

Bristol City Council

Quarter 2/Period 5 2024/25 - Finance Monitoring Revenue Report

1. REVENUE SUMMARY POSITION

- 1.1. The council budget for 2024/25 was agreed by Full Council on 28 February 2024. This report provides information and analysis at Quarter 2 (August/Period 5 extrapolated) on the council's financial performance against the approved budget and its forecast use of resources for the financial year ahead.
- 1.1. 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 each 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 risks and opportunities for mitigation. Where these opportunities are considered undeliverable, or pressures cannot be contained across the directorate, the budget scrutiny process will be triggered.
- 1.2. The council is structured by directorate with Executive Directors being appointed by directorate and being responsible for revenue and capital cash limited budgets by directorate. This report consequently provides full details of the financial position by directorate. However, following a public referendum in May 2022, the council's governance arrangements have changed from a Mayor and Cabinet model to a committee system, effective from 6 May 2024. As a result, in order to support effective management and control under this committee model, financial information and analysis by committee will be provided in parallel to that by directorate going forward within the main report. Appendices are set out by committee so that, subsequent to review at Strategy and Resources Committee, they may follow on for review by the appropriate policy committee.
- 1.3. At Quarter 2/Period 5 (Q2/P5), the council is forecasting an end of year overspend of £19.7 million against its current approved General Fund budget of £533.7 million.
- 1.4. Over and above this £19.7 million overspend, there are emerging risks and opportunities within each of the service directorates that require further verification. These are consequently excluded from the forecast but are captured within the report and in each of the relevant directorate appendices. These risks (of £23.8m) and opportunities (of £16.0m) present a total weighted additional net risk of £7.8 million.
- 1.5. This £7.8 million net risk is predominantly driven by emerging risks within the Adults and Communities directorate (£7.1m) and Growth and Regeneration directorate (£2.9m).
- 1.6. The budget included delivery of embedded plans for £45.3 million savings (a further £3.4m savings have been added to this target since the start of the current year). Any slippage to these budgeted savings programmes which is not recoverable in-year also represents a risk to the forecast outturn which it will be necessary to mitigate.
- 1.7. The forecast outturn on the Housing Revenue Account (HRA) is currently adverse with a £14.8 million (9.8%) overspend against the approved gross budget of £151.0 million. Further detail can be found in paragraph 6.4 and appendix A6.

- 1.8. The forecast for the Dedicated Schools Grant (DSG) is currently an overspend of £31.7 million (6.4%) against the revised gross budget of £491.4 million. Following application of the Safety Valve combined with contribution from the General Fund, the net deficit to be carried forward at the close of 2024/25 is forecast to deteriorate in-year by £15.0 million (3.1% of revised gross budget) to £52.2 million (unmitigated this is £90.3 million). Further detail can be found in paragraph 6.5 and Appendix A2.
- 1.9. The forecast outturn on the Public Health Grant is in line with budget at Q2/P5.
- 1.10. The forecast outturn on the Bristol Harbour Authority account continues to report no forecast variance to budget at Q2/P5.
- 1.11. Corporate ownership of the forecast budget overspend and emerging net risk is required, with clear management action to alleviate. As part of this, the council is now implementing in-year measures to reduce this financial pressure. These measures include the establishment of -
- 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.
 - 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 £0.1 million.
 - Workforce Review Panel to delay or reduce workforce and agency costs.
 - 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.
- 1.12. Corporate risk item 15 around 'Possible In-Year Financial Deficit' continues in the current financial year to be assessed as having a score of 21. This score indicates both the increased likelihood and significant impact linked to the forecast overspend and additional emerging risks identified.

2. GENERAL FUND REVENUE POSITION

2.1 The assessment at Quarter 2/Period 5 shows the Council's scheduled General Fund forecasting a risk adjusted overspend of £19.7 million. This is a 3.7% adverse variance on the approved gross budget of £533.7 million.

2.2 Table 1a below provides an overview of the council's Q1 forecast position for the 2024/25 financial year by directorate. Additional service detail is provided for each directorate in individual appendices.

Table 1a: Q2/P5 2024/25 Summary Full Year General Fund Revenue Forecast By Directorate

Quarter 2/ Period 5 Budget Monitoring - Summary	Approved Budget	Revised Budget	Forecast	Forecast variance at Q1/P2	Forecast variance at P3/P4	Movement in forecast variance at Q2/P5	Forecast variance at Q2/P5	Forecast variance at Q2/P5
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
9 - Children & Education								
15 - Children and Families Services	98,735	102,949	124,693	18,700	23,350	(1,606)	21,744	21.1%
16 - Education, Inclusion and Skills	26,400	25,602	27,629	0	1,863	165	2,028	7.9%
Total 9 - Children & Education	125,136	128,551	152,323	18,700	25,213	(1,441)	23,772	18.5%
8 - Adults & Communities								
14 - Adult Social Care	165,380	184,784	191,725	5,829	7,632	(691)	6,941	3.8%
36 - Communities and Public Health - General Fund	6,471	6,471	6,471	0	0	0	0	0.0%
57 - Commissioning, Contracts Quality and Performance (Adults)	24,672	14,042	13,648	(427)	(595)	201	(394)	-2.8%
Total 8 - Adult & Communities	196,523	205,296	211,844	5,402	7,037	(489)	6,548	3.2%
4 - Growth & Regeneration								
37 - Housing & Landlord Services	22,943	22,943	27,649	3,800	5,390	(683)	4,707	20.5%
46 - Economy of Place	4,009	4,255	4,275	0	0	20	20	0.5%
47 - Management of Place	(4,543)	(6,747)	(6,747)	(0)	(0)	0	(0)	0.0%
4A - Management - G&R	(3,628)	(1,222)	(1,222)	0	0	0	0	0.0%
4B - Property, Assets and Infrastructure	42,986	42,398	42,414	(0)	0	15	15	0.0%
Total Bristol Harbour Authority	(621)							
Total 4 - Growth & Regeneration	61,146	61,628	66,369	3,800	5,390	(648)	4,742	7.7%
2 - Resources								
21 - Policy, Strategy and Digital	21,245	20,988	21,294	(0)	(0)	305	305	1.5%
22 - Legal and Democratic Services	16,375	16,358	16,584	237	237	(12)	225	1.4%

