APPENDIX A

Bristol City Council
Quarter 1 - Revenue Finance Monitoring Report

1. SUMMARY POSITION

1.1 At Quarter 1 (Q1), the Council is forecasting a risk of a £15.2m (3.5% of the overall gross budget of £431.1m that was agreed by the Council in March 2022) overspend on the current approved General Fund budget. Forecast pressures are reflected across all directorates with the material service pressures and risks attributed to Adults and Children Social Care, Education Improvement, Digital Transformation, Homelessness Temporary Accommodation and Savings delivery. The forecast includes assessed high probability risks areas (i.e. variances that will almost certainly materialise unless remedial action is taken).

1.2 In addition to the above there are further risks and opportunities identified for each directorate, which are still being verified or are in development. These are excluded from the forecast above and are summarised in paragraph 4 as well as set out in each of the separate appendices.

1.3 The 2022/23 budget contain embedded savings plans of £24.4m, of which a high level are still to be delivered in line with the original plan (see paragraph 3) and are partially contributing to the currently forecasted position above.

1.4 The forecast outturn position on the HRA is £1.2m (1.0%). This is set out in paragraph 5 and Appendix A4.

1.5 The Dedicated Schools Grant (DSG) forecast is an overspend of £15.6m (3.7%). which means that the cumulative deficit at year end is forecast to be £40.3m. This is set out in paragraph 6 and Appendix A5.

1.6 The public Health Grant is forecast to break-even.

1.7 Management action being taken to alleviate the above pressures are as follows:

1.7.1 The Council operates Directorate cash limited budgets and Executive Directors are responsible for ensuring that appropriate action is taken to contain revenue and capital spending in line with the directorate’s overall budget limit. Due to the significance of this projected overspend the Executive Directors will have a renewed focus on ensuring delivery on a recurrent basis, of the savings that have been agreed by Council (both directorate specific savings and crosscutting savings) and will set out for the next formal reporting period (Quarter 2) the in-service mitigation options being developed or pursued.

1.7.2 Supplementary estimates may be required if mitigating proposals cannot be identified; however, it must be noted that with the current financial outlook this is likely to result in savings targets being extended across the Council should this be required.

1.7.3 The Council will be participating in the DFE’s Delivering Better Value in SEND Programme – Tranche 2, scheduled to commence in September 2022. In addition, the Council will continue to maintain the iterative and evolving DSG Deficit Management Plan and develop the High Needs Block Recovery Plan, potential mitigations with the Schools Forum and for wider engagement as required.

2. GENERAL FUND REVENUE POSITION

2.1 The table below provides an overview of the Council's Q1 forecast position for the 2022/23 financial year. Additional service detail is provided for each Directorate in individual appendices.

Quarter 1 - Budget Monitoring - Summary

Quarter 1 - Budget Monitoring - Summary	2022/23 - Full Year				
	Approved Budget	Revised Budget	Risks Adjusted Forecast Outturn	Total Potential variance incl risk	Variance as % Net Budget
	£000s	£000s	£000s	£000s	%
People					
Adult Social Care	165,389	168,809	173,537	4,729	2.8%
Children and Families Services	72,073	72,563	80,280	7,717	10.6%
Educational Improvement	15,454	16,243	18,300	2,058	12.7%
Management - People	(5,431)	(1,631)	(1,631)	0	0.0%
Public Health - General Fund	4,787	4,809	4,809	0	0.0%
Total People	**252,272**	**260,793**	**275,296**	**14,503**	**5.6%**
Resources					
Digital Transformation	14,460	14,659	16,136	1,477	10.1%
Legal and Democratic Services	7,980	8,054	8,142	89	1.1%
Finance	8,418	8,747	8,860	113	1.3%
HR, Workplace & Organisational Design	10,211	10,808	10,810	1	0.0%
Management - Resources	(2,250)	(2,250)	(125)	2,125	-94.4%
Policy, Strategy & Partnerships	3,729	3,879	3,933	54	1.4%
Total Resources	**42,547**	**43,897**	**47,756**	**3,859**	**8.8%**
Growth & Regeneration					
Housing & Landlord Services	16,795	16,956	20,769	3,814	22.5%
Development of Place	1,703	1,753	1,739	(14)	-0.8%
Economy of Place	12,723	13,073	13,073	(0)	0.0%
Management of Place	33,117	33,215	33,240	25	0.1%
Corporate Landlord	(51)	(12)	(15)	(4)	32.4%
Management - G&R	(2,360)	(2,360)	(2,360)	0	0.0%
Total Growth & Regeneration	**61,928**	**62,626**	**66,446**	**3,820**	**6.1%**
SERVICE NET EXPENDITURE	**356,747**	**367,316**	**389,499**	**22,182**	**6.0%**
Total Corporate Items	**(356,747)**	**(367,316)**	**(374,285)**	**(6,968)**	**1.9%**
TOTAL REVENUE NET EXPENDITURE	**(0)**	**0**	**15,214**	**15,214**	**3.5%**

