APPENDIX A

Bristol City Council 2021/22 Outturn Report

1. Executive Summary

1.1. This report provides information and analysis on the Council's financial performance and use of resources in the 2021/22 financial year in comparison to the budget set by Council on 23 February 2021. This report precedes the production of the Council's formal Statement of Accounts and although it is not expected that any further adjustments will be needed that will alter the final outturn position it is possible that this could be the case.

1.2. As is the case with every year-end report there are a number of changes that result as balance sheet activities are reviewed and finalised and although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is given and accounting regulations drive some of the final movements reported.

1.3. The key areas covered in this report are revenue, capital, core funding, debt management, reserves and savings. For the purpose of this report, an 'underspend' is the difference when comparing budgeted allowance to actual expenditure incurred and a 'cash surplus' is additional cash in-flows to which no budgeted expenditure has yet been agreed.

1.4. The impact of the Covid-19 pandemic and resulting lockdowns has continued to have a significant impact on the financial position of the Council in 2021/22. Throughout the year the financial impact on the Council caused by Covid-19 resulting in additional expenditure being incurred, disruption to the delivery of planned efficiencies and reduced income has been reported to Cabinet and this report summarises the final impact of the pandemic in 2021/22.

1.5. The net General Fund outturn expenditure is £423.5m which compared to the original budget agreed by Council in February 2021 of £424.4m gives an in-year underspend of £0.9m. This is made up of a non-Covid underspend of £0.9m and a Covid break-even position where the £56.6m pressures that have arisen as a result of Covid have been covered by grants received from central government (both received in 22/23 and carried forward from 21/22) and budgets that were put aside to cover these pressures. It is recommended that this underspend be utilised to replenish funds totalling £0.4m earmarked in the 2022/23 Mayor alternative revenue budget proposal to be utilised and replenished should surplus funds materialise, and the residual £0.5m be transferred to the Council's general reserve.

1.6. The Ring-Fenced Accounts

- Housing Revenue Account (HRA) of £107.9m gross expenditure budget, outturn is an underspend of £3.8m (£2.1m reported in P09).
- 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 £14.5m in-year deficit (compared to £16.7m reported in P09) and a total £24.5m carried forward deficit.
- The Public Health budget is £33.6m and no variation is forecast (unchanged from P09).

1.7. The Capital Programme is reporting an outturn of £167.3m, this is an underspend of £36.4m (18%) compared to the revised budget, however an underspend of £154.1m (48%) when compared to the original budget of £324.1m set in February 2021. This is largely due to external factors, delays, and variances to schemes with spend profiles that span a number of financial years.

1.8. This improved outturn position means that our finances are better placed to meet the ongoing challenges over the medium term, ensures the continued delivery of organisational priorities, and provides for increasing financial resilience in 2022/23 and beyond. The retention of an appropriate level of general reserves is essential in order to mitigate financial risk (including future funding uncertainties and expenditure pressures caused by high inflation and changes in social care legislation) and is a key indicator of sound financial governance.

2. Revenue Budget Summary

General Fund Summary

2.1. The net General Fund outturn, after drawdown of funding for Covid received from central government in 2020/21 and also additional funding received in 2021/22, is £423.5m which compared to the original 21/22 budget set in February 2021 of £424.4m represents an in-year underspend of £0.9m. This is shown in the table below.

2.2. The table below provides a summary of how each directorate performed against the 2021/22 budget including a breakdown of the costs and lost income associated with Covid. A more detailed financial performance by directorate is outlined under later sections of this report.

Period 12 Revenue Outturn - Summary

SERVICE NET EXPENDITURE SUMMARY	2021/22 - Full Year						
	Approved Budget	Revised Budget	Outturn	Outturn Variance	Gross COVID Impact	Covid Service Grants/Inco	Non-COVID
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
1 - People							
14 - Adult Social Care	151,448	137,734	142,842	5,108	21,052	(15,944)	0
15 - Children and Families Services	65,115	68,490	72,301	3,810	9,657	(3,295)	(2,552)
16 - Educational Improvement	11,998	11,764	13,345	1,582	3,930	(1,661)	(687)
36 - Public Health - General Fund	4,753	14,239	14,239	0	4,936	(4,936)	0
Total 1 - People	**233,315**	**232,226**	**242,726**	**10,500**	**39,575**	**(25,836)**	**(3,239)**
2 - Resources							
21 - Digital Transformation	15,305	15,955	18,364	2,408	1,114	(81)	1,375
22 - Legal and Democratic Services	8,603	8,536	7,697	(839)	77	(19)	(897)
24 - Finance	8,885	16,128	20,178	4,050	3,622	405	23
25 - HR, Workplace & Organisational Design	16,344	18,932	19,310	378	195		183
28 - Policy, Strategy & Partnerships	3,436	4,552	4,279	(273)	313	(248)	(338)
Total 2 - Resources	**52,572**	**64,103**	**69,827**	**5,723**	**5,321**	**57**	**346**
4 - Growth & Regeneration							
37 - Housing & Landlord Services	14,896	14,963	14,995	32	3,189	(2,823)	(334)
42 - Development of Place	1,591	1,856	1,724	(132)	0		(132)
46 - Economy of Place	12,519	12,527	14,667	2,140	1,441	(145)	844
47 - Management of Place	33,049	35,080	43,178	8,098	7,032	(472)	1,538
49 - Property and Asset Strategy	(7,122)	(6,322)	(6,991)	(668)	0		(668)
Total 4 - Growth & Regeneration	**54,933**	**58,103**	**67,573**	**9,469**	**11,662**	**(3,440)**	**1,248**
SERVICE NET EXPENDITURE	**340,820**	**354,433**	**380,126**	**25,693**	**56,557**	**(29,219)**	**(1,645)**
X2 - Levies	10,118	10,118	10,820	702	0	0	702
X3 - Corporate Expenditure	49,219	35,425	11,938	(23,487)	0	(27,338)	3,851
X4 - Capital Financing	22,495	11,151	10,437	(714)	0	0	(714)
X9 - Corporate Allowances	1,749	2,340	(800)	(3,140)	0	0	(3,140)
TOTAL REVENUE NET EXPENDITURE	**424,401**	**424,401**	**423,455**	**(946)**	**56,557**	**(56,557)**	**(946)**

General Fund Expenditure

2.3. The primary explanations for the outturn variations are identified in the sections below.

Movement to Previous Forecast

2.4. Since the Period 9 detailed forecast that was presented to Cabinet in February the financial position has changed significantly as shown in the table below.

Revenue Outturn Changes compared to P9	P12 (outturn)	P9	Movement
1 - People	£'000	£'000	£'000
14 - Adult Social Care	5,108	8,751	(3,643)
15 - Children and Families Services	3,810	3,761	49
16 - Educational Improvement	1,582	2,490	(908)
36 - Public Health - General Fund	0	0	0
Total 1 - People	**10,500**	**15,003**	**(4,503)**
2 - Resources			
21 - Digital Transformation	2,408	2,097	311
22 - Legal and Democratic Services	(839)	(643)	(196)
24 - Finance	4,050	3,725	325
25 - HR, Workplace & Organisational Design	377	19	358
28 - Policy, Strategy & Partnerships	(273)	(201)	(72)
Total 2 - Resources	**5,723**	**4,997**	**726**
3 - Growth & Regeneration			
37 - Housing & Landlord Services	32	849	(817)
42 - Development of Place	(132)	(162)	30
46 - Economy of Place	2,140	1,480	660
47 - Management of Place	8,098	6,351	1,747
49 - Property and Asset Strategy	(668)	(192)	(476)
Total 3 - Growth & Regeneration	**9,469**	**8,325**	**1,144**
SERVICE NET EXPENDITURE	**25,693**	**28,325**	**(2,632)**
X2 - Levies	702	393	309
X3 - Corporate Expenditure / Income	(23,487)	(28,022)	4,535
X4 - Capital Financing	(714)	(200)	(514)
X9 - Corporate Allowances	(3,140)	(290)	(2,850)
Total 4 - Corporate Items	**(26,639)**	**(28,120)**	**1,481**
TOTAL REVENUE NET EXPENDITURE	**(946)**	**205**	**(1,151)**

People Directorate

Adult Social Care

2.5. The Adult Social Care (ASC) Directorate has an overall year-end budget overspend of £5.1m on a revised budget of £137.7m. This is an improvement of £3.643m from the P9 forecast. There are several drivers that led to the improvement in the financial position in the final months of the year, which include: Better Care Funding (BCF) being allocated to support the review team (£0.9m); funding given via Improved Better Care Fund (IBCF) (£0.2m); Discharge to Assess (D2A) and Hospital Discharge Funding (£1.2m); LRCV funding for ICAS (£0.1m); funding for wellbeing project

(£0.1m) as well as other changes in the final spend for the year compared to earlier forecasts, including better income collection from service user's contributions of over £0.6m. The main budget pressures driving the £5.1m overspends were due to the impact of the Covid-19 pandemic affecting demand and delivery of services, the non-delivery of budget savings and pressures within adult purchasing budgets.