Quarter 2/ Period 5 Budget Monitoring - Summary	Approved Budget	Revised Budget	Forecast	Forecast variance at Q1/P2	Forecast variance at P3/P4	Movement in forecast variance at Q2/P5	Forecast variance at Q2/P5	Forecast variance at Q2/P5
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
24 - Finance	8,788	8,849	9,459	611	611	0	611	6.9%
25 - Workforce & Change	3,247	3,359	3,025	0	0	(334)	(334)	-10.0%
26 - Strategic Transformation	110	65	65	0	0	0	0	0.0%
Total 2 - Resources	49,765	49,620	50,427	848	848	(41)	807	1.6%
SERVICE NET EXPENDITURE	432,570	445,094	480,963	28,749	38,488	(2,619)	35,868	8.1%
X2 - Levies	3,693	3,693	3,693	0	0	0	0	0.0%
X3 - Corporate Expenditure	56,406	43,253	38,639	(4,614)	(4,614)	0	(4,614)	-10.7%
X4 - Capital Financing	26,768	26,831	25,831	(1,000)	(1,000)	0	(1,000)	-3.7%
X6 - Year-end Transactions	0	356	356	0	(0)	0	(0)	0.0%
X9 - Corporate Allowances	14,283	14,493	3,894	(10,600)	(10,600)	0	(10,600)	-73.1%
Total Corporate	101,151	88,626	72,412	(16,214)	(16,214)	0	(16,214)	-18.3%
TOTAL REVENUE NET EXPENDITURE	533,721	533,721	553,375	12,535	22,274	(2,619)	19,654	3.7%

2.3 Table 1b below provides an overview of the council's Q2 forecast position for the 2024/25 financial year by committee (combining General Fund revenue with Ring Fenced Accounts). Additional service detail is provided for each committee in the appendices to this report.

Table 1b: Q2/P5 2024/25 Summary Full Year General Fund Revenue and Ring-fenced Accounts Forecast By Committee

Quarter 2/ Period 5 Budget Monitoring - Summary	Approved Budget	Revised Budget	Forecast	Forecast variance at Q1/P2	Forecast variance at P3/P4	Movement in forecast variance at Q2/P5	Forecast variance at Q2/P5	Forecast variance at Q2/P5
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Children and Young People								
15 - Children and Families Services	98,735	102,865	124,693	18,700	23,350	(1,522)	21,828	21.2%
16 - Education, Inclusion and Skills	26,400	25,602	27,629	0	1,863	165	2,028	7.9%
1B - Transformation – Our Families Programme	0	84	0	0	(0)	(84)	(84)	-100.0%
Total Children and Young People	125,136	128,551	152,323	18,700	25,213	(1,441)	23,772	18.5%
Dedicated Schools Grant								

Quarter 2/ Period 5 Budget Monitoring - Summary	Approved Budget	Revised Budget	Forecast	Forecast variance at Q1/P2	Forecast variance at P3/P4	Movement in forecast variance at Q2/P5	Forecast variance at Q2/P5	Forecast variance at Q2/P5
Total Dedicated Schools Grant	491,736	491,354	506,402	24,182	13,019	2,030	15,049	3.1%
Total Dedicated Schools Grant	491,736	491,354	506,402	24,182	13,019	2,030	15,049	3.1%
Adult Social Care								
14 - Adult Social Care	165,380	184,784	191,725	5,829	7,632	(691)	6,941	3.8%
57 - Commissioning, Contracts Quality and Performance (Adults)	24,672	14,042	13,648	(427)	(595)	201	(394)	-2.8%
Total Adult Social Care	190,052	198,826	205,373	5,402	7,037	(489)	6,548	3.3%
Public Health and Communities								
36 - Communities and Public Health - General Fund	6,471	6,471	6,471	0	0	0	0	0.0%
3B - Communities and Public Health - Other Grants	0	0	0	0	0	0	0	0.0%
47 - Management of Place	7,890	7,730	7,730	0	(0)	0	(0)	0.0%
Total Public Health and Communities	14,360	14,201	14,201	0	(0)	0	(0)	0.0%
Public Health Grant								
34 - Public Health Grant	0	0	0	0	0	0	0	0.0%
Total Public Health Grant	0	0	0	0	0	0	0	0.0%
Homes and Housing Delivery								
37 - Housing & Landlord Services	22,943	22,943	27,649	3,800	5,390	(683)	4,707	20.5%
Total Homes and Housing Delivery	22,943	22,943	27,649	3,800	5,390	(683)	4,707	20.5%
Housing Revenue Account								
Total Housing Revenue Account	150,982	150,982	165,763	3,616	12,542	2,239	14,781	9.8%
Total Housing Revenue Account	150,982	150,982	165,763	3,616	12,542	2,239	14,781	9.8%
Transport and Connectivity								
46 - Economy of Place	100	388	408	0	0	20	20	5.1%
47 - Management of Place	(12,783)	(15,035)	(15,035)	0	(0)	0	(0)	0.0%
4B - Property, Assets and Infrastructure	0	0	0	0	0	0	0	0.0%
Total Transport and Connectivity	(12,683)	(14,647)	(14,627)	0	(0)	20	20	-0.1%
Environment and Sustainability								
46 - Economy of Place	743	742	742	0	0	0	0	0.0%
4B - Property, Assets and Infrastructure	46,809	46,449	46,439	0	(62)	52	(10)	0.0%
Total Environment and Sustainability	47,552	47,191	47,182	0	(62)	52	(10)	0.0%

