

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**MEETING DATE:** 7 June 2022

<b>TITLE</b>	2021/22 Finance Outturn Report		
<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>			
<p>The Council budget for 2021/22 was agreed by Council in February 2021. This report informs Cabinet about Bristol City Council’s financial performance for the 2021/22 financial year against the approved budget. The report also informs Cabinet about the delivery of intended savings for the year and sets out the intended reporting cycle for the year ahead.</p>			
<b>Evidence Base:</b>			
<p>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>In 2021/22 there were ongoing pressures relating to Covid-19 and the Government lockdown restrictions were imposed as a result. There was a wide variety of additional funding that was provided by Central Government to support Councils in addressing the additional need relating to Covid-19 both in 2020/21 (of which various amounts were able to be carried forward and utilised in 2021/22) and amounts allocated in 2021/22.</p> <p>At 31 March 2022 the financial position is as follows:</p> <ul style="list-style-type: none"> <li>○ Against the General Fund budget of £424.4m the net outturn spend is £423.4m giving a variance of £0.9m (0.2%) underspend (£0.2m overspend reported in P09).</li> </ul> <p>The Ring-fenced Accounts</p> <ul style="list-style-type: none"> <li>○ Housing Revenue Account (HRA) of £107.9m gross expenditure budget, outturn is an underspend of £3.8m (3.5%) (£2.1m reported in P09).</li> <li>○ The Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £403.7m. The outturn position is an overspend of £14.6m (3.6%) in-year deficit (compared to £16.7m reported in P09) and a total £24.6m (6.1% of annual DSG) carried forward deficit.</li> <li>○ The Public Health budget is £33.6m and a balanced position has been achieved (unchanged from P09).</li> </ul> <p>Capital Programme</p> <ul style="list-style-type: none"> <li>○ Capital Programme outturn of £167.3m, is an underspend of £36.4m (18%) compared to the revised budget. The underspend is made up of £13.2m underspend on the HRA capital programme and £23.2m under on General Fund Capital.</li> </ul> <p><u>General Fund Budget</u></p> <p>As outlined in the summary above the outturn position is a net spend of £423.5m against the agreed budget, resulting in a net underspend of £0.9m after utilisation of Covid funding and other drawdowns from earmarked reserves.</p> <p>This was largely driven by the overall impact of covid on the Council being lower than expected and improved</p>			

income in Adult Social Care from the CCG and NHS. Further detail is provided in Appendix A. During the 2022/23 budget setting process the Mayor proposed an alternative revenue budget amendment which in order to balance reduced funding to the Mayor's office discretionary and non-staff related funding, by £0.2m base and Resources operational reserve (one-off), by £0.2m both of which were to be reinstated should surplus funds materialise. It is therefore proposed that these two funds will be reinstated from the 2021/22 underspend, noting that the Mayor's office discretionary and non-staff related fund will be for 2022/23 only unless a future base budget underspend can be identified. It is proposed that the residual £0.5m be transferred to the Council's general reserve, for consideration in subsequent years. *See Appendix A for further revenue details*

#### Savings

£11.7m of previously agreed savings were planned for delivery within the 2021/22 budget. Savings have a robust governance process for tracking delivery through Executive Directorate Meetings and Delivery Executive. Although the Council had a net revenue underspend during 2021/22, at outturn only £5.4m(46%) of the savings have been achieved on a recurrent basis with £6.4m(54%) mitigated on a one-off basis and of this £0.4m of savings were deemed to not be deliverable and were written off in the 2022/23 budget process. Non recurrent savings have been carried forward to 2022/23 and delivery of these savings will continue to be tracked and monitored. See Appendix 1b for further details.

#### COVID-19

The Council's assessed pressure from lost income, undeliverable Covid-19 related savings and from additional service expenditure associated to Covid-19 equates to £56.6m for 2021/22 (this compares to £74.7m in 2020/21). This additional expenditure is fully met by the range of Covid-19 grants received and / or carried forward from 2020/21 and 2021/22. *Further details are outlined in Para 3 Appendix A.*

#### Dedicated Schools Grant

The in-year forecast deficit on the DSG is significant at £14.6m, which when added to the brought forward balance of £10.0m means that the DSG is carrying forward a total deficit at the end of the year of £24.6m. The main financial challenge continues to be the High Needs block, which has an in-year overspend of £15.3m (Carry forward deficit of £27.9m) resulting from increases in EHCP assessments and need; this is offset by an underspend of £0.9m in the Schools' block and £0.1m overspend on the other blocks.

#### Housing Revenue Account

The Housing Revenue Account (HRA) has underspent by £4.4m (£2.1m reported in P09), primarily attributed to staffing vacancies and lower overhead charges. The underspend will be transferred to the HRA general reserve.

#### Capital Programme

The Capital Programme outturn is £167.3m which is an underspend of £36.4m (18%) compared to the revised budget (however it is an underspend of £154.1m (48%) when compared to the original budget of £324.1m). The underspend is made up of £13.2m underspend on the HRA capital programme and £23.2m under on General Fund Capital. This is largely due to external factors, delays, and variations to schemes with spend profiles that span across a number of financial years.

#### Financial Reporting for the 2022/23 Financial Year

It is proposed that the financial reporting timetable for the 2022/23 financial year be as set out in Appendix 1b. This includes detailed quarterly financial reports being presented to Cabinet in July, October and February, with the final outturn report then being presented in June 2023. Quarterly Cabinet reporting is in line with the practice of many local authorities and whilst this is a variation from more regular reporting in prior years, this will provide greater capacity for in depth deep dive reviews in key areas of risks and complexity. The report further suggests that there will be exception reports that will be presented to the residual Cabinet meetings. For example, if late grants are allocated to the Council that require a Cabinet decision or if material information comes to light via monthly internal monitoring that needs to be noted by Cabinet.

Cabinet Member / Officer Recommendations:

That Cabinet notes:

- The Council’s revenue outturn position of £0.9m underspend within the General Fund.
- The Council’s outturn position of £4.4m underspend within the Housing Revenue Account to be carried forward within the HRA general reserve for the Council’s landlord functions.
- The overspend of £14.6m and a total £24.6m carried forward deficit in the ring-fenced Dedicated Schools Grant Account (DSG).
- A breakeven position on Public Health services.
- The Council’s capital outturn position of £36.4m underspend against the revised Capital Programme Budget.
- The in-year collection levels for Council Tax and Business Rates as set out in the report (see para 10 in Appendix A)
- The level of aged debt as at 31 March 2022 (see para 11 in Appendix A)
- The performance on delivery of savings as set out in Appendix A1.

That Cabinet Approve:

- £0.2m be of the residual underspend being transferred to the Mayor’s office to reinstate the discretionary and non-staff related budget (for 2022/23 only) as agreed in the 2022/23 alternative budget amendment
- £0.2m of the residual underspend to be used to replenish the Resources Operational Reserve as agreed in the 2022/23 alternative budget amendment
- The remaining £0.5m of the residual underspend be transferred to the Council’s general reserve for consideration in subsequent years
- That the revised financial reporting timetable as set out in Appendix 1b is agreed.

**Corporate Strategy alignment:**

1. This report sets out the Council’s outturn against 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, 26 May 2022

**2. Legal Advice:** The report for the period 2021/22 complies with Council’s legal obligation to deliver a balanced budget. There are no specific legal implications in respect of the decisions set out in the report.

**Legal Team Leader:** Nancy Rollason, Head of Legal Service, 26 May 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. There are no HR implications arising as result of decisions sought within this report.

**HR Partner:** Mark Williams, Head of Human Resources, 26 May 2022

<b>EDM Sign-off</b>	Denise Murray	26 May 2022
<b>Cabinet Member sign-off</b>	CLlr Craig Cheney	27 May 2022

<b>For Key Decisions - Mayor's Office sign-off</b>		27 May 2022
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<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>