2.6. The main variances were as follows:

Adult Social Care Outturn Position 2021/22

Financial Year 2021/22	Revised Budget 2021/22 £'000s	2021/22 Outturn @ P12 £'000s	Outturn Variance @ P12 £'000s	Change from P09 £'000s
Adult Purchasing				
Older Adults 65+	69,748	74,554	4,805	346
Working Age Adults 18 - 64	71,820	83,039	11,219	151
Preparing for Adulthood 0 - 25	8,976	9,013	37	680
Social Care Support	2,068	2,571	502	25
Income - Service User Contribution Only	-24,064	-26,499	-2,434	-639
	128,548	**142,678**	**14,130**	**563**
Non Adult Purchasing				
Employees	34,373	33,790	-583	-615
Other - Net Costs	-25,188	-33,626	-8,439	-3,591
	9,186	**164**	**-9,022**	**-4,206**
Totals per budget report	**137,734**	**142,842**	**5,108**	**-3,643**

Adult Purchasing Budgets £14.1m Overspend

2.7. **Working Age Adults** is a growing area of support for ASC with increased numbers of people being supported at a significant and increasing cost to the Council. These budgets overspent by £11.2m which mainly relates to pressures in accommodation-based support which overspent by £3.9m, overspends in residential placements of £3.6m, and in nursing care home placements of £1.8m and home care overspends of £1.1m. Other overspends total £0.8m.

2.8. It should be noted that the service was supporting 2,566 people at the end of the financial year, in comparison to the 2021/22 budget which had assumed funding for 2,270 people. Increased numbers of people supported during the year and the inability to deliver savings assumptions due to the impacts of Covid-19, also played a significant factor in the overspend position.

2.9. **Older Adults** overspent by £4.8m which mainly relates to overspends in nursing placement £5.1m, and residential care home placement overspends of £1.0m. These were offset by underspends on home care (£0.7m), day care and extra care housing underspends of (£0.3m) and (£0.4m) respectively. In contrast to the number of working age adults being supported, the number of older people being supported fell from 2,676 to 2,609 at the end of the financial year. The impact of Covid-19 meant it was not possible to deliver the planned savings from adult purchasing budgets.

2.10. **Other Non-Adult** Purchasing Budgets £9.2m underspend mainly relating to underspends on employees, in house services and other income.

Covid- 19 Costs

2.11. Covid-19 costs continued to be a significant challenge in 2021/22 with costs totalling £18.9m being incurred. As previously reported to Cabinet, throughout 2021/22 a number of specific Covid grants were made available to the Council by the Department of Health and Social Care. These were administered by ASC and mainly paid directly to social care providers based on eligibility and size as set out in the grant conditions. This in part assisted providers to deal with infection control, workforce issues and wider sustainability issues. Whilst £10.9m was received from central government for supporting the social care market and workforce issues, not all of the additional Covid-19 demand related cost pressures of c£5.1m incurred by ASC were covered. Additionally, £2.8m of NHS funding was received via the Hospital Discharge Programme to facilitate timely discharge and support people to return home.

Future Risks and Opportunities

2.12. It should be noted that the 2022/23 budget setting process took into account the financial challenges faced in 2021/22 and aimed to ensure that the right resources are in place, to continue to manage demand effectively. ASC budgets were increased by £16.1m to reflect service pressures across the whole of Adult Social Care and £5.0m of new savings have been identified to improve cost efficiency and financial sustainability. That said, there remains a significant challenge as inflationary pressures continue to affect the social care market and £6.7m of inflation has been applied to 2022/23 ASC adult purchasing budgets.

2.13. Bristol City Council continues to work in partnership with the Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group (BNSSG CCG). During 2021/22 changes were made to the S256 agreement between the Council and BNSSG CCG regarding the BNSSG Healthier Together Single System Plan, including the incorporation of additional funding of £2.2m relating to additional hospital discharge funding. As reported to Cabinet in March and April 2022 a further £4.9m was received from the CCG for a number of joint opportunities to deliver health benefits for the people of Bristol. BCC will be allocating matched funding for the £4.9m received from a combination of earmarked reserves and existing service revenue budgets to support these projects.

2.14. S256 funding has also been agreed with the BNSSG CCG to support people with a learning disability and/or autism to help them move out of inpatient placements and back into their communities, ensuring they have access to a range of options and life choices. Funding has now been confirmed at £3.3m across the BNSSG system and will be used to support Bristol, North Somerset and South Gloucestershire Councils to progress this work.

Children’s and Family Services

2.15. The outturn for Children’s and Family Service was £3.8m overspend on a revised budget of £68.5m, after taking into consideration £9.7m one-off funding, £3.3m COMF funding (including £0.5m for pilot Complex Needs Project) and the cost of £6.4m Covid related expenditure where the grant / income is held centrally.

2.16. The internal & external placements budget overspent by £5.1m and was driven by a reliance on expensive externally contracted provision (overspent by £4.8m, 35% of budget). This was largely due to insufficient local provision capacity and an increase in demand for services. The largest budgetary pressure related to externally provided residential homes (overspend of £3.2m; 59% of the annual budget for this service). We saw the number of children placed in this provision rise from 36 in April 2021 to 51 in March 2022. The external supported accommodation budget was also significantly overspent - £1.3m, equating to 103% of the annual budget for this service with numbers rising from 14 in April 2021 to 43 in March 2022.

2.17. Other areas of overspend circa £0.4m include Unaccompanied Asylum-Seeking Children (UASC), primarily due to moving users into Covid-19 compliant accommodation, the inability to move on quickly to other agencies and staffing pressure in the area teams. These pressures have been partly mitigated by a Home Office additional grant of £0.1m.

2.18. The outturn compared to Period 9 forecast (£4.2m) has worsened by £0.1m due to the following:

- £0.4m net increase in internal & external placements
- £0.2m increase in support costs, mainly arising from Liquid Logic cost £0.1m

- £0.2m additional costs in Family Placement team (Fostering) mainly due to salary costs
- The above increases were partly mitigated by a reduction of £0.4m in Targeted Support, resulted from lower net internal recharges in General and Families in Focus Team and £0.1m from secure resources, £0.1m savings from Joint Commissioning and £0.1m from Quality Assurance.

Future Risks and Opportunities

2.19. Total expenditure in 2021/22 was £72.3m which was funded by various one-off COMF funding £3.3m and reserves draw down £1.1m, totalling £4.4m (excluding £3.3m MHCLG funding currently held centrally). The 2022/23 budget has been set at £72.1m, which includes £7.0m growth fund. However, increasing need associated to the level of children in care reached 697 in April 2022, an additional 40 from 657 in April 2022, volatilities in placements market, workforce and increasing fiscal pressures such as inflation will present a challenge in 2022/23. Additional funding due from Home Office for UASC children will present an opportunity for the service to establish a team specialising in supporting refugees.

2.20. The risks and opportunities will continue to be managed throughout 2022/23, seeking further synergies across Children's Directorate with the aim of ensuring Children's Services remains on a sustainable footing.

Education and Skills

2.21. The outturn for Education and Skills general fund position is £1.6m overspend after taking into consideration £2.2m one-off funding. One-off COMF funding £1.7m and £0.5m one-off growth budget virement for Home to School Transport (as agreed in the 2021/22 budget), excluding £2.3m Covid grant / income held centrally. This additional funding has resulted in an underspend of £0.7m on non-Covid related activities. This is a reduction of £0.9m from P9 forecast position of £2.5m overspend. This is driven by increase Home to Schools Transport one-off funding £0.5m, Liquid Logic invoices recharge and prepayments of £0.2m in P12 and schools staff pension costs reduction of £0.1m which was confirmed at the end of the financial year.