APPENDIX A1a

Quarter 2/ Period 5 Budget Monitoring - Summary	Approved Budget	Revised Budget	Forecast	Forecast variance at Q1/P2	Forecast variance at P3/P4	Movement in forecast variance at Q2/P5	Forecast variance at Q2/P5	Forecast variance at Q2/P5	
Economy and Skills									
46 - Economy of Place	1,421	1,160	1,160	0	0	0	0	0.0%	
47 - Management of Place	351	558	558	0	(0)	0	(0)	0.0%	
4A - Management - G&R	(3,628)	(1,222)	(1,222)	0	0	0	0	0.0%	
4B - Property, Assets and Infrastructure	120	143	143	0	0	0	0	0.0%	
Total Economy and Skills	(1,737)	639	639	0	(0)	0	(0)	0.0%	
Bristol Harbour Authority									
Total Bristol Harbour Authority		0	0	0	0	0	0	0.0%	
Total Bristol Harbour Authority	0	0	0	0	0	0	0	0.0%	
Strategy and Resources - Service									
21 - Policy, Strategy and Digital	21,245	20,988	21,294	0	(0)	305	305	1.5%	
22 - Legal and Democratic Services	16,375	16,358	16,584	237	237	(12)	225	1.4%	
24 - Finance	8,788	8,849	9,459	611	611	0	611	6.9%	
25 - HR, Workplace & Organisational Design	3,247	3,359	3,025	0	0	(334)	(334)	-10.0%	
26 - Strategic Transformation	110	65	65	0	0	0	0	0.0%	
46 - Economy of Place	1,745	1,965	1,965	0	0	(0)	(0)	0.0%	
4B - Property, Assets and Infrastructure	(3,943)	(4,194)	(4,169)	0	62	(36)	25	-0.6%	
Total Bristol Harbour Authority	(621)	Moved to Ring-fenced Account							
Total Strategy and Resources - Service	46,947	47,391	48,223	848	909	(77)	832	1.8%	
SERVICE NET EXPENDITURE	1,075,288	1,087,430	1,153,128	56,548	64,048	1,650	65,698	6.0%	
Strategy and Resources - Corporate									
X2 - Levies	3,693	3,693	3,693		0	0	0	0.0%	
X3 - Corporate Expenditure	56,406	43,253	38,639	(4,614)	(4,614)	0	(4,614)	-10.7%	
X4 - Capital Financing	26,768	26,831	25,831	(1,000)	(1,000)	0	(1,000)	-3.7%	
X6 - Year-end Transactions	0	356	356		(0)	0	(0)	0.0%	
X9 - Corporate Allowances	14,283	14,493	3,894	(10,600)	(10,600)	0	(10,600)	-73.1%	
Total Strategy and Resources - Corporate	101,151	88,626	72,412	(16,214)	(16,214)	0	(16,214)	-18.3%	
TOTAL REVENUE & RINGFENCED NET EXPENDITURE	1,176,439	1,176,056	1,225,540	40,334	47,834	1,650	49,484	4.2%	

LESS Ring-fenced Budgets:

Quarter 2/ Period 5 Budget Monitoring - Summary	Approved Budget	Revised Budget	Forecast	Forecast variance at Q1/P2	Forecast variance at P3/P4	Movement in forecast variance at Q2/P5	Forecast variance at Q2/P5	Forecast variance at Q2/P5
Quarter 2/ Period 5 Budget Monitoring - Summary	Approved Budget	Revised Budget	Forecast	Forecast variance at Q1/P2	Forecast variance at P3/P4	Movement in forecast variance at Q2/P5	Forecast variance at Q2/P5	Forecast variance at Q2/P5
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Total Housing Revenue Account	(150,982)	(150,982)	(165,763)	(3,616)	(12,542)	(2,239)	(14,781)	9.8%
Total Dedicated Schools Grant	(491,736)	(491,354)	(506,402)	(24,182)	(13,019)	(2,030)	(15,049)	3.1%
Total Public Health Grant	0	0	0	0	0	0	0	0.0%
Total Bristol Harbour Authority	0	0	0	0	0	0	0	0.0%
Total Ring-fenced Budgets	(642,718)	(642,336)	(672,165)	(27,798)	(25,561)	(4,269)	(29,829)	4.6%
TOTAL REVENUE NET EXPENDITURE (EXC RINGFENCED)	533,721	533,721	553,375	12,535	22,274	(2,619)	19,654	3.7%

2.2 Adults, Communities and Public Health Directorate

Adult Social Care

2.2.1 Adult Social Care (ASC) is forecasting an overspend of £6.5 million on a net budget of £198.8 million (3.3% of the net budget) with further detail provided at Appendix A3 of this report. The main variances relate to cost pressures in relation to individual care and support packages. Cost pressures in adults purchasing budget reflect increased demand, inflationary costs, and increased acuity for service users.

2.2.2 In summary, Period 5 the movement relates to:

- A net increase of £0.2 million to £17.3 million overspend associated with individual care packages and support.
- A net revision of £1.4 million to savings to be achieved in this financial year through spend control measures.
- An increase in employee costs of £0.3 million with a projected underspend now of £2.4 million and other net underspends across the service of £4.8 million.

2.2.3 At this stage in the financial year there remains a degree of uncertainty with forecasts. Several key risks and opportunities which are likely to materialise during the remainder of the financial year may impact on the final position.

Communities and Public Health

2.2.3 At the end of Period 5 the Communities and Public Health General Fund are forecasting no variance to budget.

2.3 Children and Education Directorate

2.3.1 The Children and Education directorate is forecasting an adverse variance of £23.8 million at Period 5 on a budget of £128.6 million. This represents a forecast overspend of 18.5%. Further detail is provided at Appendix A2 of this report.

