



Committee Report

PURPOSE: Final Decision Report

Key or non-key decision: Key decision affects 2 or more wards

COMMITTEE: Strategy and Resources Committee

DATE: 14 October 2024

TITLE: P5/Q2 Finance Outturn Report 2024/25

Ward(s) City Wide

Officer presenting the report: Tony Kirkham

Job title: S151 Officer

Committee Chair: Cllr Tony Dyer

Executive Director lead: Paul Martin: Chief Executive Officer

Proposal origin: Other

Purpose of Report:

1. The council's Revenue and Capital budget for 2024/25 was agreed by Full Council on 28 February 2024. This report presents information and analysis to the Strategy and Resources Committee on the council's financial performance against that approved budget and its forecast use of resources for the financial year 2024/25.
2. Detailed finance reports are presented to the Strategy and Resources Committee on a quarterly basis. These quarters typically occur at periods 2, 5, 8 and 12. Other periods constitute exception reporting periods which means that detail is provided by exception where a significant movement in forecast is predicted.
3. This report informs the Strategy and Resources Committee on the delivery of planned savings for the financial year 2024/25.
4. This report also serves as a mechanism for any finance approvals or adjustments that are required on the council's approved budget.

Evidence Base:

1. The council's annual revenue and capital budget is managed across a number of areas and at Period 5 (Quarter 2) the 2024/25 full year financial position is forecast as follows:

1.1. General Fund Revenue Budget

The original Revenue budget for 2024/25 as agreed by Full Council was £533.7 million. The P5/Q2 total forecast service variation from that original budget is £35.9 million. It is expected that this will be partially offset by £16.2 million of forecast contingent budget for inflation and optimism bias

currently held corporately so that the total net forecast revenue overspend at P5/Q2 is now £19.7 million (3.7% of original approved budget).

In-year measures to reduce financial pressure this year and ongoing include the establishment of –

- 1.1.1. Spend Control Panel to monitor non-pay related one-off or off-contract payments from across the council over £500. Payments directly aligned to statutory service provision that safeguards the city's most vulnerable citizens (for example, Adult Social Care, Childrens Social Care, Homelessness) or where there is a legal commitment to spend are not within the scope of this panel.
- 1.1.2. Procurement and Contracts Review Panel to focus on the planning, commissioning and procurement of services and ensuring that the council and its partners procure services with efficiency and in line with best practice and value for money. The panel will review spend requests for all new contracts over £100,000.
- 1.1.3. Workforce Review Panel to delay or reduce workforce and agency costs.
- 1.1.4. Debt recovery initiatives and processes to regain collection performance to pre-pandemic levels. These will include:
 - the increased use of multi-channel communications to encourage engagement, signposting to third sector agencies to provide all-round support and increase benefit take up, debt clinics and case referral to collection and enforcement agents where no other identified recovery activity available or where those in debt are not engaging.
 - These processes will be in line with the Corporate Debt Management policy and entail clear, honest communications with customers at all collection and recovery stages.

1.2. **General Fund Savings**

£34.0 million of savings were approved and planned for delivery within the 2024/25 budget. In addition, there are £11.3 million of savings undelivered in 2023/24 which carry forward in to 2024/25 for delivery. These combine with an additional £1.7 million of savings identified and committed as part of business case approvals to date and the reversal of £1.7 million prior year non-recurrent savings to produce an overall savings plan target for 2024/25 of £48.7 million. Of these, £34.4 million (71%) are currently forecast to be delivered with £14.3 million (29%) at risk of non-delivery in year.

1.3. **General Fund Risk and Opportunities**

An underlying additional £7.8 million of weighted net risk is assessed across the directorates' logs of emerging risks and opportunities. These are a combination of costs, savings delivery, income generation and other funding opportunities.

1.4. **Housing Revenue Account**

The Housing Revenue Account (HRA) gross expenditure budget of £151.0 million is reporting a net outturn overspend of £14.8 million (9.8%). This reflects a deterioration of £2.2 million since P4.

1.5. **Dedicated Schools Grant**

The Dedicated Schools Grant (DSG) revised budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £491.4 million.

The forecast outturn position reflects a deterioration of £2.0 million since P4 to bring the current in-year overspend to £31.7 million against the revised gross budget. Following application of the Safety Valve combined with contribution from the General Fund, the forecast net deficit at the

close of 2024/25 is £15.0 million (3.1% of revised gross budget). The unmitigated total carry forward deficit is £90.3 million. Mitigated, this equates to a net £52.2 million.

1.6. Public Health

The Public Health (PH) budget is £36.4 million and no variance to budget is forecast.

1.7. Bristol Harbour Authority

The Bristol Harbour Authority budget is £0.6 million and no variance to budget is forecast.