2.22. Accessible City remains the key pressure area with additional spend almost £1.0m at the end of P12. This is driven by ongoing high demand in Special Needs team staffing and Education Psychologist. This is partially offset by £0.4m savings in Education Management and £0.2m from Employment, Skills and Learning.

2.23. Overspend variance of £0.2m in Trading with Schools is due to historic income targets not achieved. The target would benefit from a review in 2022/23 to ensure its robustness and achievability taking into consideration the long-term development plans of the business unit.

Future Risks and Opportunities

2.24. Education General Fund total expenditure reached £13.3m in 2021/22 after taking into account one-off COMF funding of £1.7m and £0.5m one off budget virement for Home to School Transport. 2022/23 budget allocation has been confirmed to be £15.5m including £3.4m growth fund which should in theory be sufficient to cover the budget gap (overspend of £1.6m and one-off COMF funding £1.7m) in 2021/22. However, ongoing staffing pressure in SEN support and psychologists from increased EHCP caseload (25.6% increase from January 2022) and 10% increase in EHC plan, additional needs in Home to Schools Transport (HTST), forecast inflation rates and savings target (£0.5m) will remain challenging for the service.

2.25. The service has been working on finalising DSG mitigation proposals. Proposed interventions could potentially ease some of the staffing pressures in the longer term and could contain HTST budget within an affordable envelope, which is one of the key areas of budget pressure within the Education General Fund in 2022/23.

Resources Directorate

2.26. The full year outturn for the Resources Directorate is a net overspend of £5.7m against the £64.1m revised budget, this overspend is made up of Covid pressures totalling £5.4m and non-Covid overspend of £0.3m. This presents a £0.7m deterioration since the last published P9 forecast overspend of £5.0m.

2.27. Within the net overspend position, £5.4m was attributable to the pandemic, either through increase in costs or decrease in income. This position was compounded by an additional £0.3m of non-Covid related in-year pressures to budget across the directorate's divisions.

2.28. Digital Transformation division continued to be impacted by the pandemic in 2021/22 so that it incurred £1.0m of additional costs during the year. These related to additional Zoom licences (£0.1m), 'phone numbers (£0.1m), 'phone lines (£0.1m) and desktop licences (£0.6m) all of which were required to support continued working from home due to Covid-19 social distancing. The Translation and Interpreting service also reported £0.1m lost annual income due to Covid-19. In addition to the impact of Covid-19 on the division, there were also £1.4m of further licencing costs of which £0.3m materialised between P9 and the full year close.

2.29. Legal and Democratic division incurred £0.1m of additional costs due to additional temporary mortuary service provision in response to Covid-19 measures continuing in the early part of the year. Offsetting this was (£0.4m) of additional legal services income and (£0.5m) of Statutory Registration fee income (Registrars and Land Charges). (£0.2m) of this came through between P9 and P12.

2.30. Finance division closed the year with a net £4.0m overspend. All of this overspend reflects additional cost due to the pandemic. It comprised £1.6m local crisis prevention fund spend and hardship fund payments, £0.7m of lost recovery of overpayments and lost subsidy on extended supported exempt accommodation all within the Benefits service, £1.5m within the Revenues service where resumption of lost summons and overpayment/debt recovery was paused and a further £0.2m of spend at a corporate level on measures linked to the safe return to work. The Non-Covid position comprised £0.4m of staffing net cost pressures within Corporate Finance offset in full by £0.4m of vacancy savings within the Revenues service so that there was zero net impact.

2.31. HR, Workplace and Organisational Design closed the year reporting a net £0.4m overspend against budget. This was due to a loss of £0.2m in external income on venue hire and security and cash-in-transit services, both due to Covid-19 and forecast throughout the year and a £0.2m net loss for non-Covid reasons. At P9 a net (£0.2m) favourable non-Covid variance was forecast which was primarily due to (£0.5m) of underspends within Fleet services (employee and fuel costs) and also within Learning and Organisational Development services. This had been offset by a £0.3m pressure due to the reduced uptake in the Council's General Fund Annual Leave Top Up scheme (its' staff holiday purchase scheme). In the closing quarter of the year, Fleet services, Learning and Organisational Development, the Portfolio Management Office and the Executive Office all combined to deliver full year savings of (£0.9m). However, these were offset by a £1.1m deterioration in FM services (excluding Fleet) due to non-achievement of external income and internal recharges as budgeted.

2.32. At P9 the Policy, Strategy and Partnerships division forecast £0.1m of spend due to Covid and c.(£0.3m) of non-Covid underspend. This underspend was expected to arise within the External Communications and Consultation service where the Public Relations, Consultation and Engagement team projected savings on posts held vacant and income from resources recharged. Incremental income as a result of additional works was also forecast within the Design Office. The division closed the year performing in line with the P9 forecast.

Future Risks and Opportunities

The Digital Transformation division reported budget overspend in 21/22 of £2.4m. Increased revenue spend due to the growing use of cloud-based technology in addition to the recent dramatic shift to home-working due to COVID-19 is expected to be a continuing trend. Any delay to delivery of Digital Transformation's invest to save programme will result in budget pressure continuing. The Res

Growth and Regeneration

2.33. The Growth & Regeneration Directorate reported a £9.3m (compared to £21.4m in 20/21) overspend against a net expenditure budget of £58.8m prior to taking into consideration £3.4m one-off Covid funding. The overspend was mainly due to the impact of the pandemic which had significantly affected several of the directorate's fee generating services, and increased energy costs, partially offset by additional income from service areas not impacted by the pandemic (i.e. bus lane enforcement etc.). The most notable income generating services impacted by the pandemic were Highways and Transport, Culture, and Licensing Services (c£7.8m). In addition, significant expenses had been incurred in responding to the pandemic in Housing and Homelessness, Parks, Culture, and Libraries Services (£1.1m) which have been partially offset by additional grant funding. The net variance to budget shows an adverse variance of £1.0m when compared to P9 forecast. This was due to the following drivers:

- the impact of the recent energy price increases, combined with the war in Ukraine has resulted in additional cost pressure over and above what was reported previously to Cabinet. The cost overrun for the year totals £4.6m (GF only), and since P9 £3.9m.
- the increased shortfall in Culture income £0.2m, as well as impact of the pay award not fully funded.
- this is partially offset by a number of improvements:
    - Additional bus lane enforcement income c£1.1m net since P9, partially offset by increased street lighting energy costs.
    - Property reserve not required due to rental income up by £0.5m (prior to accounting for bad debts held corporately), and underspends against operational budgets.
    - Additional housing grant funding, and other underspends and savings since P9 £0.8m

Housing & Landlord Services

2.34. The division is reporting an overspend of £0.03m against a revised budget of £14.9m, which is a favourable movement of £0.8m compared to an overspend of £0.8m reported in P9. The key drivers for the movement from P9 are:

- Housing Options – £0.2m
  The expected outturn improved by £0.7m compared (see below) to P9 forecast.
- Expenditure associated to the Prevention Homelessness Top up & RSAP grants £0.2m.
- Estimated Dilapidation charges and Rough Sleepers cost accrued in 2020/21 did not materialise £0.4m.
- Initiatives (peer support) was not delivered £0.1m.
- £0.1m - net increase in budget to cover backdated pay rise and budget removal for centralisation £0.1m and saving of £0.04m from lower maintenance costs and higher income for emergency unit circa £0.04m.

Development of Place

2.35. The division is reporting a £0.1m underspend against a revised budget of £1.9m. The forecast has adversely moved by £0.03m comparing to the previous forecast at P9. The drivers for these variances are:

- Planning development and building control income has suffered a decline in income from P9. This is not pandemic related, and a review of the treatment of work in progress will be initiated in the new year.

