

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

MEETING DATE: 6 December 2022

TITLE	2022/23 P7 Finance Exception Report		
Ward(s)	n/a		
Author: Jemma Prince	Job title: Finance Business Partner - Planning		
Cabinet Lead: Cllr Craig Cheney – Deputy Mayor and Cabinet Member for Finance, Governance and Performance	Director Lead: Denise Murray – Director of Finance		
Proposal origin: Other			
Decision maker: Cabinet Member			
Decision forum: Cabinet			
Purpose of Report: 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 7 (October 2022 extrapolated). The report also serves as a mechanism for any finance approvals or adjustments that are required on the Council's approved budget.			
Evidence Base: Since the P6 Finance exception 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 <ol style="list-style-type: none"> 1. General Fund is currently forecasting a risk adjusted overspend of £12.2m, 2.8%, on the approved gross budget of £431.1m (an improvement of £0.1m) attributed to Adults and Children Social Care, Education and Skills Home to School Transport and a delay in reporting of expected vacancy freeze savings, all amounting to a new £1.6m pressure, offset however by a £1.7m improvement in the 2022/23 pay award position previously forecast. 2. General Fund savings programme of £24.4m for 2022/23 as agreed by Council reports £4.6m, 19%, at risk (£5.1m/21% at P6). A number of these saving 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. The Ring-fenced Accounts summary <ol style="list-style-type: none"> 3. Housing Revenue Account (HRA) is forecasting no material movement in adverse variance against its £112.6m net expenditure budget (forecast at P6 £2.0m, 1.8%). 4. Dedicated Schools Grant (DSG) net budget is forecasting no material movement in deficit against its £421.5m ring-fenced budget in-year (forecast at P6 £19.9m, 4.7%) taking total accumulated carry forward opening deficit for 2023/24 to £44.6m. 5. The Public Health Grant allocation for 2022/23 is £34.6m and no variation is forecast (again in line with the forecast at P6). Capital Programme <ol style="list-style-type: none"> 6. The Capital programme forecast variation is a net underspend of £7.3m (2.8%). This primarily comprises of a £5.7m underspend within the Growth and Regeneration directorate and a £1.7m underspend within the People directorate. 7. The total funding for heat networks is £53.4m. This comprises PWLB £22.7m, grants of £22.5m and connection fees of £8.2m. The estimated funding requirement to 31 March 2023 is £26m of borrowing 			

(£24m to 31 December 2022). (See para 6.3 Appendix A1).

Pay Awards

8. Agreement was reached early November on Local government pay awards. The budget shortfall impact on the General Fund is £4.7m. The HRA, DSG and Public Health grant funded account will contain the impact of the pay award within their ring-fenced funds and their ring-fenced reserves. (For illustrated impact see Section 7).

External Funding Decision

9. Government has announced the allocation of £500m grant in respect of Adult Social Care Discharge Fund (See para 8.1.1 Appendix A1) jointly for Integrated Care Boards (ICB) and Local Authorities across the country. This is to alleviate delays to discharging people from hospital when they are fit to leave. The Council's allocation of the ASC Discharge Fund is £1.69m for the financial year 2022/23.

Emergency Decisions taken/approved

10. Following two major fire incidents in Council high-rise blocks, meetings have taken place between Avon Fire Service and Bristol City Council and the decision was to review a number of fire safety policies. In addition, the Council has received three PAS9980 inspection reports that have recommended precautionary measures of implementing waking watch on a number of other blocks where they may be at risk, while remedial works are carried out
An emergency decision was taken to approve the use of HRA reserves to enter a contract for £2.0m to secure the service of a company or companies to carry out Waking Watch provision at the Council's high-rise blocks. (See Appendix A3).

Other Recommendations

11. It is proposed to make an upfront payment of the pension deficit (£13.9m) and the future service cost which will generate an upfront saving of £981k and an annual saving of £300k. (See Appendix A2).

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Approves the drawdown of £4.7m from reserves for the 2022/23 pay awards budget shortfall impact.
2. Authorises the Council's S.151 Officer to accept the Adult Social Care Discharge Fund of £1.69m.
3. Approves the realignment of heat network budgets to meet estimated funding requirements to 31 March 2023. This includes an additional £3.3m being funded from the Council's capital contingency.
4. Approves both the upfront payment of the pension deficit (£13.9m) and the future service cost which will generate an upfront saving of £981k and an annual saving of £300k.

That Cabinet notes:

5. The General Fund risk adjusted forecast overspend of £12.2m, noting further mitigations continue to be explored.
6. 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).
7. 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.
8. The forecast £7.3m underspend within the General Fund against the latest approved Capital Programme's Budget.
9. The emergency decision taken to approve the use of HRA reserves to enter a contract for £2.0m to secure the service of a company or companies to carry out Waking Watch provision at the Council's high-rise blocks
10. The revised reporting of Q3 so that Period 8 rather than Period 9 constitutes a detailed report and thereby comes to Cabinet in January alongside Budget 23/24.

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

Revenue Cost	See above	Source of Revenue Funding	Various
Capital Cost	See above	Source of Capital Funding	Various
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <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 – 28th November 2022

2. Legal Advice: The report, including the detail set out in Appendix A1 & A2, will assist Cabinet to monitor the budget position, with a view to meeting the Council's legal obligation to deliver a balanced budget. There are no specific legal issues arising from the key decisions recommended in the report.

Legal Team Leader: Nancy Rollason Head of Legal Services 24th November 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 a minimum confirmed gross annual saving of £2.42m with effect from 1 April 2023. 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 28th November 2022

EDM Sign-off	Denise Murray	28 November 2022
Cabinet Member sign-off	Cllr Craig Cheney	28 November 2022
For Key Decisions - Mayor's Office sign-off	Mayor's Office	28 November 2022

Appendix A – Further essential background / detail on the proposal (A1-A3)	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	NO
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO