

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**MEETING DATE:** 12 July 2022

<b>TITLE</b>	<b>2022/23 Quarter 1 Finance Report (Financial Update Report July 2022)</b>		
<b>Ward(s)</b>	n/a		
<b>Author: Tim Gibson</b>	<b>Job title: Interim Head of Financial Management</b>		
<b>Cabinet lead: Cllr Craig Cheney</b>	<b>Director lead: Denise Murray</b>		
<b>Proposal origin:</b> Other			
<b>Decision maker:</b> Cabinet Member			
<b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b> The Council budget for 2022/23 was agreed by Council 2 March 2022. This report provides information and analysis at Quarter 1 (May 2022 extrapolated) on the Council's financial performance against the approved budget and forecast use of resources for the financial year.			
<b>Evidence Base:</b> The budget approved by Council in March 2022 was balanced over the 5-year medium term.  The Council operates Directorate cash limited budgets and Executive Directors are responsible for ensuring that appropriate action is taken to contain both revenue and capital spending in line with the directorate's overall budget limit. Budget holders forecasting a risk of overspend, which can potentially be brought back in line with their budget, should in the first instance set out in-service options for mitigation. Where these are considered undeliverable, or pressures cannot be contained across the directorate the budget scrutiny process will be triggered and a request may be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source. As at Quarter 1 no supplementary estimates have been requested for 2022/23.  The Council's overall annual revenue spend is managed and monitored across a number of areas and at Quarter 1, the forecast financial outturn for 2022/23 is as follows: The General Fund <ul style="list-style-type: none"> <li>○ The General Fund is currently forecasting a risk adjusted overspend of £15.2m (3.5%) on the approved gross budget of £431.1m. Material service pressures and risks are attributed to Adults and Children Social Care, Education Improvement, Digital transformation, Homelessness Temporary Accommodation and Savings delivery.</li> <li>○ The General Fund savings programme for 2022/23 agreed by Council and included in the General fund budget above is £24.4m (22/23 savings £18m and £6.4m carried forward from prior years still requiring delivery). The Council has a robust governance process for tracking delivery of agreed savings through Executive Directorate Meetings and Delivery Executive and whilst work is still underway to assess developed savings plans there is currently £13.7m of savings that are being reported as being at risk. A number of these savings' delivery risks are captured in the forecast outturn above and or directorate risk and opportunities log; however, it should be noted that not all risks is formally acknowledged in the outturn and as such this represents an underlining additional risk.</li> </ul> The Ring-fenced Accounts <ul style="list-style-type: none"> <li>○ Housing Revenue Account (HRA) is forecasting a overspend of £1.2m (1.0%) on the £112.6m gross expenditure budget. This overspend is largely caused by increases in energy costs, the Housing IT transformation programme as well as fire survey requirements.</li> </ul>			

- The Dedicated Schools Grant (DSG) budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £421.5m and is forecasting £15.6m (3.7%) in-year deficit. This is primarily driven by High Needs spend, resulting from increases in EHCP assessments and need. The total accumulated carried forward deficit for 2023/24 is forecast at £40.3m .
- The Public Health Grant allocation for 2022/23 is £34.3m and no variation is forecast

#### Capital Programme

- Capital programme budget is £330.8m comprising £208.1m for General fund and £122.7m for the HRA and including agreed slippage (carry forwards) from 2021/22 of £14.1m. The forecast variation at Quarter 1 is a net £33.5m (10.1%) underspend (£8.0m (6.5%) overspend for the General fund and a £41.5m (33.8%) underspend for the HRA, predominantly attributed to delays in progressing new build and land enabling works.). Note that it has been decided that Goram Homes, investment of Housing Company transfers of land not classified as capital expenditure will not be held in the G&R capital programme, they will now be reported within the commercial investments section.

The details are outlined in Appendix A7

#### Further Risks & Opportunities

Further risks and opportunities to the Council have been identified that could materialise during the financial year. These are a combination of costs, savings delivery, income generation and funding opportunities and details are outlined within the directorate appendices. The total weighted additional net risk that these present to the Council is currently assessed as £1.4m comprising £8.0m of risks and £6.4m of opportunities.