Economy of Place

2.36. The division is reporting a £2.1m overspend against a revised budget of £12.1m. The forecast has adversely moved by £0.6m against P9 outturn. The drivers for these variances are:

- Shortfall in Culture income £1.2m, as well as a revenue contribution to capital to cover Metro Bus compensation payments c£0.5m, as well as additional costs within the major projects – sustainable projects, and the Strategic Transport team £0.4m.

Management of Place

2.37. The division is reporting a £8.2m overspend against a revised budget of £35.8m. The forecast adversely moved by £1.8m against P9 forecast. The main drivers for these variances are:

- significant increase in energy costs (£3.9m) due to increased energy price spikes since the second half of 2021/22 worsened because of the war in Ukraine.
- increase in emergency services costs for 24-hour monitoring of CCTV at the Bristol Operation Centre partially offset by additional bus lane enforcement income, café and nursery income, licensing income and waste income. All income streams are witnessing an up-tick in income as the recovery starts to take effect as restrictions were fully removed in year.

Property and Asset Strategy

2.38. The division outturn is £0.6m underspend against a revised budget of £6.3m. The outturn shows a favourable movement of £0.4m comparing to the previous forecast at P9. The drivers for these variances are:

- One-off increases in rental income from our corporate buildings. As well as drawdown of reserves to offset underachievement against planned income from corporate landlord.

3. Covid-19

3.1 At the time that the budget was set it was not known how long the impacts of Covid would be likely to continue for or what the impact and severity of future lockdowns and other restrictions would be on society. As well as carrying forward amounts of unspent grant funding that had been allocated by central government the Council also set aside additional budgets in order to provide for the financial consequences of the ongoing Covid pressures over the medium term.

3.2 Service specific Covid grants have been included within individual directorates revenue outturn whereas corporate-wide non ringfenced Covid funding received has been treated as additional corporate income and any financial pressures arising have been shown in the service area where the pressure has arisen.

3.3 Last financial year the impact of Covid-19 was fully mitigated by receipt of various additional funding grants received, with a balance carried forward to 2021/22 of £8.1m of non-ringfenced funding and £14.4m of ringfenced funding to manage the impact of the pandemic over the medium term and meet future commitments.

3.4 The Council was able to recover a proportion of the lost income on sales, fees and charges from DLUHC for the period from April 2021 to August 2021. The net amount received in 2021/22 was £1.5m.

Covid Grants Received

The table below shows the different grants received and utilised by the Council in 2021/22.

	Carried Forward from 2020/21	Received in 2021/22	Utilised in 2021/22	Balance C/fwd to 22/23
	£'000	£'000	£'000	£'000
Infection Control Funding		4,116	4,116	0
Workforce Recruitment and Retention Grants DHSC		3,909	3,909	0
Rapid Testing Fund DHSC		2,281	2,281	0
DHSC		175	175	0
Omicron Fund DHSC		507	507	0
Contain Outbreak Management Fund	13,240	3,709	13,725	3,224
Hospital Discharge Funding from CCG		2,806	2,806	0
Rough Sleeping Initiative and Cold Weather Grant		899	899	0
Housing Benefit		747	747	0
Julian Trust Night Shelter (clients with no recourse to public funds)		53	53	0
Sub-total	13,240	19,202	29,218	3,224
				0
Sales, Fees and Charges scheme		1,506	1,506	0
Hardship Fund	2,000		1,600	400
Council Tax Support	2,498		2,498	0
Covid Collection Fund s31 Grant	1,420			1,420
Covid 19 Grants - Additional Restrictions Support	5,625		5,625	0
Covid 19 Grants - LA Discretionary Grant Fund	18		18	0
Covid-19 Unringfenced Tranche Funding - DLUHC	6,100		1,065	5,035
Covid-19 Unringfenced Tranche Funding - DLUHC (budgeted for)		14,371	14,371	0
Other		116	116	0
Job-retention (furlough) Scheme		540	540	0
	30,901	35,735	56,557	10,079

**note that further Public Health Grants received in addition to COMF are listed in paragraph 8.4*

4. Corporate Expenditure

4.1 Within corporate expenditure there is £31.6m budget set aside for Covid costs as reported within the service spend, and also an additional £0.7m related to increase in Covid funding from when the budget was set.

4.2 There is an overspend within general corporate expenditure and levies of £3.8m and £0.7m respectively. Levies charges have increased in line with inflation and provision for this is made within the corporate expenditure line.

4.3 Within corporate expenditure there are additional £0.9m costs associated with provisions required for payments under the Council's succession planning policy which must be accounted for in the year the commitment is made. The policy requires all costs to be contained within relevant service budgets in the year of departure and as such this overspend represents a timing difference with recovery to be actioned in 2022/23.

4.4 During the year debt collection activities continued to be scaled back due to the impact of the pandemic and capacity of the courts; therefore, debt levels have risen resulting in a requirement to increase the provision for non-collection of this debt (£1.3m). Work is underway to review and collect static and aged debt however a provision aligned to accounting guidelines ensures a prudent estimate is put aside in event debt cannot be collected.

4.5 There is also £1m cost of insurance claims paid out and provided for during the year.

4.6 Capital financing budget has a small underspend £0.7m, at the end of the financial year, due to the slippage of capital expenditure during 2021/22, meaning there was a reduced borrowing requirement during the year and reducing our interest costs.

4.7 Other categories within corporate budgets which have underspent and offset the pressures above are £3.0m contingencies for non-delivery of savings and provision for centralisation of land charges which wasn't progressed during the year (£0.3m).

5. Savings Programme

5.1 The savings programme for 2021/22 included MTFP savings targets of £7.5m. In addition, a further £4.3m of savings were carried forward from under-delivery of savings in previous years which still requires recurrent delivery and mitigation. The total savings delivery target for 2021/22 was £11.7m.

Summary of Delivery of Savings by Directorate

Directorate	Target 2021/22 Savings	2021/22 Savings reported as delivered (or mitigated recurring basis)	2021/22 Savings reported as undelivered & mitigated on one-off basis	
	£m	£m	£m	%
People	6.114	2.114	4.000	65%
Resources *(incl. Resources led Cross-Cutting savings)**	2.753	1.619*	1.134	41%
Growth & Regeneration *(incl. G&R led Cross-Cutting savings)*	2.875	1.623	1.252	44%
Total	**11.742**	**5.356**	**6.386**	54%

**includes £0.13m of savings that were due one-off only*

5.2 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 only on a one-off basis. Of this, £0.4m has been written-off and replaced by new savings in the 2022/23 budget, and £4.0m is anticipated to be contained within the enhanced 2022/23 Adult Social Care budget with no additional activity (can be closed subject to outturn). This will leave approximately £2m still required to be delivered on a recurrent basis to achieve a balanced budget. Full detail of savings delivery is provided in Appendix 1a.

Ring-Fenced Accounts

6. Housing Revenue Account

6.1 The Housing Revenue Account (HRA) is a statutory account which records expenditure and income relating to Council dwellings and the provision of services to tenants.

6.2 For the financial year 2021/22 the Housing Revenue Account reported a surplus of £3.8m (shown in the table below). This represents a movement of £1.7m compared to the surplus of £2.1m reported in P9. The underspend generated by the HRA will be transferred to the HRA general reserve. The main reasons for the surplus against budget are set out below.

Summary – Housing Revenue Account Outturn

HOUSING REVENUE ACCOUNT	Revised Budget £M	Outturn £M	Outturn Variance £M	Previous Forecast £M	Previous Forecast Movement £M
Income	(122.1)	(123.0)	(0.9)	(122.7)	(0.3)
Repairs & Maintenance	33.9	33.9	0.0	32.9	1.0
Supervision & Management	32.2	30.1	(2.1)	30.4	(0.4)
Special Services	9.8	12.0	2.2	11.1	0.8
Rents, rates, taxes and other charges	0.8	0.7	(0.1)	0.7	0.0
Depreciation, Revenue Funded Capital, Interest Payable and Bad Debt Provision	45.5	42.6	(2.9)	45.5	(2.9)
Surplus / Deficit on the HRA	**0.0**	**(3.8)**	**(3.8)**	**(2.1)**	**(1.7)**

6.3 As a result of reflecting the cost of maintaining the Council's stock the depreciation charge for 2021/22 is £1.4m higher than budget. Whilst this appears to represent a cost pressure to the HRA, this is a technical overspend. Depreciation costs are transferred to the Major Repairs Reserve (MRR) to fund future works or to repay debt, as such, the increase in MRR balances will reduce the use of Revenue Contributions to Capital Expenditure (RCCO) over the medium term, hence no adverse impact on the HRA.