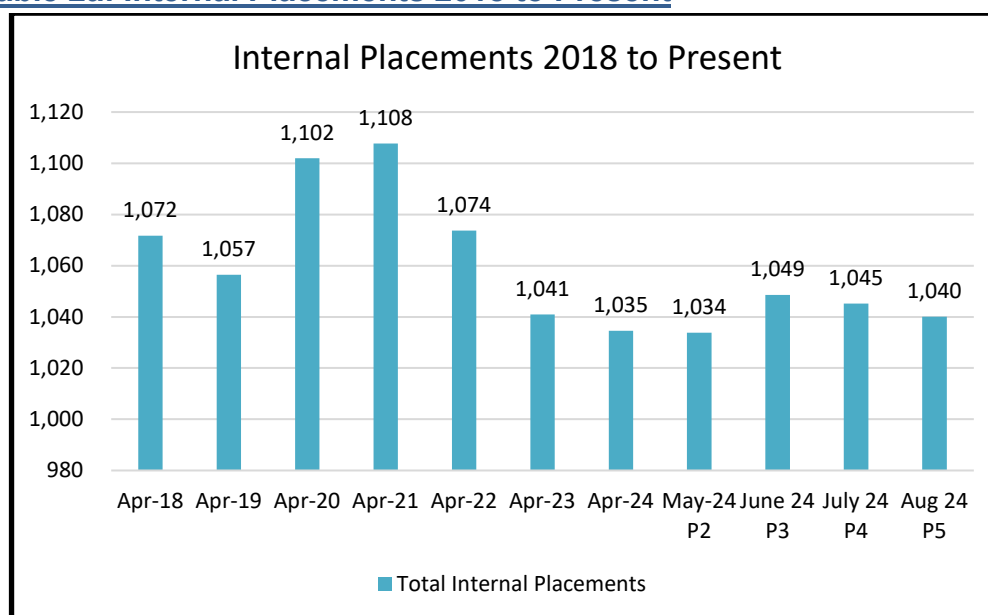
Children and Families Service

2.3.2 The Children and Families service is forecasting an overspend of £21.8 million against a budget of £102.9 million due to escalating numbers and associated high unit costs of children and young people in care of the local authority that require Out of Authority, Independent Foster Care (IFA) or Un-registered External Placements. The availability of suitable Internal Placements has reduced over the last twelve months resulting in more reliance being placed on the more expensive External Placement market.

2.3.3 The forecast overspend demonstrates a favourable movement when compared to the previous period due to estimated growth in the number of placements decreasing, mitigations to step down, re-unify, and/or cease placements being delivered, together with actions being taken to actively reduce the expenditure associated with Asylum and Immigration No Recourse to Public Funds (NRPF) payments.

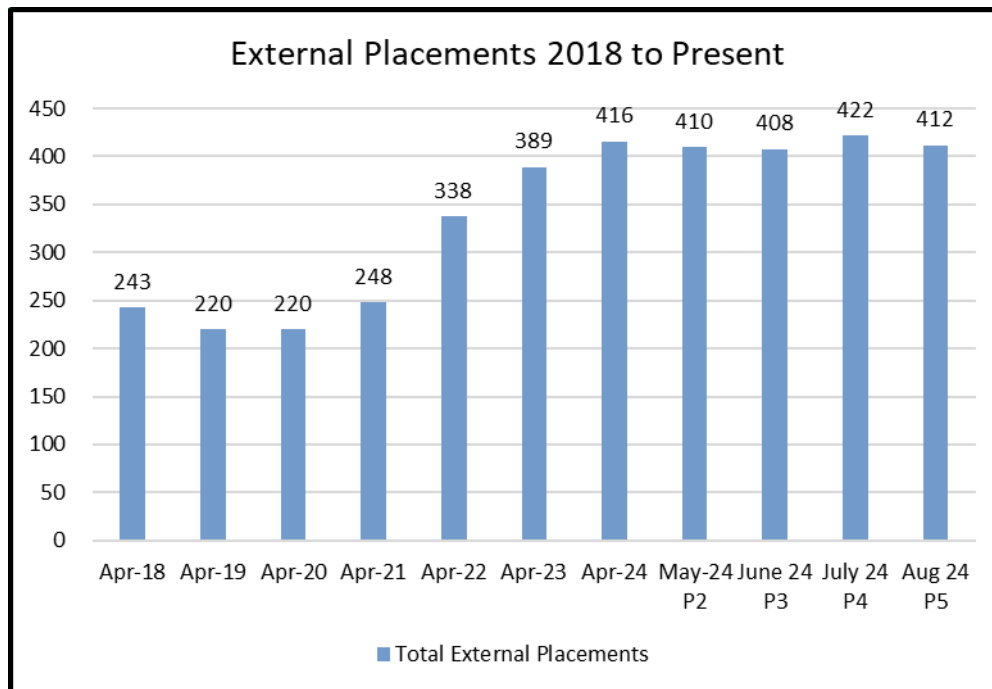
2.3.4 The charts below demonstrate the reduction in Internal placements (Table 2a) and growth in External including Independent Foster Agency (IFA) placements (Table 2b) in recent years.

Table 2a: Internal Placements 2018 to Present



Internal Placements includes Foster Care, Adoption, Responsibility Orders (RO), Special Guardianship Orders (SGO), and Children's Homes

Table 2b: External Placements 2018 to Present



External Placements includes External Supported Accommodation (ESA), Independent Foster Agency (IFA), Out-of-Authority (OOA), Parent and Baby units, Secure, Un-Registered, and Agency Placements

Educational Improvement

- 2.3.5 The Education Improvement Division is currently forecasting an overspend at P5 of £2.0 million against a budget of £25.6 million due to pressures associated with volumes of children and young people requiring Home to School Transport.