2.2 Further detail of the financial pressures and variances are summarised at a high level only below, with full details contained in the following appendices:

- People Directorate – Appendix A1
- Resources Directorate – Appendix A2

- Growth and Regeneration Directorate – Appendix A3

2.3 People Directorate:

2.3.1 Adult social Care:

Adult Social Care (ASC) – ASC budgets continue to experience significant pressure in 2022/23 with a risk of a forecast overspend of £4.7m. The main areas relate to adults of working age budgets in all areas of the service provision for this cohort. Residential and nursing budgets for people over 65 years old are also at risk. This risk is partly offset by forecast underspends on employee costs and higher than expected levels of service user income, however further mitigations are required to meet service needs in a sustainable way within cash limited budgets.
Further details are provided at Appendix A1 of this report.

2.3.2 Children and Families:

Children's Service is forecasting a risk of overspend of £7.7m which is set out in more detail in Appendix A1 and includes:

- Internal and External Placements, £7.1m cost pressure is being caused by increases in the numbers of children in care as well as the complexity and cost of placements. This is driven by placement market insufficiencies in affordable options such as foster carers and ongoing increases in the numbers of children coming into care (697 in April 2022 compared to 657 in April 2021, i.e. an increase of 6%). Another challenge is the increased complexity of cases due to an increase in the number of placement breakdowns and children having to be moved to more expensive arrangements. There are also higher numbers of children needing placements as well as increased numbers of children being placed outside of Bristol in residential placements (this has increased by 211% from 55 in April 2021 to 116 in May 2022). Due to the volatilities in the placement market and the resultant cost pressures the Service is proposing mitigation plans of circa £3m to deliver cost savings via measures such as stepping down and post 18 transition to Housing, this is included as an opportunity on the Risks and Opportunities log.
- £0.6m Asylum Seekers' costs where referrals of children with no recourse to public funds saw an increase of 50%.
- £0.7m on staffing costs (made up of £0.3m on Social Work agency costs and £0.4m on temporary management team).

As well as the cost pressures caused by volatilities in the placements and workforce market, other fiscal pressures such as inflation will present a challenge in 2022/23. Risks and opportunities will continue to be managed through service transformation in 2022/23 although the full amount of anticipated financial benefits is yet to be quantified.

2.3.3 Education and Skills:

The main pressures on Education (general fund) are set out in Appendix A1 and include:

- Home to School Transport, £1.2m pressure in due to a 10% increase in the number of children with EHCP's requiring transport support. Recent fuel cost increases could further deteriorate the finance position.
- Special Educational Needs (SEN) staffing, £0.9m pressure due to costs of employing additional staff. The service has so far identified £0.3m from holding new posts (which were funded from growth in 22-23) vacant for a period of time and by ring fencing £0.4m of one off funding (last tranche of SEN Improvement fund) to mitigate the majority of the SEN staffing cost pressures.

2.3.4 **Communities and Public Health:**

2.3.4.1 Public Health (PH) Grant of £34.6m was awarded for 2022/23 by Public Health England (PHE). The Public Health grant is awarded annually to the local authority. It 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 include reducing harms from drugs and alcohol, improving mental health, reducing harms from domestic abuse, food equality and community health action. 72% of public health functions and services are externally commissioned with 16% internally commissioned. An annual return must be provided by the authority to Public Health England, which is audited against the grant regulations.