6.4 Salaries and overheads: there were in-year savings of £0.8m against these budgets due to vacancies within Estate Management. In addition, Supervision & Management underspent by £2.1m, which is directly attributable to the review of overhead recharges from the General Fund on various services, including finance and insurance.

6.5 Special Services (Planned Programmes) is reporting an overspend of £2.2m due to an increase in energy costs and additional cost for safety testing of lifts. A Responsive Repairs underspend against budget of £0.6m can be attributed to void numbers increasing in the last two quarters.

6.6 Whilst the roll out of Universal Credit and the pandemic had an impact on tenants' ability to pay, due to the ongoing work with residents the level of bad debts was lower than originally forecast. In addition, the provision for bad debts was reviewed in-line with the Council's impairment policy resulting in a £1.6m underspend against the budget.

6.7 The amount of revenue contribution required to finance the HRA Capital programme in 2021/22 is £0.2m against a budget of £3.2m. The Council's 2021/22 capital programme was significantly delayed and therefore less revenue contributions are required towards financing this year.

6.8 Other miscellaneous variances across the HRA amount to additional overspend of £0.1m.

7. Dedicated Schools Grant

7.1 The DSG is a ring-fenced grant which is allocated in four blocks. The Schools Block funds the Individual Schools' Budgets of Academies and Authority schools. The Early Years Block funds the provision of education for children from age 3 up to age 5 and for qualifying two-year olds. The High Needs Block funds the place budgets at special schools, Enhanced Resource schools and Pupil Referral Units within the Council's geographical boundary and other expenditure required to support children and young people with additional educational needs. The Central School Services Block funds limited central expenditure on behalf of all schools and academies plus historic commitments that have been agreed by the Schools Forum.

7.2 The in-year deficit on the DSG is £14.6m, an improvement of £2.0m when comparing to £16.6m in-year deficit forecasted in P9. This gives carry forward cumulative deficit of £24.6m when added to the brought forward balance of £10.0m. The main area for concern continues to be the High Needs block with in-year deficit of £15.3m, partially offset by the £0.9m underspend in Schools blocks.

Please note this does NOT include the deficit in maintained schools and nurseries which was £2.1m in P12 2021/22including £0.302m movements from 5 closed schools. Further details is outlined in paragraph 7.9

7.3 The variances by four main DSG blocks are outlined below.

Summary DSG position 2021/22 Period 12 (all figures in £000s)

	Balance Brought Forward	DSG funding/ budget 2021/22	Outturn Period 12 2021/22	In-year variance	Cumulative c/f	Forecast c/f at Period 10	Movement since Period 10
Schools Block	(619)	295,864	294,966	(898)	**(1,517)**	(1,579)	63
De-delegation	(553)	0	49	49	**(504)**	(487)	(17)
Schools Central Block	0	2,627	2,635	8	**8**	0	8
Early Years	(621)	35,532	35,681	149	**(472)**	(591)	(118)
High Needs Block	12,609	68,513	83,780	15,267	**27,876**	30,049	(2,173)
Transformation Project	(812)	1,400	1,472	72	**(740)**	(599)	(141)
Funding		(403,936)	(403,936)	0	**0**	0	0
Total	**10,004**	**0**	**14,647**	**14,647**	**24,650**	**26,792**	**(2,142)**

High Needs Block (HNB)

7.4 Within the High Needs Block, the biggest area of funding pressure is top-ups payments to special and mainstream schools, special placements for pre and post 16, GFE top-up as well as payments to other local authorities, Pupil Referral Units (PRUs) and resource bases, where overspends of £15.3m were recorded against a range of top up payments. Whilst this is £2.2m lower than P9 forecast, it adds significant pressure to the DSG budget and cannot be sustained in the long run. There is significant increase in the number of pupils coming to panel for top-up funding. This is as a result of the increased number of Education, Health and Care Plans (EHCPs) being completed, which has been reflected in £0.9m overspend due to staffing pressures in the Special Needs team and Education Psychologists in Accessible City within Education General Fund budget.

Early Years (EY)

7.5 The Early Year's block outturn is almost on target with £0.1m overspend being reported. This is due to a reduction in spring term funding due to lower participation which has also resulted in a reduction of £0.3m in pupil premium claims arising in spring term returns.

Schools Block (SB)

7.6 Schools Block is currently reporting an underspend of £0.9m. The formula funding for maintained mainstream schools and academies has been fully allocated. Scope for variation is in the growth fund, or if schools close during the year. Three schools (St Pius X, St George and St Michael on the Mount) closed at the end of August 2021, and one new school (Willow Park) opened on 1st September. These movements account for £0.5m forecast variance on Schools Block. Growth commitments are expected at £2.4m against funding of £2.8m, an underspend of £0.4m.

Education Transformation Programme

7.7 Following the agreement of Schools Forum, the amount transferred from the Schools Block in 2020/21 is being used to contribute towards the Education Transformation Programme. We initially forecast that that all this funding will be spent in 2021/22. Due to the pandemic, however, the programme was underspent by £0.4m and this had been carried forward to 2022/23 to continue the support on initiatives in the programme. The Education Transformation Programme is primarily concerned with Special Educational Needs and Disability (SEND) and is expected to drive improvement in SEND practices as well as increase local provisions. This has led to increased numbers of pupils accessing the service (with impact on the HNB) and will in the longer term lead to improved outcomes and more sustainable costs.

7.8 Nationally, High Needs continues to be challenging due in the main to SEND reforms introduced in 2014 and remain unfunded and in Bristol, this has been exacerbated by work to clear the backlog of EHCP. Further detailed activity review & analysis will need to be undertaken to ensure planning is robust and sufficient resources are available to meet needs, and we will continue to lobby government for a more sustainable funding settlement.

Schools Surplus and Deficits

7.9 Overall school's balances have decreased by £2.103m including £0.302m movements from 5 closed schools. Analysis by setting is summarised in the table below:

Maintained Schools (and Children's Centre) Balances 2021/22

	b/f 1/4/2021 £'000	Movement 2021/22 £'000	c/f 31/3/2022 £'000
Nursery	3,956.067	1,236.405	5,192.472
Primary	-6,874.676	598.158	-6,276.518
Secondary	-723.990	-154.314	-878.304
Special	-2,103.566	240.483	-1,863.083
Hub	-850.370	77.144	-773.226
Children's Centre	235.579	104.702	340.281
Total	**-6,360.955**	**2,102.577**	**-4,258.378**

7.10 15 out of 63 (excluding 4 hubs and 1 Bristol LA Maintained Children's centre) LA maintained schools started the year with a revenue deficit. By the end of the year, 14 schools shared a deficit position totalling £2.1m to carry forward into 2022/23. Financial position by settings is summarised in table above.

7.11 Out of 14 schools with deficit position, the nursery sector continues to be a concern, with 11 out of the 12 maintained nursery schools in a deficit position totalling £5.2m (movement of £1.2m), some of the deficits representing a substantial proportion of their annual budgets. The Education Early Years team has been working with the ESFA regional support team this spring to find a sustainable way forward. Different models of operation have also been considered which could potentially reduce the deficit going forward.

7.12 The LA will continue to support and challenge the 14 schools with deficits to help them manage their medium-term recovery plan to a balanced position in line with the scheme for financing schools.

8. Communities and Public Health

8.1. The total Public Health budget in 2021/22 was £38.5m. This is composed of £33.6m public health grant and £4.8m joint commissioned funding. The Public Health grant is awarded annually to each local authority and is ring fenced for the purposes of public health. The grant funds a range of mandated public health services and supports the Director of Public Health to discharge their statutory duties for protecting health, improving health, promoting health equity, and reducing health inequalities through the funding of locally identified public health priorities. Bristol's local priorities in 2021/22 included reducing harms from drugs and alcohol, improving mental health, reducing harms from domestic abuse, food equality and community health action.