2.4 Resources Directorate

- 2.4.1 The Resources Directorate is reporting a £0.8 million pressure against a revised budget of £49.6 million (1.6%), with further detail provided at Appendix A9. There has been no material movement in the overall Resources forecast since Period 3.
- 2.4.2 There is an overspend of £0.6 million within Finance division which comprises a £1.1 million pressure in relation to insurance due to an increased cost in insurance premiums driven by commercial and market conditions, partly offset by a favourable position of £(0.5) million across Revenues and Benefits relating to increased summons fee income and an increased uptake of the Supplier Incentive Scheme. There is an overspend of £0.3 million within Policy Strategy and Digital due to IT contract and inflationary pressures of £0.9 million offset predominantly by staffing underspends. There is a £0.2m overspend within Legal and Democratic services due to locum and disbursement pressures within Legal Services, partly offset by increased external fee income within Statutory Registration. Workforce & Change is reporting an underspend of £(0.3) million primarily due to increased uptake of the Holiday Purchase Scheme £(0.3) million; the forecast also includes increased income of £(0.2) million which is offsetting a £0.2 million pressure arising from income shortfalls within HR in relation to Trading with Schools service.
- 2.4.3 The net position for risks and opportunities is a £(0.7) million opportunity. This includes a net opportunity of £(1.0) million across Revenues and Benefits and a £(0.1) million opportunity within HR, which are partly offset by a further £0.2 million risk in relation to

insurance if planned mitigation is not achieved and a £0.2 million risk within Legal Services.

- 2.4.4 Any ongoing pressures, most notably insurance and IT contracts, are being reviewed as part of the medium term financial strategy (MTFS) alongside any permanent opportunities that can offer mitigation.

2.5 Growth & Regeneration Directorate

- 2.5.1 The Growth & Regeneration Directorate is forecasting a £4.7 million (7.7%) overspend against its revised net expenditure budget of £61.6 million. This relates to the need to provide temporary accommodation for people experiencing homelessness in the city. Savings opportunities are currently being worked through in order to mitigate this pressure.
- 2.5.2 Other pressures within Growth and Regeneration largely relate to income from parking and rental income which have not kept pace with inflation. The changes in behaviour seen following the pandemic, with fewer people travelling into the city centre thereby reducing parking income and reductions in office demand affecting rental income. There have also been ongoing challenges in delivering savings associated with the Property Transformation Programme. The directorate has worked to balance these pressures through increasing accommodation supply, reducing the costs associated with the council's estate and use of Clean Air Zone funding where appropriate.

2.6 Corporate Items

- 2.6.1 Corporate budgets are held for capital financing, corporate expenditure such as pensions, levies and contingencies for pay awards, inflation and non-delivery of savings.
- 2.6.2 Pay Awards
Pay awards and NIC cap (£9,100) for local government workers are agreed in negotiations between employers and trade unions through the National Joint Council for Local Government Services. The budget as approved by Full Council in February 2024 included a pay award/NIC cap (£9,100) of 5% for 2024/25 which is at present included in the corporate budget. A notional allocation of this budget across directorates was set out in the Budget Report 2024/25 Appendix 1. This budget's eventual distribution will follow once negotiations with Trade Unions have been concluded.
- 2.6.3 Non-Pay/Contract Inflation
The budget as approved by Full Council in February 2024 does not include any general inflation uplift to be applied to service expenditure. This approach is intended to drive budget efficiency through contract management.
- 2.6.4 Where there are specific services for which inflation is, for example, index-linked and therefore expected to exceed this general level, an additional corporate provision has been made. Such areas include adults and childrens social care, PFI contracts, energy pricing and other essential services.
- 2.6.5 The approved budget incorporated a contingency of £13.2 million for service contract inflation. Since the general planning principle is for inflation to be contained and agreed savings to be delivered, these funds are initially held centrally for specific and significant

quantifiable pressures which cannot be mitigated elsewhere within service budgets. Whilst a notional allocation across directorates of this £13.2 million was set out in the Budget Report Appendix 1, only base budgets of £3.4 million (per Table 3b) have been applied for to date at Q2.

2.6.6 The Corporate Directorate is reporting a £16.2 million underspend (18.3%). This underspend reflects the forecast release of £4.6m of corporately held budget for inflation, £1.0m forecast underspend on Capital Financing and the forecast release of £10.6 million budget for optimism bias/contingency for non-delivery of savings.

3. TECHNICAL VIREMENTS

3.1. Table 3a below summarises the inter-directorate technical virements from the budget as approved by Full Council 20 February 2024 to the revised budget standard at Q2 2024/25 with Table 3b detailing the reasons for budget movements.

Tables 3a and 3b: Technical virement movement by directorate and key driver for Q2 2024/25

Directorate	Approved Budget £'000	Revised Budget £'000	Q1 virements £'000	Q2 virements £'000	Total virements £'000
Children & Education	125,136	128,551	0	3,415	3,415
Adult & Communities	196,523	205,296	7,546	1,227	8,773
Growth & Regeneration	61,146	61,628	481	0	481
Resources	49,765	49,620	(83)	(62)	(145)
Corporate Expenditure	101,151	88,626	(7,945)	(4,580)	(12,524)
Total Revenue net expenditure	533,721	533,721	0	0	0
Corporate Funding	(533,721)	(533,721)	0	0	0
Total	(0)	0	0	0	0

Reason	Children & Education £'000	Adult & Communities £'000	Resources £'000	Growth & Regeneration £'000	Corporate Funding & Expenditure £'000
Addition Income/Grant	0	(0)	0	0	0
Inflation (contract and pay)					
Adjustment	3,415	0	0	0	(3,415)
Other cost centre realignments	0	1,227	(62)	0	(1,165)
Total	3,415	1,227	(62)	0	(4,580)

3.2. Table 3c below summarises these same technical virements inter-committee, with Table 3d detailing inter-committee the reasons for budget movements.