2.3.4.2 PH also hold general fund budget and other partnership grants of £4.8m which supports domestic abuse and sexual violence, Health Watch, substance misuse, rough sleeping, drug and alcohol treatment, sports projects, Hengrove and Leisure Centres.

2.4 **Resources:**

2.4.1 the Resources Directorate is forecasting a full year overspend against budget of £3.9m which is set out in more detail in Appendix A2. This overspend is made up of:

- additional cost pressures in Digital Transformation and IT systems of £1.5m
- additional agency staff in Finance of £0.1m.
- a high risk that savings that were agreed for 2022/23 relating to senior management and succession planning (as well as from additional fees and charges) are not likely to deliver savings in full in 2022/23 (but should deliver savings in 2023/24). This means there is a high risk of additional cost pressures of £2.1m, which is reflected in forecast 2022/23 outturn.

2.5 **Growth and Regeneration**:

2.5.1 Growth & Regeneration Directorate is reporting a net £3.8m overspend against the revised net expenditure budget of £62.6m. The overspend results from new pressures arising in Temporary Accommodation (TA) due to subsidy loss that is exacerbated by both an increase in the cost of TA as well as an increase in the number of families needed the provision. Other cost pressures within the Directorate have been captured within the Risk & Opportunities Log. The Directorate will be conducting deep dives in the coming months with the aim of identifying mitigating options that will help address these pressures. This is set out in more detail in Appendix A3.

2.5.2 Within the risks and opportunities log for G&R there are:

- cost pressures for increases in electricity price and thus the cost of street lighting, at present it is assumed that these inflationary pressures will be able to be met from corporate contingencies, but this will continue to be monitored closely throughout the year.
- several income pressures from areas where the Council charges for services including in car parks and cultural services. Some of these are services that have still not fully recovered from the Covid impact. Again, this will continue to be monitored closely throughout the year.

3. SAVINGS PROGRAMME

3.1. The savings programme agreed by Council in 2022 included savings totalling £18m. In addition, £6.4m of savings were carried forward from prior years which still requires delivery. The total savings delivery target for 2022/23 is thus £24.4m (excluding at this stage any residual allowance for Optimism Bias held within the budget).

3.2. As at Q1 £10.7m (44%) of savings are considered safe and £13.7m (56%) are reported at risk and are being monitored and reviewed for delivery or in-year mitigation, where possible.

Directorate	**2022/23 Savings £m**	**2022/23 Savings reported as safe**	**2022/23 Savings reported as at risk**	
		£m	**£m**	**%**
People	10.7	4.7	6.0	56
Resources & Cross-Cutting	6.7	2.3	4.4	66
Growth and Regeneration	7.0	3.7	3.3	47
Total	**24.4**	**10.7**	**13.7**	**56**

4. RISKS AND OPPORTUNITIES

4.1. There are other financial risks and opportunities to the Council which have been identified and 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.

4.2. They are not reflected in the forecast and at Q1 equate to net £1.4m (made up of £8.0m of risks and £6.6m of opportunities as shown in the table below). Progress on these emergent risk and opportunities will continue to be monitored during the course of the year, with a series of deep dives conducted to verify the position, reflected in the forecast if appropriate and reported to Q2 report.

	Risks	Opps	Net Risks / Opps
People	0.5	-3.0	-2.5
Resources	0.5	-0.1	0.4
Growth & Regeneration	7.0	-3.5	3.5
	8.0	-6.6	1.4

5. RING-FENCED BUDGETS

5.1. There are a number of funds held by the Council where the Council must ensure that the income or grant is ringfenced and only spent in specific service areas. The three main activities that are ringfenced through legislation and/or government funding rules and covered in this Q1 report are the HRA, DSG and Public Health.

