

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**MEETING DATE:** 1 November 2022

<b>TITLE</b>	<b>2022/23 P6 Finance Exception Report</b>		
<b>Ward(s)</b>	n/a		
<b>Author:</b> Jemma Prince	<b>Job title:</b> Finance Business Partner - Planning		
<b>Cabinet lead:</b> Cllr Craig Cheney, Deputy Mayor - Finance, Governance and Performance	<b>Director lead:</b> Denise Murray, Director - Finance.		
<b>Proposal origin:</b> Other			
<b>Decision maker:</b> Cabinet Member			
<b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b>			
This report is to make Cabinet aware of any material finance changes that have occurred since the detailed Quarter 2 report was presented. It covers Period 6 (September 2022 extrapolated). The report also serves as a mechanism for any finance approvals or adjustments that are required on the Council's approved budget.			
<b>Evidence Base:</b>			
Since the Quarter 2 Finance report to Cabinet, there are several changes in the 2022/23 financial position to bring to the attention of Cabinet and as such this report includes:			
General Fund summary			
<ul style="list-style-type: none"> <li>○ General Fund is currently forecasting a risk adjusted overspend of £12.3m, 2.9%, on the approved gross budget of £431.1m (movement of £3.8m) attributed to Adults and Children Social Care and benefits loss of subsidy for Exempt Accommodation.</li> <li>○ General Fund savings programme of £24.4m for 2022/23 as agreed by Council reports £5.1m, 21%, at risk (£8.7m/36% at Q2). This reduction in risk reflects the application of £3.6m optimism bias and savings contingency. 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 are formally acknowledged in the outturn and as such this represents an underlying additional risk.</li> </ul>			
The Ring-fenced Accounts summary			
<ul style="list-style-type: none"> <li>○ Housing Revenue Account (HRA) is forecasting no material movement in adverse variance against its £112.6m net expenditure budget (forecast at Q2 to be £2.0m, 1.8%). This overspend is largely caused by increases in energy costs, the Housing IT transformation programme as well as fire survey requirements.</li> <li>○ Dedicated Schools Grant (DSG) net budget is forecasting no material movement in deficit against its £421.5m ring-fenced budget in-year (forecast at Q2 to be £19.9m, 4.7%) taking total accumulated carry forward opening deficit for 2023/24 to £44.6m.</li> <li>○ The Public Health Grant allocation for 2022/23 is £34.6m and no variation is forecast (again in line with the forecast at Q2).</li> </ul>			
Capital Programme			
<ul style="list-style-type: none"> <li>○ The Capital programme budget has been revised at P6 to £253.0m (from £333.9m at P5/Q2). It comprises £179.6m budget for General fund and £73.4m budget for the HRA. Against this revised budget, the forecast variation at P6 is a net £4.7m (1.8%) underspend and comprises a £4.4m/1.7% underspend against the General fund budget and a £0.3m/0.1% underspend against the HRA budget.</li> </ul>			
External Funding Decision			

- Approval is sought to submit bids (subject to finance due diligence) for the following 2 external funding requests. In both cases it is confirmed that partners have gone through a compliant procurement route. In addition, no contributions (e.g. match funding) are required from BCC's capital or revenue programme. In both cases, notification of award or of any material variation is to come back to Cabinet under separate report as key decisions due to the related award values.
- Heat Pump Ready Programme, Stream 1 - Solutions for high-density heat pump deployment.  
As part of our response to the recommendations of the 2021 Citizen's Assembly, Bristol City Council has been undertaking a feasibility study on heat pump installation as part of the Department for Business, Energy and Industrial Strategy's Heat Pump Ready Programme, within the Westbury on Trym area. Cabinet approval is sought to submit a Phase 2 bid. If successful, the Bristol Heat Pump Ready project will deliver innovative and high-quality citizen engagement and installation of heat pumps in up to 200 homes in the Westbury on Trym area. This will be achieved by working with local businesses, ensuring excellent heat pump system design and targeting the most heat pump ready homes. The bid includes partners Buro Happold, the Centre for Sustainable Energy and the Green Register. Details of the bid are bid being finalised for submission in early November and the value will be up to £4m.
- Net Zero Cities Pilot Cities Programme, Horizon 2020, the 2014-2020 Research and Innovation Framework Programme of the European Commission  
To help secure additional investment in decarbonisation of the city the city council is working with partners on innovative finance mechanisms. Cabinet approval is sought to submit a proposal to this funding call to create a "Net Zero Innovation Lab" in Bristol focused on testing and deploying new finance initiatives to fund the transition to carbon neutrality, and to share the learnings from those innovations with other Climate Neutral and Smart Cities Mission cities. It will build on experience in Bristol, working with partners including the City Leap Energy Partnership, Bristol and Bath Regional Capital and Bristol Green Capital Partnership and will include work with communities to identify their needs for climate investment. Details of the bid are bid being finalised for submission in early November and the value will be up to 1.5m Euros.