8.2. There are also a small number of Communities and Public Health Services which are funded from the General Fund with a budget of c£14.2m. These include Neighbourhood and Community services, the Bristol Impact Fund and Covid related expenditure. There were no material variances to report.

8.3. Public Health funded services ended the year on budget, with any unspent external funds earmarked in reserves. The Public Health reserve currently totals £3.8m.

8.4. Public Health received a range of grants from central government to support the response to the Covid-19 pandemic. These have been administered in line with grant conditions. The Covid-19 grants received were as follows:

Covid-19 Grants – Description	**Amount (£m)**
Test And Trace Grant plus Local Outbreak Management Plan (LOMP)	2.289
Local Authority Compliance & Enforcement Grant (LACE)	0.052
Clinically Extremely Vulnerable Grant (CEV)	0.807
Community Testing Programme	1.004
Contain Outbreak Management Fund (COMF)	14.660
Project Eagle	0.089
Practical Support for Self-Isolators	1.137
Community Vaccine Champions	0.485
Protect & Vaccinate	0.105
Covid-19 Total	**20.627**
Amount Held in Earmarked Reserves c/f to 2022/23	-3.188
Covid-19 Spend 2021/22	**17.439**

8.5. As a result of the Covid-19 pandemic, Bristol City Council received various grants allocations in respect of Covid-19 from government departments which include Test and Trace – Local Outbreak Management Plan (LOMP), Contain Outbreak Management Fund (COMF), Local Authority Compliance and Enforcement Grant (LACE), Clinically Extremely Vulnerable (CEV), Community Testing Programme funding totaling £20.6m.

8.6. An amount of £3.2m has been carried forward into 2022/23 as part of ongoing Covid-19 Public Health outbreak management plans and community resilience activities. The delivery of the outbreak management plan is reliant on this funding.

9. Capital Programme and Investments

9.1. The capital programme changed during the year as the phasing of schemes was reviewed and approvals for additional schemes and resourcing were agreed. The original capital programme set in February 2021 totaling £321.4m (including £110.6m within HRA) and approvals were sought in subsequent budget monitoring reports to revise the 2021/22 programme to a budget of £203.7m.

9.2. The previous monitoring report, period9, presented to cabinet on the 8th February reported a budget of £201.4m. This has been uplifted by £2.3m following recent cabinet approvals during the period since.

9.3. The table below sets out the Capital Outturn position by Directorate (full breakdown is available in Appendix A3).

Capital Outturn Summary

Approved Budget Council £m	Directorate	Revised Budget £m	Outturn £m	Outturn Variance £m	Variance from budget %
31.4	People	19.7	20.3	0.60	(3)
8.3	Resources	5.9	5.5	(0.40)	7
159.1	Growth and Regeneration	124.2	102.1	(22.1)	18
12.0	Corporate	1.3	0	(1.3)	-
110.6	Housing Revenue Account	52.6	39.4	(13.2)	25
321.4	**Total**	**203.7**	**167.3**	**(36.4)**	**18**
	Financed By:				
76.9	Prudential Borrowing		45.2		
106.0	Capital Grants		72.9		
26.8	Capital Receipts		7.2		
110.6	HRA		39.4		
1.1	Revenue Contributions		2.6		
321.4	**Total**		**167.3**		

9.4. The actual capital outturn achieved for 2021/22 is £167.3m, which includes £39.4m attributed to the HRA. This indicates an 82% delivery compared to the revised budget and a 52% delivery when compared to the originally agreed programme. A significant variance to the outturn within G&R related to the transfer of land to Goram Homes that was treated as a deferred capital receipt and not as capital expenditure as originally anticipated following a review of the transaction and accountancy standards.

9.5. The delays can be attributed to a range of factors both internal such as capacity and external such as pandemic, supply issues, planning, and other environmental factors with the changes documented in the regular cabinet monitoring reports presented during the year. The level of actual prudential borrowing required to finance this reduced programme is £45.2m, which is £31.7m lower than when the budget was agreed. This has had an impact on the revenue accounts with a reduction in the capital financing costs (circa £300k) associated to the debt for the programme as outlined above.

9.6. During the financial year the Council made significant enhancements to its capital governance, reporting and scheme delivery approach. Capital governance was enhanced through a new Capital Strategy approved by Council in December 2021. Capital reporting included a robust and rigorous review that was undertaken in later 2021 to re-profile the capital spending across financial years on all schemes in the capital programme based on a realistic assessment of expected project delivery/implementation timescales taking into account known risks. Capital scheme delivery was enhanced through the appointment of a strategic delivery partner. The benefits of these enhancements started to be reflected in the second half of 2021/22 and will continue to be embedded during 2022/23.

9.7. At the end of the financial year the net underspend is requested to be reprofiled by scheme into future years. The allocation of the net underspend, and its reprofiling to future financial years, will be subject to a review at capital workshops to ensure that it is reprofiled realistically based on the scheme's delivery timeframe. The HRA net underspend will be reviewed against the refreshed 30 year Business Plan approved by Council in March 2022 to ensure consistency as a full reset of the HRAs capital investment plans was incorporated into the Business Plan. The outcome of this work will be incorporated into the Monthly Financial Report to Cabinet in July 2022.

9.8. The People Directorate reported a net capital underspend of (£2.3m) with the main variance relating to the school's expansion programme with a reported underspend of (£1.9m). Education and Skills was reporting slippage in completing Service Level Agreements (SLA's) with school operators and this resulted in not being able to start on site for a number of projects and slippage in spend. Education now has a full-time resource working to complete SLA's with the schools to progress this.

9.9. Resources Directorate reported a net underspend of (£0.4m) against a budget of £5.9m (93% delivery). The key drivers of this variance to budget are:

- Building Practice Service reported a net (£0.3m) underspend against full year budget. The majority of this materialised in the final two months of the year and reflected slippages to timescales (e.g. the repairs of Shirehampton public hall roof due to the winning contractor from the tender process being unable to carry out the works, and the second tender return being £45k more). Other delays were due to specific projects being required to be tendered together
- The Vehicle Fleet Replacement Programme spent £0.2m more than budget due to the Centre of Excellence receiving the delivery of 4 new large electric vans in March
- ICT Refresh Programme delay in delivering the Network Low Level Design activities as part of the Switches / Servers project resulted in a net underspend of (£0.2m)
- Bristol Operations Centre is supporting delivery of DCMS funded, WECA administered 5G grant which has received a three month extension for delivery until 30th June 2022 due to supplier delays which has resulted in a (£0.1m) underspend in 21/22.

9.10. Growth and Regeneration reported a net underspend of (£22m) against a revised budget of £124.1m (82% delivery). The key drivers of the variance to budget are:

- Economy Development - GR03 - ASEA 2 Flood Defences £1.1m
- Programme GR05 - Strategic Property - Hawkfield Site £1.7m
- Highways infrastructure - Cumberland Road Stabilisation Scheme PL09A (£1.1m)
- Highways & Traffic Infrastructure – General PL10 (£1.1m)
- Energy services - renewable energy investment scheme PL18 (£4m)
- Energy Services – Bristol Heat Networks expansion PL18A £3.7m
- Bristol Beacon PL24 £1.9m
- Housing Delivery PL30 (2.1m) – delays in payments of RP grants
- Housing Programme delivered through Housing Company PL30A (£18.2m)
- Clean Air Zone Programme GR09 (£1.5m).

9.11. The main reasons for the £10.3m underspend on the HRA Capital Programme are:

- Planned Programme – underspend of £0.8m due to limited access to homes under Covid restrictions for prolonged periods led to a further reduction in planned activity for the year
- New Build and Land Enabling – underspend £10m due to delays across several schemes. At Oakhanger the start on site has been delayed due to the discovery of slowworms which cannot be translocated during hibernation, and there were delays in obtaining planning consent on the Brentry and Brunel Ford schemes
- Building Maintenance and Improvement – the overspend of £0.7m due to additional work on lifts in blocks
- HRA Infrastructure – underspend of £0.2m due to several vacancies within the MFT IT transformation programme; costs were lower than anticipated.