5.2. The table below provides an overview of the Council's Q1 forecast position for the 2022/23 financial year.

RING FENCED BUDGETS	2022/23 - Full Year				
	Approved Budget	Revised Budget	Risks Adjusted Forecast Variance	Total Potential variance incl risk	Variance as % Net Budget
	£000s	£000s	£000s	£000s	%
Housing Revenue Account	112,600	112,600	113,765	1,165	1.0%
Public Health	34,600	34,600	34,600	0	0.0%
Dedicated Schools Grant	421,500	421,500	437,100	15,600	3.7%
Total Ring fenced budgets	**568,700**	**568,700**	**585,465**	**16,765**	

5.3. Further detail of the financial pressures and variances are summarised at a high level only below, with full details contained in the following appendices:

- HRA – Appendix A4
- DSG – Appendix A5
- Public Health – Appendix A6

5.4. **HRA**

5.4.1. The Housing Revenue Account (HRA) is a self-financing account and will need to ensure it remains within the resources available, including levels of HRA reserves. The HRA does not directly impact on the council's wider general fund budget and income to the HRA is primarily received through the rents and other charges paid by tenants and leaseholders.

5.4.2. Housing Revenue Account is forecasting an adverse variance of £1.2m when compared to budget. The forecast overspend reported will be contained within the HRA general reserves of £102.2m as at the end of March 2022. The main reasons for the deficit against budget are set out in Appendix A4.

5.5. **DSG**

Forecast position on overall DSG for 2022/23 at Quarter 1 (to end of May 2022 extrapolated)

All figures £'000	*End of year b/f Deficit*	*Transfers*	*b/f Deficit*	*DSG Funding 2022/23*	*Forecast Outturn Quarter 1 2022/23*	*In-year variance*	*Forecast Carry-forward Quarter 1 2022/23*
Schools Block	(1,517)	1,517	0	304,661	304,661	0	0
De-delegation Schools	(504)		(504)	0	(0)	(2)	(506)
Central Block	8		8	2,742	2,742	0	8
Early Years	(472)		(472)	34,388	34,455	66	(406)
High Needs Block	27,876	(1,517)	26,358	78,214	93,028	14,813	41,172
Education Transformation	(740)		(740)	1,531	2,271	740	0
Funding	-		-	(421,537)	(421,537)	0	0
Total	**24,650**	**0**	**24,650**	**0**	**15,618**	**15,618**	**40,267**

5.5.1. Bristol DSG allocation for 2022/23 is £421.5m or £184.6m after deductions and excluding de-delegation element. DSG is currently forecasting an in-year overspend of £15.6m or a cumulative overspend of £40.3m when including brought forward deficit balance of £24.7m from previous years and net of £9.7m of additional High Needs funding for 2022/23. The forecast is in line with DSG cumulative deficit position outlined in the March 2022 budget report.

5.5.2. The biggest challenge is within the High Needs block (HN) where 2022/23 HN net budget as at May 2022 was £63.0m; excluding funding directly passported to schools, or £78.2m before deductions. This represents an in-year budget increase of £9.7m but a shortfall of £5.6m when comparing to 2021/22 outturn / actual spend. Another key driver of the HN overspend is a 10% increase in the number of children and young people with EHCP's in the last year, which is in line with the national trend (10% increase nationally) but higher than Statistical neighbours who have averaged just below 9% increase. A trend of higher proportion of children needing financial support at Band 5 and above, 10% increase was recorded in May 2022 when comparing to previous year.

5.5.3. The Education service is currently developing the High Needs Block recovery plan and has secured DfE support through Delivering Better Value for SEND programme which is anticipated to commence in September 2022.

5.6. **Communities and Public Health**

5.6.1. Public Health (PH) Grant of £34.6m was awarded for 2022/23 by Public Health England (PHE).

5.6.2. The Public Health grant is awarded annually to the local authority. It 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.

5.6.3. Bristol's local priorities include reducing harms from drugs and alcohol, improving mental health, reducing harms from domestic abuse, food equality and community health action. 72% of public health functions and services are externally commissioned with 16% internally commissioned. An annual return must be provided by the authority to Public Health England, which is audited against the grant regulations.

5.6.4. PH also hold general fund budget and other partnership grants of £4.8m which supports domestic abuse and sexual violence, Health Watch, substance misuse, rough sleeping, drug and alcohol treatment, sports projects, Hengrove and Leisure Centres.