1.8. Capital Programme

The Capital Programme forecast outturn is £369.1 million against the revised budget for 2024/25 of £439.8 million (including Corporate Contingency budget of £12.3m). This forecast reflects a net underspend of £70.7 million (16.1%) and is comprised of £42.7 million underspend on the General Fund and £28.0 million underspend on the HRA. Capital Programme deep dive reviews will take place in September.

1.9. External Funding

Grant funding of £0.895m (grant agreement signed February 2011) linked to the planned acquisition of Westmoreland House, Stokes Croft, and development partner selection is to be returned to Homes England. This has no consequent budget impact (either capital or revenue).

Officer Recommendations:

That the Committee notes:

1. The council's General Fund forecast outturn revenue overspend of £19.7 million at P5/Q2 2024/25 against the council approved budget of £533.7 million.
2. In-year measures to reduce this financial pressure.
3. The Quarter 2 technical virements (Appendix A1a, Section 3, Tables 3a to 3d).
4. The performance on delivery of savings (Appendix A1a, Section 4, Tables 4a and 4b).
5. The additional weighted net risk of £7.8 million per the risks and opportunities register (Appendix A1a, Section 5, Tables 5a and 5b)
6. The council's outturn position of £14.8 million overspend within the Housing Revenue Account to be transferred to the HRA general reserve at the year end (Appendix A1a, Section 6.4).
7. The council's outturn position of a £31.7 million overspend (net £15.0m) in the Dedicated Schools Grant and that this brings the carry forward deficit to £90.3 million. Following the application of the DfE's 24/25 Safety Valve combined with contribution from the General Fund a total £52.2 million is forecast to be carried forward at the year end in the DSG deficit reserve (Appendix A1a, Section 6.5).
8. The breakeven position on Public Health services (Appendix A1a, Section 6.6).
9. The breakeven position on the Bristol Harbour Fund. (Appendix A1a, Section 6.7).
10. The current planned flexible use of £12.0 million capital receipts (Appendix A1b, Section 3).
11. The current levels of outstanding debt (Appendix A1a, Section 7.9).
12. Current balance sheet risks (Appendix A1b, Section 8).
13. The council's forecast underspend of £70.7 million against the Capital Programme revised budget 2024/25, comprised of £42.7 million underspend on the General Fund and £28.0 million underspend on the HRA. (Appendix A1b, Section 1) and notes that there will be further Capital Programme deep dive reviews in September (Appendix A1b, Section 1.9).
14. The Executive Director for Growth and Regeneration's decision to return unspent capital grant allocation of £0.895m to Homes England and that this has no consequent budget impact (either capital or revenue).

That the Committee approves:

1. Revisions to the revised Capital Budget to incorporate the reprofiling of £62.3 million budget into future years following both the total £70.7 million forecast underspend at Q2/P5.

Corporate Strategy alignment:

1. The Corporate Strategy underpins the council’s budget.

City Benefits:

1. Cross priority report that covers whole of council’s business

Consultation Details:

1. N/A

Background Documents:

[Agenda Document for Full Council, 28/02/2024](#), pages 33-344

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"/>

Professional comments section:

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

Finance Business Partner:

Jemma Prince, Finance Business Partner – Planning, Reporting and Strategy, 24 September 2024.

2. Legal Advice:

The report, including the detail set out in the Appendices, will assist the Committee to monitor the budget position with a view to meeting the Council’s legal obligation to deliver a balanced budget.

Legal Team Leader:

Nancy Rollason, Head of Legal Service, 20 September 2024.

3. Implications on IT: There are no IT implications arising from the process of financial reporting. It should be noted that across Digital Transformation departments there is significant financial risk arising from unfunded IT contract inflation impacting most IT systems in the council. Work is underway to mitigate this insofar as possible.

The council’s overall financial position is likely to have indirect implications for IT and digital, including stopping new projects and curtailing or slowing delivery of some existing projects once additional corporate spending controls are put in place. Projects addressing critical financial, statutory or major service failure risk will be prioritised.

IT Team Leader: Gavin Arbuckle, 23 September 2024.

4. HR Advice: The report recommendations have no direct HR implications, though any overspend mitigations relating to the Council’s employees will be subject to consultation, government notification requirements and the Council’s Managing Change Policy.

HR Partner: James Brereton, Head of Human Resources, 16 September 2024.

APPENDICES

Appendix A – Further essential background / detail on the proposal Appendices A1a-A9	YES
Appendix B – Equality Impact Assessment (EqIA)	NO
Appendix C – Environmental Impact Assessment	NO
Appendix D – Risk assessment	NO
Appendix E – Exempt Information	NO
Appendix F – Details of consultation carried out - internal and external	NO