Investments

9.12. The authority has commercial investments which are expected to generate both a commercial and social return. For social investments their primary purposes are to provide service benefits / social impact while the generation of yield and liquidity is secondary. These are commonly known as impact investments. The investments made in 2021/22 are summarised below:

Investments made during 2021/22

Investment	Total Budget £m	2021/22 Investment £m	Total Investment to date £m
Avon Mutual Community Bank	0.300	0.100	0.300
Bristol Waste Company Loan	12.000	-	11.310
Goram Homes	10.000	0.900	2.379
City Funds LP	5.000	1.769	3.093
Bristol Heat Networks	12.700	0.300	0.300
Temporary Accommodation Property Fund	4.000	0.731	0.731

9.13. **Bristol Waste** - the Council currently has 2 loan facilities with BWC. Cabinet approved (4 December 2018) a repayable loan facility of £12.7m to BWC for the replacement of fleet vehicles. To date, £11.3m of this loan has been contractually agreed and drawn down. At 31 March 2022 BWC has repaid £2.9m of the principal plus interest, leaving an outstanding principal balance of £8.4m plus interest. The loan is scheduled to be fully repaid by mid-28/29. In addition, following Cabinet approval (26 January 2021) the Council has entered into a further loan agreement with BWC for £2.8m for Phase 2 of the Avonmouth site redevelopment. This loan also includes interest charges on the principal sum. Drawdown of this funding has not yet commenced.

9.14. **Goram Homes** - the Council has approved 2 loan facilities with Goram. An initial loan of £3.3m was agreed for its first two sites (‘Pipeline 1’). At 31 March 2022, Goram has drawn down £2.0m so that £1.3m remains to be drawn down. Cabinet approval currently allows for a loan of up to £4.3m against this pipeline. A second loan of £4m has since been agreed for ‘Pipeline 2’. Goram has not yet drawn down against this. Cabinet approval currently allows for a loan of up to £10m against this second pipeline. Both loan agreements include interest charges on the principal sums. In addition, the Council also holds £12.9m repayable loan notes representing its transfer of Romney site in to Goram Home’s Joint Venture for the development of that same site.

9.15. **Bristol Heat Networks** - the Council has approved a loan of up to £12.7m for investment in the heating infrastructure, with an initial drawdown of £0.3m being during the year.

9.16. **City Funds LP** - the fund of £10.0m, of which £5.0m is invested by the Council for a minimum duration of 10 years to support the provision of loans to local communities. During the year a further £1.8m has been invested by the Council bringing the total to £3.1m.

9.17. **Avon Community Bank** – in line with previous Cabinet decision a further investment of £0.100k was made during the year to support the development phase of the regional bank rooted in and owned by the community and with a mission and business model to help tackle inequalities and build a new sustainable and inclusive economy for the region.

9.18. **Temporary Accommodation Property Fund** - the Council has approved a fund of £4.0m of which £3.0m has been funded by the Department for Levelling Up, Housing and Communities to reduce the level of rough sleeping withing the city by investing in a bespoke property fund. During the year investment in the fund amounted to £0.07m with the remaining drawdowns to occur during the next financial period.

10. Core Local Income

Council Tax

10.1. Budgeted Council Tax (Bristol element) for the year totalled £236.2m, this assumed forecast growth in number of homes and anticipated changes in demands for Council Tax Reduction Scheme, discounts, and exemptions. Whilst awaiting a clear steer from government of how collection fund deficits for 2021/22 would be managed as a result of Covid, it assumed no change in the in-year collection rate of 96.8% and a collection of previous years arrears of 1.7%.

Council Tax Income Collection

10.2. The table below shows the level of Council Tax and Non-Domestic rates collected by the Council, for 2021/22, as at 31 March 2022 and the comparable performance for 2020/21:

	Council Tax		
	2021/22 £m	**2020/21** £m	**Trend**
Collectable Debit	283.9	**265.2**	
Collected	263.1	**252.4**	
Percentage	92.67%	**95.2%**	⬇

10.3. During the year, the estimate of council tax income was reduced to reflect the on-going impact of the pandemic. This included a significant increase in the provision for bad debts. The final outturn, for the Bristol share, as at 31 March 2021 is an in-year deficit of £7.5m, an improvement of £1m on the estimate previously reported to Full Council in December 2021. The outturn “collectable debit” in the table above reflects the total council tax which was due after taking into account all discounts, exemptions, growth during the year and also includes precepts of Avon Police and Crime Commissioner and Avon Fire and Rescue.

Business Rate Income Collection

	Business Rates		
	2021/22 £m	2020/21 £m	Trend

Collectable Debit	201.5	148.5	
Collected	183.9	136.9	
Percentage	91.25%	92.24%	

10.4. The target for NDR collection was impacted both by the effect of the pandemic on businesses and a significant increase in business rates appeals. The outturn as at 31 March was an in-year deficit (Bristol Share net of S31grant) of £14.1m. This was a further loss in revenue of £1.6m mainly due to increased appeals.

10.5. The local taxation income included in the 2021/22 budget for these areas is fixed and therefore the actual variances will impact in future financial year. Arrears associated to these local income streams will continue to be collected and the ultimate collection rate will be higher.

11. Debt Management

11.1. During the year the Council collects core locally retained funding and income from various areas to fund the services provided. A breakdown of the main sources of debt outstanding at 31 March 2022 is outlined in the table below.

Opening and Closing Balances of Outstanding Debt

Type of Debt	Opening Balance (01/04/2021) £m	Movement £m	Closing Balance (31/03/2022) £m
Sundry Debt	78.991	(0.691)	78.300
Council Tax Arrears	22.845	15.371	38.216
Business Rates Arrears	16.590	12.452	29.042
HRA Housing Arrears	13.123	(1.188)	11.935
Overpaid Housing Benefits	18.349	0.918	19.267

11.2. Of the £78.3m sundry debt outstanding at 31 March 2022, £60.7m (77.6%) was less than 1 year old. £43.3m (55.3%) of the £78.3m relates to invoices less than 30 days old that therefore weren't payable until after 31 March 2022. This is not directly comparable to the billing and collection processes for council tax and business rates. Like council tax and business rates however, debt recovery activities were partially suspended during 2021/22 due to Covid-19.

11.3. Write offs of aged debt are reported annually to Cabinet. During the year £0.041m was written off in line with the scheme of delegation. This is less than would usually be expected due to the reduced debt collection activity and requires to undertake a thorough review of all aged and static debt now activity is fully reinstated and ethical engagement with the indebted customer can commence.

12. Reserves

12.1. The following section sets out the impact of the outturn on the reserves held by the Council and use or movement in reserves during the year.

General Reserve

12.2. The opening balance on the Council's General Reserve is £35.7m, the 21/22 budget provided for an additional £3.9m to be moved in General Reserves, if not required to meet additional pay awards. The Pay awards concluded with a 1.75% increase which was contained within corporate expenditure.

12.3. It is recommended that the underspend in 21/22 be used to replenish the Reserve for Mayoral Commissions which was reduced as part of the budget amendments process by £0.2m, to replenish the Resources Operational Reserve by £0.2m and the remaining £0.5m to go into General Reserves. This will bring the balance on the General Reserve to £40.0m at 31 March. This position changes again from 1 April 2023 to £36m to reflect the draw down from general reserves agreed to balance the 2022/23 budget.

Earmarked Reserves

12.4. The 2021/22 opening balance of Earmarked Reserve was £220.7m. The normal operation of Council business includes movements on earmarked reserves, including spending existing reserves or placing new funding aside for use in future years.

12.5. Contributions to earmarked reserves are from a mixture of sources, they are either planned as part of the budget setting process, or from an underspend on a ring-fenced grant or budget where expenditure has slipped into a future year.

12.6. During 2020/21 over £109m was moved to reserves relating to Covid-19. A significant proportion of this relates to funding for business grants that were to be paid in 2021/22 and business rate relief which was given during 2020/21. Accounting requirements of the collection fund for this relief required a reserve to be established with an offsetting deficit on the business rates income for 2020/21 which is then offset in 2021/22.