6. CAPITAL

6.1 The Capital programme budget has been revised at P2 2022/23 to £330.8m. This comprises £208.1m for General fund (including a corporate contingency of ££14.1m) and £122.7m for the HRA. The forecast variation at P2 is a net £33.5m underspend (£8.0m overspend on General fund and £41.5m underspend on HRA). This is set out in the table below:

Approved Budget (Mar 22)	Budget Changes upto P2	Directorate	Revised Budget	Actual Spend to date	Budget Spend to date %	Forecast Outturn	Variance
£m	£m		£m	£m		£m	£m
25.1	9.2	People	34.3	1.4	4%	32.2	(2.1)
7.9	1.6	Resources	9.5	0.2	2%	9.0	(0.5)
132.1	18.1	Growth and Regeneration	150.2	4.8	3%	160.8	10.6
165.1	**28.9**	**GF service Total**	**194.0**	**6.4**	**3%**	**202.0**	**8.0**
122.7	0.0	Housing Revenue Account	122.7	6.4	5%	81.2	(41.5)
122.7	**0.0**	**HRA service Total**	**122.7**	**6.4**	**5%**	**81.2**	**(41.5)**
287.8	**28.9**	**HRA & GF Service Total**	**316.7**	**12.8**	**4%**	**283.2**	**(33.5)**
12.7	1.4	Corporate Contingencies & Funds	14.1	0.0	0%	14.1	0.0
300.5	**30.3**	**Capital Programme Grand Total**	**330.8**	**12.8**	**4%**	**297.3**	**(33.5)**

6.2 The £8m adverse variance on the General Fund capital programme is primarily due to the Avon-Severnside Flood Defence scheme, which is fully funded through EDF grant, following a reprofiling exercise which led to cost estimates have being brought forward to the current financial year from future years . The variance on the HRA is due to a reprofiling of costs to align to the latest expected programme delivery schedule.

6.3 The 2021/22 spend shortfall reported to Cabinet on the Finance Outturn Report was £36.4m, the recommended agreed slippage (carry forwards) from approved budget is £14.1m profiled across the next 5 years of the capital programme. The balance not carried forward relates to the removal of Goram Homes £18.2m budget due to reporting transfers of land separately and the unused HRA planned maintenance 2021/22 budget £4.1m to be reinvested back into the 30-year Housing investment programme.

6.4 Note that it has been decided that PL30A 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.

6.5 Cabinet is asked to note current forecast for capital expenditure, and that an updated position, following the outcome of the programme reviews will be reported for the Q2 report.

Appendix A7 contains the 2022-23 Capital Programme Summary Monitor Report as at the end of May 2022.

7. FLEXIBLE USE OF CAPITAL RECEIPTS

7.1. Local authorities have the continued freedom for a period of 3 years that began on 1 April 2022 to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings. Updated directions have been provided by government in April 2022 detailing the type of expenditure that qualify for the flexible use of capital receipts and a new sign off and reporting process via the Secretary of State (SOS), for each financial year in which the direction is used.

7.2. £5.0m has been budgeted in 2022/23 for revenue expenditure which relates to delivery of savings and transformation to be funded from flexible use of capital receipts and £3.5m carried forward from 2021/22 which is earmarked specifically for the Digital Transformation Programme.

7.3. The flexible use of capital receipts strategy will need to be revised to reflect the recent changes, endorsed by Council and submitted to the SOS. The value of expenditure capitalised must not exceed the amount set out in the plan and must be sent to the SOS before the flexibility is used.

8. COST OF LIVING (Inflationary Pressures and Risks)

8.1. The budget approved for 2022/23 earmarked circa £12.0m for general contract inflationary / cost of living pressures for the financial year. The table below provides a breakdown of the additional cost of living costs incurred as at Q1 and the forecasts / risks in the year to go. The indication is that the additional full year costs could be circa £14.2m. Should this position materialise, this would result in a further pressure of £2.2m which due to ongoing negotiations is not yet reflected within the Q1 forecast.

