 2.5.1 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.

3. COVID-19 IMPACT

- 3.1 The Covid funding available to offset the general funding pressures referenced above in 2021/22 is anticipated to be £49.7m, 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 the Covid allocations that have been received by the Council as there are other ring-fenced amounts that are included in directorate forecasts.

Further work continues to be done to manage the spend on the Contain Outbreak measures.

- 3.2 Losses of income due to Covid impacts and restrictions totals £9.1m in 2021/22, although following the cessation of restrictions income recovery may yet be quicker than assumed in the current financial year. Income losses include:
- Losses of income on car parks in 21/22: £5.5m
 - Licensing and Pest control income shortfalls totalling £0.7m
 - Culture Services estimated shortfall in income across a range of services of £1m
 - Ongoing loss of summons and overpayments income of £1.5m (this was originally due to the closure of the courts and although the courts have now reopened recovery continues to be curtailed due to court backlogs).
- 3.3 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.
- 3.4 Forecast pressures 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			
1 - People			
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
Total 1 - People	23,048	170	23,218
2 - Resources			
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
Total 2 - Resources	3,212	1,699	4,911
4 - Growth & Regeneration			
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
Total 4 - Growth & Regeneration	2,846	7,202	10,048
SERVICE NET EXPENDITURE	29,106	9,071	38,177

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 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
Total	11.74	6.74	5.00	43

RING-FENCED BUDGETS

5 HRA

- 5.1 The HRA forecast as at P09 is an underspend of (£2.06m), which compares to (£0.65m) forecast at P08. 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 (£2.06m) revenue underspend, (£0.57m) represents an increase in forecast income whilst (£1.49m) comes from an overall reduction in expenditure. The £1.6m allowance for the impairment of debt, which was set aside at the start of the year in anticipation of an increase in bad debt provision due to the ending of the furlough scheme in September, has now been removed in line with the latest projections. The

reported underspend also includes £0.70m of Covid related expenditure. Without the impacts of the pandemic, the forecast net underspend would have been (£2.8m).

- 5.3 The HRA capital programme is forecast to have £2.9m slippage from the revised budget of £52.6m. 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 material at £16.652m (a favourable in-month movement of net £0.122m which includes an improvement on the early years block of £0.672m and an increase in the forecast spend on the High Needs Block of £0.462m) which when added to the brought forward deficit balance of £10.0m will give a total predicted deficit at the end of the year of £26.7m (this 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 £17.6m (an adverse movement of £0.462m from the position reported at P8).
- 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 09 (all figures in £000s)

	b/f	Net DSG funding/ budget 2021/22	P09 2021/22 Forecast Outturn	In-year variance at P09	Cumulative c/f
Schools Block	(619)	86,066	85,059	(1,007)	(1,626)
De-delegation	(553)	31	31	0	(553)
Schools Central Block	0	2,627	2,627	0	0
Early Years	(621)	37,185	37,282	96	(524)
High Needs Block	12,609	55,067	72,630	17,563	30,172
HNB Transformation	(812)	1,400	1,400	0	(812)
Funding		(182,376)	(182,376)	0	0
Total	10,004	0	16,652	16,652	26,656

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 measures to tackle 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 9, 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 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.

9.1 Adult Social Care Omicron Support Grant - In recognition of the increased pressure on existing funding sources caused by the Omicron variant, the government announced on 29 December 2021 that it is providing £60 million additional funding for January 2022. Bristol City Council has been given an allocation of £0.507m.

Local authorities have discretion to use the funding as needed locally, to support the adult social care sector, including relevant local authority staff, in its COVID-19 response, and in particular increased challenges posed by the Omicron variant.

9.2 Protect and Vaccinate funding - The grant has been allocated based on the levels of rough sleeping in each area. BCC has been allocated a total of £914,198 Protect and Vaccinate funding, made up of:

- £809,479 for accommodating people sleeping rough; and
- £104,719 for increasing vaccination uptake among people sleeping rough and others in the single homeless cohort. This element of the funding is being managed by Public Health.

9.3 Note that Bristol City Council has been allocated 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). These grants were accepted under delegated authority previously given in the 2020/21 budget report