Details of P6 revenue and capital exceptions are provided in Appendix A1 with details of supplementary estimates following in appendices A2 to A8.

#### Cabinet Member / Officer Recommendations:

That Cabinet approves:

- The following supplementary estimates following temporary redirection of earmarked reserves to general reserves and delegated authority to realign those general reserves to meet Q2 spending requirements as approved by Cabinet at P5/Q2:
  - Appendix A2 – Summary virement adjustments for supplementary estimates
  - Appendix A3 – G&R Waste
  - Appendix A4 – People - Adults
  - Appendix A5 – People - Children
  - Appendix A6 – People - Education
  - Appendix A7 – G&R Energy
  - Appendix A8 – G&R Housing
- The submission of the 2 external funding bids (subject to finance due diligence):
  - Heat Pump Ready Programme, Stream 1 - Solutions for high-density heat pump deployment up to £4m
  - Net Zero Cities Pilot Cities Programme, Horizon 2020, the 2014-2020 Research and Innovation Framework Programme of the European Commission up to 1.5m Euros
 Details of these 2 bids are set out in Appendix A1 Sections 7.1.1 and 7.1.2.  
 Notifications of award or of any material variation is to come back to Cabinet under separate report as key decision due to the related award values.

That Cabinet notes:

- The General Fund risk adjusted forecast overspend of £12.3m, noting further mitigations continue to be

explored.

- The virement adjustments made as per Appendix A2
- The significant growing pressure in housing benefit due to a shortfall in subsidy where exempt accommodation providers are commissioned. For 23/24 onwards, the Benefits division will transfer the budget to the relevant commissioning division, either Adult Social Care or Housing Options.
- That any actual year end favourable improvement as compared to the revised Budget net expenditure position is to be utilised to replenish the Feasibility Fund in line with the capital strategy (£0.7m).
- The forecast overspend of £2.0m within the HRA (with actual end of year position being funded by a transfer to or from the HRA general reserve).
- The forecast in-year deficit of £19.9m accumulating to a total £44.6m carried forward deficit in the DSG for 2023/24, and that the Council and the Schools Forum are developing a mitigation plan which will seek to address the High Needs overspend.
- The forecast £4.7m underspend (£4.4m underspend for the General Fund and a £0.3m underspend on HRA) against the latest approved Capital Programme's Budget.

**Corporate Strategy alignment:**

This report sets out progress against our budget, part acting in line with our organisational Theme of Effective Development Organisation, making sure that we are financially competent and resilient, offering good value for money (page 58).

**City Benefits:**

Cross priority report that covers whole of Council's business

**Consultation Details:** n/a

**Background Documents:** n/a

<b>Revenue Cost</b>	See above	<b>Source of Revenue Funding</b>	Various
<b>Capital Cost</b>	See above	<b>Source of Capital Funding</b>	Various
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The resource and financial implications are set out in the report

**Finance Business Partner:** Jemma Prince – Finance Business Partner – 20 October 2022

**2. Legal Advice:** The report, including the detail set out in Appendix A1, will assist Cabinet to monitor the budget position, with a view to meeting the Council's legal obligation to deliver a balanced budget.

**Legal Team Leader:** Husinara Jones - Legal Service Team Manager – 19 October 2022

**3. Implications on IT:** n/a

**4. HR Advice:** Recruitment controls are in place. Any advertising of roles and extensions to contracts including agency workers are subject to Chief Executive/Executive Director approval. Savings arising from vacancies are to be held and used to off-set budget pressures. Permanent deletion of vacancies is being considered by the Chief Executive/Executive Directors on a case-by-case basis. A scheme to reduce the number of managerial roles across the organisation has so far secured 41 approved cases, with a minimum confirmed saving of £1.52m with effect from 1 April 2023 (further validated savings expected). Other measures to reduce staffing are under consideration as part of or alongside the 2023/24- budget proposals.

**HR Partner:** James Brereton - Head of Human Resources – 19 October 2022

<b>EDM Sign-off</b>	Denise Murray	20/10/2022
<b>Cabinet Member and Mayor's Office sign-off</b>	Mayor	24/10/2022

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