Additional Corporate Costs of Living Pressures - 2022/23 £000's			
22/23 General Contract Inflation Allocation			**£ 11,991**
	Incl. Q1 Forecast £000's	**Forecast / Emerging Risks £000's**	**Indicative Total £000's**
BCC Labour	**0**	**2,133**	**2,133**
General Inflation / NLW	**9,075**	**2,079**	**11,154**
Energy / Utilities	**0**	**844**	**844**
Insurance	**65**	**0**	**65**
Total Additional Inflation	**9,140**	**5,055**	**14,196**
Potential General Contract Inflation Deficit			2,205
* Figures exclude impact on Ringfenced Budgets and Capital Programme			

8.2. Whilst seeking to ensure commercial leverage is retained the areas incorporated within the table, include but are not exclusive to the following:
- Adult social care services experienced additional in-year costs, including higher fees to care providers to offset their rising costs of running care homes and National Living wage.
- Children's social care - increase placement costs such as Independent Fostering Agencies, Fostering, Residence Orders and Special Guardianship
- Record energy prices - including for streetlights and energy bills for the corporate estate.
- Rising fuel and labour costs - bus, taxi and minibus providers for areas such as Home to school and other transport services
- Indexed linked external contracts such as PFI and Waste management
- BCC Pay awards if above 2.5% are expected to add further costs pressures to the revenue budgets.

8.3. The costs outlined are excluding pre-existing demand-led services pressures, inflation contained within service budgets and pressures being absorbed within the HRA, DSG and the Capital Programme. The increased cost of delivering capital projects is excluded from the analysis above as while the cost of construction labour and material and building maintenance has grown significantly, further work is required to assess the impact more accurately on the overarching capital programme.

8.4. Energy prices continue to rise, inflation is due to peak later in the year and we expect costs to grow further and an impact on the Council's budgets to be experienced well into the next financial year and beyond. This position is mirrored in local authorities across the country and indicates that Councils will need additional support from Government to cope with the impact of the rising inflation costs on the sector.

9. REGULATORY INCOME

COUNCIL TAX

9.1. The Council's budgeted income from Council Tax is £243.2m and represents 56% of the net budget requirement (£431.1m). The current year's collection rate has been budgeted at 97%, compared with pre-Pandemic budgeted collection rates of 98.5%. This includes both in-year collection and payments towards previous years arrears.

9.2. As at 30 June we have collected £77.5m in total, of which £66.0m (85.24%), is the BCC share, being 27.15% of £243.2m.

9.3. The collection rate as a % of collectible debit is 25.75%. Implementation of the Corporate Debt Policy will offer a more supportive approach to our residents and keep to a minimum the volume of cases taken through enforcement action.

9.4. In terms of the Council Tax Reduction Scheme (CTR), after a significant increase due to the pandemic, we are now starting to see a levelling off from pensioner aged claimants and, despite increased cost of living pressures, a small drop in working age claimants aligned in part to local unemployment rates.

BUSINESS RATES

9.5. Business rates (BR): The Council's budgeted BR income is £140.7m in 2022/23 (net of tariff) and represents 32.6% of the net budget requirement (£431.1m).

9.6. During 2021/22 the impact (in-year and backdated) of rateable value (RV) reductions was £20m. This was met from the appeals provision. As a safeguard against a similar level of RV reductions during 2022/23 the appeals provision was topped up to its 2021/22 level of £25.2m, but any requirement at year-end to further replenish the provision, over and above that budgeted for will impact on net income from business rates.

9.7. Please note that the collection fund shortfalls will impact on the Council's cash position in 2022/23 however, because of timing differences, the budgetary impact will fall in the following year, 2023/24.

10. RESERVES SUMMARY

10.1. The final position in relation to the closing reserves remain work in progress as the final transaction in relation to the 2021/22 accounts are processed and reconciled.

10.2. The latest forecast indicates that as at 1 April 2022 after the agreed budget movements the Councils General Fund reserve is c.£36.9m. Assuming no further revenue mitigations can be achieved the current forecast general fund overspend would reduce our general reserves at year end to c.£21m, with a requirement to un-earmark reserves to ensure sustainability in terms of the ringfenced deficits and resilience to future in year budget shocks over the medium to long term budget.