Tables 3c and 3d: Technical virement movement by committee and key driver for Q2 2024/25

Committee	Approved Budget £'000	Revised Budget £'000	Q1 virements £'000	Q2 virements £'000	Total virements £'000
Children & Young People	616,872	619,905	0	3,033	3,033
Adult Social Care	190,052	198,826	7,546	1,226	8,774
Public Health & Communities	14,360	14,201	66	(226)	(160)
Homes and Housing Delivery	173,925	173,925	0	0	0
Transport and Connectivity	(12,683)	(14,647)	(2,372)	408	(1,964)
Environment and Sustainability	47,552	47,191	(1,092)	732	(360)
Economy & Skills	(2,357)	639	2,450	546	2,997
Strategy & Resources	148,719	136,017	(6,598)	(6,103)	(12,702)
Total	1,176,439	1,176,057	0	(382)	(382)
LESS Ringfenced budgets	(642,718)	(642,336)	0	382	382
LESS Corporate funding	(533,721)	(533,721)	0	0	0
Total (excluding ringfenced budgets)	0	(0)	0	(0)	(0)

Reason	Adult Social Care £'000	Children & Young People £'000	Economy & Skills £'000	Environment and Sustainability £'000	Homes and Housing Delivery £'000	Public Health & Communities £'000	Strategy & Resources	Transport and Connectivity
Addition Income/Grant	0	(382)	0	328	0	0	(328)	0
Inflation Adj (contract & pay)	0	3,415	0	(708)	0	0	(3,067)	0
Other cost centre realignments	1,226	0	546	1,112	0	(226)	(2,708)	408
Total	1,226	3,033	546	732	0	(226)	(6,103)	408

Strategy and Resources Committee is asked to note the above technical virements.

4. SAVINGS PROGRAMME – SUMMARY

4.1. The General Fund savings programme for 2024/25 agreed by Council and included in the General fund budget is £34.0 million (per Budget Report Appendix 8). This comprises 24/25 savings of £24.0 million and £10.0 million carried forward from prior years still requiring delivery. In addition to this £34.0 million there were an additional net £11.3 million of savings undelivered at 2023/24's full year outturn (P12 Provisional Outturn Report, Appendix 2, Category D) which also carry forward in to 2024/25 for delivery as well as £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. Consequently, a total net £48.7 million savings will be tracked in the current financial year.

Table 4a: Summary of Savings Delivery by Directorate

Directorate	Total savings due in 24/25 per savings tracker £m	Business cases previously agreed £m	Changes approved by DE during 24/25 £m	One-off savings in 24/25 £m	Rollover of undelivered savings from previous year £m	Net - savings as per Budget 24/25 £m Appendix 8	2024/25 Savings reported as safe		2024/25 Savings reported as at risk	
							£m	£m	£m	%
Children's & Education	6.902	-	0.000	(0.697)	(0.890)	5.315	4.113	2.789	40%	
Adults, Community & Public Health	16.387	(0.255)	0.000	-	(5.124)	11.008	6.359	10.028	61%	
Resources (& Shareholding)	2.791	(0.215)	0.000	(0.100)	(0.701)	1.775	2.799	(0.008)	0%	
Growth & Regeneration	12.301	(1.281)	0.000	(0.870)	(4.552)	5.598	10.838	1.463	12%	
Corporate (All)	10.300	-	0.000	-	-	10.300	10.300	0.000	0%	
Total	48.680	(1.751)	-	(1.667)	(11.266)	33.996	34.409	14.271	29%	

Table 4b: Summary of Savings Delivery by Committee

Committee	Total savings due in 24/25 per savings tracker £m	Business cases previously agreed £m	Changes approved by DE during 24/25 £m	One-off savings in 24/25 £m	Rollover of undelivered savings from previous year £m	Net - savings as per Budget 24/25 £m Appendix 8	2024/25 Savings reported as safe		2024/25 Savings reported as at risk	
							£m	£m	£m	%
Children and Young People	6.902	-	0.000	(0.697)	(0.890)	5.315	4.113	2.789	40%	
Adult Social Care	16.387	(0.255)	0.000	-	(5.124)	11.008	6.359	10.028	61%	
Public Health and Communities	0.613	-	0.000	(0.600)	(0.538)	(0.525)	0.461	0.152	25%	
Homes and Housing Delivery	3.650	(1.281)	0.000	-	(0.282)	2.087	4.454	(0.804)	- 22%	

Committee	Total savings due in 24/25 per savings tracker £m	Business cases previously agreed £m	Changes approved by DE during 24/25 £m	One-off savings in 24/25 £m	Rollover of undelivered savings from previous year £m	Net - savings as per Budget 24/25 £m Appendix 8	2024/25 Savings reported as safe		2024/25 Savings reported as at risk	
							£m	£m	£m	%
Transport and Connectivity	4.446	-	0.000	(0.370)	(0.885)	3.191	3.491	0.955	21%	
Environment and Sustainability	0.000	-	0.000	-	-	0.000	0.000	0.000	0%	
Economy and Skills	0.296	-	0.000	-	(0.086)	0.210	0.145	0.151	51%	
Strategy and Resources	16.387	(0.215)	0.000	-	(3.461)	12.710	15.386	1.001	6%	
Total	48.680	(1.751)	-	(1.667)	(11.265)	33.996	34.409	14.271	29%	

4.2. As at Q2/P5, £34.4 million (71%) of savings are considered safe and £14.3 million (29%) are reported at risk and are being monitored and reviewed for delivery or in-year mitigation where possible. Detailed information by directorate and by committee is provided in the appendices to this report. A number of these saving delivery risks are captured in the forecast outturn above and or directorates' risk and opportunities logs. It should, however, be noted that not all risks are formally acknowledged in the outturn and as such this may represent a small underlying additional risk.

4.3. Savings tracker change requests – the following savings were amended in Q2:

4.3.1 Savings ID/name: GR007 'Temporary accommodation need' and GR009 'Increase direct lets with private sector landlords.' This Growth and Regeneration savings programme relates to 'Tackling homelessness'. The savings structure and content have been updated to reflect current plans and baseline target to the programme, with an increase in savings from £4.7 million to £6.0 million to be delivered in the next 5-year period.

4.3.2 Savings ID/name: NEW2223_ASC14B 'Review Home Choice processes and criteria'. This Adults and Communities savings programme relates to the housing waiting list to enable people with adult social care needs to be prioritised and access appropriate house more quickly. The change is to partially replace the current saving £0.4 million in 2024/25 with a new savings line NEW 2425_2 ASC Transformation: CSA+ and furnished tenancies £0.2 million in 2024/25.