Summary of Contributions to General Fund Reserves during 2021/22

	Transfers into Reserves Approved by Council Feb 21	Transfers between reserves approved by Council Feb 21	Transfers into reserves in 2021/22
	£'m	£'m	£'m
Public Health	0.00	0.00	-0.31
Capital Investment Reserve	-6.00	1.20	-0.39
Energy Investment Reserve	0.00	0.00	-0.14
Goram Homes Investment	0.00	-6.30	0.00
Commercialisation	0.00	0.95	0.00
Business Transformation Reserve	0.00	-1.19	0.00
IFRS - Grants with no conditions	0.00	0.00	-1.05
Loans Fund B/S (Capital Receipts reserve)	0.00	2.33	0.00
PFI (Phase 1 & BSF) Schools	0.00	0.00	-0.55
Operational Reserve - Resources	0.00	0.13	0.00
Legal	0.00	-0.18	0.00
Capital Financing - HIF	0.00	6.00	0.00
Future Risk	0.00	0.74	0.00
Resilience Reserve	0.00	-2.00	0.00
Future Risk (saving consultation reserve)	0.00	0.23	0.00
Pledges	0.00	0.44	0.00
Coroner Equipment Replacement Fund	0.00	0.06	0.00
Early Years - Bristol Standard Reserve	0.00	0.06	0.00
Docks Dredging	0.00	0.00	-0.09
Safecam decommissioning	0.00	0.09	0.00
GDPR and Data Information Security	0.00	0.39	0.00
Business Information Management Systems (BIMS)	0.00	0.07	0.00
Adult Social Care Innovation Fund	-0.60	0.00	0.00
Property Asset Management Plan	-0.50	0.40	0.00
ICT Cyber Security	0.00	0.20	0.00
Serious violence, contextual safeguarding and community	-1.50	0.00	0.00
Western Powerhouse / Gateway	0.00	0.05	0.00
Mental Health and Wellbeing Programme - Thrive	0.00	0.02	0.00
Streetworks Permit	0.00	0.00	-0.08
Covid 19 Grants – Public Health	0.00	0.00	-0.75
Housing Delivery Enabling Fees	0.00	0.00	-0.07
Digital Transformation	0.00	-3.69	0.00
Council Tax Support	-2.50	0.00	0.00
S256 - Healthier Together Funding For Integrated Care	0.00	0.00	-20.53
Communities Resilience Fund	0.00	0.00	-0.60
Total	-11.10	0.00	-24.56

12.7. To improve financial resilience, the Council can contribute to reserves to help manage risks and address the challenges over the period covered by the MTFP. Reserves and contingencies have been reviewed and noting the general future financial turbulence over the medium term from the 2021/22 cash surpluses, we propose to contribute to and establish the reserves set out below.

12.8. During the year there was £112.99m draw down from earmarked reserves as outlined in the table below.

Summary of Drawdowns from Revenue Reserves during 2021/22

	Drawdowns from reserves in 2021/22
	£'m
Business Rate - volatility	83.22
Covid 19 Grants – Public Health	10.57
Covid 19 Grants - Additional Restrictions Support	5.63
Energy Investment Reserve	1.79
Digital Transformation	1.62
Business Transformation Reserve	1.08
Serious violence, contextual safeguarding and community tension	0.92
Key Line of Business Systems*	0.59
Climate Change Reserve	0.57
Public Health	0.54
Housing Benefits Subsidy – Volatility	0.50
Property Asset Management Plan	0.32
GDPR and Data Information Security	0.22
Ethical debt project	0.20
ICT Cyber Security	0.19
Bear Pit	0.18
Hengrove PFI Credit Sinking Fund	0.17
Legal	0.15
Future City Demonstrator	0.13
Communities Resilience Fund	0.12
Strengthening Families	0.11
Libraries for the Future	0.10
Avon Mutual - Regional Community Bank	0.10
Downs	0.10
Capital Investment Reserve	0.10
Cost of Elections	0.09
IFRS - Grants with no conditions	0.08
Harbour Review & Flood Risk Assessments	0.08
Mayoral Commissions/City Director	0.07
City Centre Revitalisation	0.07
Troubled Familes	0.06
Operational Reserve - Resources	0.05
Project Management (G&R)	0.05
Commercialisation	0.05
Museum BRO Donations	0.05
Flood & Water Management	0.04
Covid 19 Grants - LA Discretionary Grant Fund	0.02
Future Risk	0.01
Local Development Plan	0.01
COVID Response (unringfenced)	3.07
Total	112.99

HRA Reserves

12.9. The 2021/22 opening balance on the HRA Reserves was £98.4m. This has been increased by £5.4m in the year which is made up of: £3.8m underspend on the HRA and £1.6m net contribution to the major repairs reserve.

12.10. This leaves a total balance of £103.8m as at the end of the financial year 2021/22. This includes the general reserve of £101.6m, the MRR net movement of £1.6m and the CCTV reserve of £0.7m The balances on the HRA reserves are ring-fenced and must be retained for use within the HRA for which there is a long-term business plan, subject to regular review.

School Reserves

12.11. Maintained schools operate delegated budgets and are able to carry forward any cumulative surpluses or deficits at year end. The opening balance on the Schools' Cumulative Revenue Reserves was £7.1m. The in-year overspend results in a net £2.1m drawdown from reserves, resulting in a carry forward balance of £5m.

12.12. Schools Capital reserves had an opening balance of £3m with an in-year movement of £0.5m giving a closing balance of £3.5m.

DSG Reserve / (Deficit)

12.13. At the start of the financial year the opening balance on the DSG was a deficit of £10m, the in-year overspend as set out in paragraph 7 was £14.6m meaning that the position at year end is a deficit of £24.6m.

Summary of Movement of Reserves during 2021/22 and Balances as at 31 March 2022

12.14. The table below summarises the overall contributions and draw downs as outlined above reflecting the additional reserves subject to Cabinet approval.

Reserve Type	Opening Balance 31.03.21	Contributions	Drawdown	Closing Balance 31.03.22
Earmarked Reserves	**(221.0)**	(35.66)	112.99	**(143.67)**
General Reserve	**(35.67)**	(3.9)	-	**(39.57)**
Housing Revenue Account	**(97.8)**	(5.4)		**(103.2)**
Schools				
Trading with Schools	**(0.348)**	(0.178)		**(0.526)**
Schools Balances	**(7.180)**	-	2.102	**(5.078)**
Capital Reserves	**(3.079)**	(0.475)	-	**(3.554)**
Total Schools Reserves	**(10.607)**	(0.653)	2.102	**(9.159)**
Schools & De-delegated & CSSB	**(1.172)**	(0.898)	0.057	**(2.013)**
Early Year	**(0.621)**		0.149	**(0.472)**
High Needs Block	**12.609**		15.267	**27.876**
HNB Transformation	**(0.812)**		0.072	**(0.740)**
Total DSG Reserves	**10.004**	**(0.898)**	**15.545**	**24.650**

Flexible Use of Capital Receipts

12.15. During the year no capital receipts were used to fund costs related to the delivery of transformation / saving programmes. It was budgeted that £3.5m would be available to support transformation schemes, these resources will continue to form the overall funding envelope for delivering these programmes alongside revenue reserves. In 2021/22 the revenue reserves were used to fund the 2021/22 spend as the programmes will run over more than one financial year.

13. Treasury Management

13.1 The following summarises the treasury management position as at 31 March 2022. A full report on treasury management performance and prudential indicators for 2021/22 will follow to Audit Committee.

Borrowing as at 31 March 2022

13.2 The treasury management strategy for 2021/22 identified a net borrowing requirement of £100m to finance the planned capital programme, however due to slippage in the capital programme and significant additional grants provided by government which are yet to be fully spent, no additional borrowing was required during 2021/22.

Summary of External Borrowing

	31 March 2021		31 March 2022	
	£m	Average Rate %	£m	Average Rate %
Long Term Debt (fixed rates) - PWLB	331	4.63	331	4.63
Long Term Debt (fixed rates) – LOBOS	70	4.09	70	4.09
Long Term Debt (fixed rates) – Market	50	4.04	50	4.04
Short Term Borrowing	-	-	-	-
Total borrowing	**451**	**4.48**	**451**	**4.48**

Summary of Treasury Investments

	As at 31 March 2021 £m	As at 31 March 2022 £m
UK Local Authorities	45.000	58.000
UK Banks	10.000	44.960
Debt Management Office	0	15.000
UK Building Societies	10.000	11.000
Money Market Funds	141.919	108.177
Total	**206.919**	**237.137**