As well as the abovementioned service risks there are also significant additional risks relating to Cost of Living (inflationary) pressures. The Council is keeping a close eye on these known and emerging pressures and currently it is estimated that the potential additional pressures (that are not in the forecast pressures or other risks already described in this report) amounts to circa £2.2m in excess of the allowance that was made in the budget. This is set out in paragraph 8 of Appendix A.

#### External Funding Decision

New funding of £0.101m has been allocated to Bristol to prepare for the government's proposed Adult Social Care Charging Reforms. The details are outlined in Appendix A, section 12 and approval is sought to make the necessary adjustments to the budgets.

Full detail of Quarter 1 revenue and capital spending and forecast is provided in Appendix A and A1 to A8.

#### Cabinet Member / Officer Recommendations:

##### That Cabinet Approve:

- The acceptance and adjustment to the Council budget for the following grants as outlined in Appendix A Section 12:
  - Adult Social Care Charging Reforms - £0.101m

##### That Cabinet notes:

- The General Fund risk adjusted forecast overspend of £15.2m, noting that if overspends against the agreed budgets emerge, Executive Directors will be required to develop and implement plans to mitigate overspends within 2022/23, in consultation (where required) with elected Members.
- A forecast overspend of £1.2m within the HRA and that over or under spends that materialise on the HRA will be funded by a transfer to or from the HRA general reserve at the end of the financial year.
- A forecast in-year deficit of £15.6m accumulating to a total £40.3m carried forward deficit in the DSG for 2023/24, and the requirement for the Council and the Schools Forum to work together to develop a clear mitigation plan which addresses the High Needs overspend.
- A breakeven position on Public Health services.
- A forecast £33.5m underspend (£8.0m overspend for the General fund and a £41.5m underspend on HRA against the latest approved Capital Programme's Budget.

<b>Corporate Strategy alignment:</b> This report sets out progress against our budget, part acting in line with our organisational Theme of Effective Development Organisation, make sure that we are financially competent and resilient, offering good value for money (page 58).
<b>City Benefits:</b> Cross priority report that covers whole of Council's business
<b>Consultation Details:</b> n/a
<b>Background Documents:</b>

<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"/>

<b>Required information to be completed by Financial/Legal/ICT/ HR partners:</b>
<b>1. Finance Advice:</b> The resource and financial implications are set out in the report
<b>Interim Head of Financial Management: Tim Gibson, 27/06/2022</b>
<b>2. Legal Advice:</b> The report, including the detail set out in the appendices, will assist Cabinet to monitor the budget position, with a view to meeting the Council's legal obligation to deliver a balanced budget. The decision sought to accept new funding and the consequent adjustment to the budget in respect of proposed Ault Social care charging reforms does not raise any specific legal implications.
<b>Legal Team Leader:</b> Nancy Rollason, 4 Jul 2022
<b>3. Implications on IT:</b> n/a
<b>4. HR Advice:</b> HR will continue to support leaders in their delivery of agreed staff-related savings, and to assist in the development and delivery of further such savings as required.
<b>HR Partner:</b> James Brereton (Head of Human Resources), 3rd July 2022

<b>EDM Sign-off</b>	Denise Murray	
<b>Cabinet Member sign-off</b>	Cllr Craig Cheney	
<b>For Key Decisions - Mayor's Office sign-off</b>		

<b>Appendix A – Further essential background / detail on the proposal</b>	YES
<b>Appendix B – Details of consultation carried out - internal and external</b>	NO
<b>Appendix C – Summary of any engagement with scrutiny</b>	NO
<b>Appendix D – Risk assessment</b>	NO
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	NO
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	NO
<b>Appendix G – Financial Advice</b>	NO
<b>Appendix H – Legal Advice</b>	NO
<b>Appendix I – Exempt Information</b>	NO
<b>Appendix J – HR advice</b>	NO
<b>Appendix K – ICT</b>	NO
<b>Appendix L – Procurement</b>	NO