4.3.3 Savings ID/name: 2425_P23b and 2425_P23c 'Early help in communities.' This Children and Education savings programme £1.1 million proved undeliverable following analysis. Three mitigations are proposed which will offset the original planned savings. These three are:

- Market engagement team £0.2 million
- STEPS Synergy £0.5 million
- Youth Homelessness £0.4 million

5. RISKS AND OPPORTUNITIES

- 5.1. There are other financial risks and opportunities to the Council which have been identified and could materialise during the financial year. These are not reflected in the forecast. They are a combination of costs, savings delivery, income generation and funding opportunities. Details are outlined within the directorate summaries above (sections 2.2-2.5) and appendices (A2-A9) which follow this report.
- 5.2. The table below summarises the risk and opportunities shown in the directorate appendices. This shows additional emerging net risk to General Fund full year forecast outturn of £7.8 million.

Table 5a: Summary Risks and Opportunities by Directorate

Total Net Risks / (Opportunities)	P5		
	Total Net Risk £'000	Total Net Opportunity £'000	Net Risk / (Opportunity) £'000
Directorate			
8 - Adults & Communities	7,087	-	7,087
9 - Children & Education	-	-	-
2- Resources	587	(1,294)	(708)
4 - Growth & Regeneration	16,125	(13,187)	2,938
Corporate	-	(1,500)	(1,500)
TOTAL	23,798	(15,981)	7,817

Table 5b: Summary Risks and Opportunities by Committee

Total Net Risks / (Opportunities)	P5		
	Total Net Risk £'000	Total Net Opportunity £'000	Net Risk / (Opportunity) £'000
Committee			
Children and Young People	0	0	0
Adult Social Care	6,769	0	6,769
Public Health and Communities	794	(506)	288
Homes and Housing Delivery	1,400	(2,198)	(798)
Transport and Connectivity	5,714	(7,921)	(2,208)
Environment and Sustainability	2,073	(2,390)	(317)
Economy and Skills	130	(337)	(206)
Strategy and Resources	6,919	(4,431)	2,488
Total	23,798	(17,781)	6,017
Less Ringfenced budgets:	0	1,800	1,800
Total (excluding ringfenced):	23,798	(15,981)	7,817

6. RING-FENCED BUDGETS

- 6.1. 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 four main activities that are ringfenced through legislation and/or government funding rules and covered in this Q2 report are the HRA, DSG, Public Health, and Bristol Harbour Authority.
- 6.2. Table 6 below provides an overview of the council's Q2 forecast position for the 2024/25 financial year.

Table 6: Q2/P5 2024/25 Summary Full Year Ring-Fenced Fund Forecast

Quarter 2/ Period 5 Budget Monitoring - Summary	Approved budget	Revised Budget	Forecast	Forecast variance at Q1/P2	Forecast variance at P3/P4	Movement in forecast variance at Q2/P5	Forecast variance at Q2/P5	Forecast variance at Q2/P5
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Total Housing Revenue Account	150,982	150,982	165,763	3,616	12,542	2,239	14,781	9.8%
Total Dedicated Schools Grant	491,736	491,354	506,402	24,182	13,019	2,030	15,049	3.1%
Total Public Health Grant	0	0	0	0	0	0	0	0.0%
Total Bristol Harbour Authority		0	0	0	0	0	0	0.0%
Total Ring-fenced Budgets	642,718	642,336	672,165	27,798	25,561	4,269	29,829	4.6%

- 6.3. Further detail of the financial pressures and variances are summarised at a high level only below, with full details contained within the following appendices:
- HRA – Appendix A5
 - DSG – Appendix A2
 - Public Health – Appendix A4
 - Bristol Harbour Authority – Appendix A8

6.4. Housing Revenue Account (HRA)

- 6.4.1. The Housing Revenue Account (HRA) is a self-financing account and the Council will ensure it continues to manage within the resources available, including levels of HRA reserves. The HRA does not directly impact on the council's wider General Fund budget. Income to the HRA is primarily received through the rents and other charges paid by tenants and leaseholders.
- 6.4.2. The HRA is currently forecasting an adverse outturn of £14.8 million against its approved budget of £151.0 million. The main drivers of this forecast position are adverse variances of:

- £2.1 million for Income - due mainly to lower service charge income and lower rental income due to more void properties.
- £2.5 million increase in Repairs & Maintenance expenditure - mostly due to a backlog of works from previous years.
- £8 million overspend on Supervision and Management (mostly due to additional staff costs for compliance with the Housing and Consumer standards, additional insurance costs and additional security costs due to the delay to the fire alarm project). Further details on the Waking Watch adverse variance can be found in Appendix A5.
- £1.4 million additional depreciation charge.
- £1.8 million write off of assets.
- £0.3 million additional council tax charges for void properties and
- £0.8 million increase in forecast impairment provision

6.4.3. These overspends are expected to be partially offset by favourable variances of £1.3 million against energy costs in communal areas, and additional interest receivable of £0.8 million. Any overspend reported at the year end 31 March 2025 will be contained within the HRA general reserves.

6.5. Dedicated Schools Grant (DSG)

- 6.5.1. 2024-25 gross allocation for Dedicated Schools Grant (DSG) approved budget of £491.7 million was approved at Full Council in February 2024 (net amount £220.1 million after deduction for academies recoupment, NNDR and direct funding of high needs places by Education and Skills Funding Agency (ESFA).
- 6.5.2. The DSG budget is subject to ESFA revisions during the year for academy conversion recoupment and changes to validated pupil and place data determined from termly headcount and other data collections. The revised budget notified in July 2024 is £491.4 million.
- 6.5.3. The DSG is forecasting to overspend by £31.7 million in 2024/25, however this is mitigated due to Safety Valve contributions from the Department for Education (DfE) and Bristol City Council so that the revised mitigated overspend is £15.0 million, representing a 3.1% forecast overspend on the DSG.
- 6.5.4. The forecast overspend is due to the increasing numbers of children and young people with Education Health and Care Plans (EHCPs) being placed in high-cost Independent Non-Maintained Schools resulting from a current lack of sufficiency of local maintained provision and delays in the development of new local provision resulting in some of this new provision not now becoming available for use until 2025/26.
- 6.5.5. Early Years is forecasting a net in-year overspend of just over £0.3 million, however this position includes a forecast pressure of £0.6 million demand for top up funding on SEND.
- 6.5.6. Schools Block and the High Needs Transformation programme are forecasting an in-year balanced position.
- 6.5.7. Bristol City Council formally joined the Safety Valve programme at the end of 2023/24, and the DSG ended the year with an £18.5 million in-year overspend. Whilst the forecast

overspend in the DSG is continuing to grow, the Safety Valve programme is developing mitigations to meet demand for SEND support within available funding.