10.3. Earmarked reserves are held for a specific purpose and for 2021/22 additional contributions to reserves have been made at the end of the year, where income was received in advance or planned expenditure was delayed until this financial year. The forecast 1 April 2022 position is earmarked reserves of £180.1m. The largest items are attributed to Statutory ringfenced reserves £50.5m (including S256 Healthier Together Grants from NHS of £20.5m), Capital Investment reserves of £41.5m (including Goram Homes Investment Reserve of £14.8m), Business Rates Volatility Grants of £35.7m, Flood reserve £10.0m and blend of other earmarked reserves.

10.4. The earmarked reserves will be subject to a full early re-assessment of commitments and supporting evidence for planned drawdowns as part of the Q1 to Q2 management review process, with any proposed revisions outlined in a subsequent report to Cabinet.

11. BALANCE SHEET RISKS

11.1. To strengthen compliance with the CIPFA Financial Management Code the areas of the balance sheet that are most critical to the Council’s financial sustainability have been outlined in the table below. The monitoring of these balance sheet risks will be integrated into the appropriate financial reports (as outlined in the table) and any action the Council is proposing to take to mitigate the risk will be outlined.

Balance Sheet Areas	Risks	Formal Reports
Contingent Liabilities	Potential loss that may occur depending on the outcome of a specific event such as potential lawsuits, product warranties, and pending investigation.	Cabinet - Oct and Outturn
Treasury Management (cash, investments & borrowing)	Exposure Risks / Compliance with prudential code	Audit Comm. / Council - Annual report Sept Mid -Year Report – Nov
DSG Deficit (negative reserves) - £24.6m	Inability to replenish expenditure previously incurred	Cabinet - July, Oct, Jan, Outturn / Schools Forum
Maintained Nursery schools Deficit - £5.3m	11 of 12 Maintained Nursery Schools in deficit (Avg 62% against 21-22 income). Individual schools range from 17% to 130% 21/22 Income.	Schools Forum / Cabinet - Oct and Outturn
General Fund Reserve £36m	Risks of in year decrease below policy compliant levels in view of forecast outturn	Cabinet - July, Oct, Jan, Outturn
Capitalised expenditure (Incl. AUC) Total fixed asset on B/S **£3,695m**	Risk of impairment or revenue reversions of previously capitalised expenditure	Cabinet - July, Oct, Jan, Outturn

Pension Fund **£1,033m** at 31/03/22	Triennial valuation / inflation pressures (Inc. pension deficit and / or annual contribution)	Audit committee (Date TBC)
Council Service Investments (eg loans to subsidiaries) £68.5m	Risk of loan default / impairment	Cabinet - Oct and Outturn
Debt Management	Risks increase doubtful debts / write-offs	Cabinet - Oct and Outturn

11.2 A list of the latest council service investments is shown at Appendix A8.

12. EXTERNAL FUNDING

12.1. The following announcements have been made of additional external funding awards to the Councils and subject to acceptance of the associated conditions will need to be adjusted within the budget.

Charging Reform Implementation Support Grant Determination 2022 to 2023

12.2. The Government have recently announced grant funding to support local authorities to prepare for the Adult Social Care Charging Reforms of which Bristol has been allocated £100,743. The grant covers the planning and preparation costs associated with charging reform to recruit additional staff to manage the increased demand for assessments and the implementation of the care account module. This is a non-ringfenced contribution towards local authorities to implement charging reform.

12.3. Further implementation funding will be made available in the financial year 2023/24 and the government intends to consult on a proposed approach to distribution for this funding later this year.

12.4. This initial tranche of implementation support funding is intended to support local authorities to begin planning and preparations for charging reform. This is primarily to support local authorities to undertake recruitment activities for assessment staff and ensure that they have dedicated internal resource to prepare to upgrade local IT systems to include care account functionality. The grant design offers flexibility to local authorities to use the funding as is best suited to their local planning.

12.5. This funding will be paid as an un-ringfenced Section 31 grant to local authorities, and has been allocated evenly with the 2021 area cost adjustments applied.