Table 7: Period 5 - DSG Summary Full Year Forecast

Bristol Dedicated Schools Grant 2024/25	2023/24 b/fwd	Gross DSG Funding 2024/25	P5 Gross DSG Forecast	In-Year Variance P5	Forecast c/wd
	£m	£m	£m	£m	£m
Schools	(2.311)	344.380	344.380	0.000	(2.311)
De-Delegation	(0.464)	0.000	(0.002)	(0.002)	(0.466)
Central School Services Block	0.000	2.696	2.776	0.080	0.080
Early Years	(0.262)	54.904	54.974	0.070	(0.192)
High Needs Block	62.647	89.374	120.885	31.511	94.158
High Needs Transformation	(0.982)	0.000	0.000	0.000	(0.982)
DSG Funding	0.000	(491.354)	(491.354)	0.000	0.000
Total (Unmitigated)	58.628	0.000	31.659	31.659	90.287
Safety Valve	(21.520)	0.000	(16.610)	(16.610)	(38.130)
Net Total	37.108	0.000	15.049	15.049	52.157

6.6. The Public Health Grant

6.6.1 Public Health (PH) Grant of £36.4 million was awarded for 2024/25 by Department of Health and Social Care (DHSC). At the end of Period 5 Public Health is reporting no variance to budget.

6.7. Bristol Harbour Account

6.6.1 The Bristol Harbour Account funding has, for the main part, been disaggregated from the Management of Place division in Growth and Regeneration. It is currently forecasting no variance to budget.

Strategy and Resources Committee is asked to note the forecast overspend of £14.8 million within the HRA.

It is also asked to note the DSG's forecast in-year deficit, gross unmitigated £31.7m and net £15.0 million, and its accumulated carry forward total deficit total £90.3 million before application of mitigating Safety Valve contributions combined with contributions from the General Fund which reduce this to a net £52.2 million.

Finally, the Committee is asked to note that Public Health and the Bristol Harbour Account are currently forecasting no variance against the budget.

7. REGULATORY INCOME

COUNCIL TAX (including preceptor's income)

- 7.1. Bristol City Council set the Council Tax budget for 2024/25 with a 4.99% increase (2.99% for general requirements plus a 2.0% precept specifically for Adult Social Care). The council's budgeted income from Council Tax is £331.5 million and represents 52.9% of the net budget requirement of £533.7 million.
- 7.2. Council Tax collection at the end of Quarter 2/Period 5 stands at £128.47m for in-year and arrears, being 45.49% of the budget requirement. This is below the projection of 47.0% after five months and indicates the challenging target which has been set for 2024/25.
- 7.3. The implementation of additional, non-statutory, notifications to customers in line with the corporate debt policy is now complete and significant progress has been made in moving arrears cases through the recovery pathway. The council continues to focus on supporting citizens where financial vulnerability is identified, making referrals to third sector advice agencies where appropriate.
- 7.4. Recent trends suggest that the Council Tax Reduction (CTR) caseload (estimated to cost £44.1 million for Budget 24/25) continues to reduce slowly and is 2.3% lower than it was 12 months ago (2.9% reduction in working age households and 1.1% for pension age households). This would see a fall in expenditure on the scheme if council tax were not increased for 2025/26.

BUSINESS RATES

- 7.5. The council's budgeted business rates income is £177.5 million in 2024/25 (net of tariff) and represents 33.3% of the net budget requirement of £533.7 million.
- 7.6. In year collection for business rates at the end of Period 5 stands at £110.7 million, 45.1% of collectible debit, behind the projection of 48% for this period.
- 7.7. Despite ongoing current economic challenges, the council is, at this stage in the year, expecting to achieve our collection target at year end.
- 7.8. Although any collection fund shortfalls (should they occur) would impact on the council's cash position in 2024/25, due to timing differences, the budgetary impact would fall in the following year 2025/26.

DEBT MANAGEMENT

- 7.9. During the year the council collects core locally retained funding and income from various areas to fund services provided. A breakdown of the listed sources of debt outstanding at the close of Period 5 is outlined in the table below.

Table 9: Opening and Closing Balances of Outstanding Debt – prior years (up to 31 August 2024)

Type of Debt	Opening Balance (01/04/24) £m	Movement £m	Closing Balance (31/08/24) £m
Sundry debt	88.609	(48.238)	40.371

Council Tax arrears	51.886	(10.032)	41.854
Business Rate arrears	14.338	(1.147)	13.191

Table 10: Opening and Closing Balances of Outstanding Debt – including current year (up to 31 August 2024)

Type of Debt	Opening Balance (01/04/24) £m	Movement £m	Closing Balance (31/05/24) £m
Overpaid Housing Benefits	19.127	(0.202)	18.925
HRA	15.159	1.603	16.762

7.10. Write-offs of aged debt are reported annually to committee. During the period to 31 August 2024, £2.3 million was written off in line with the write-off policy and the scheme of delegation. This represents £1.9 million Council Tax and Business Rates arrears and £0.3 million Overpaid Housing Benefit.

7.11. Debt collection and recovery activities are in place and continue.

8. BALANCE SHEET RISKS

8.1 Contingent Liabilities - The prospective Bristol Arena operator has challenged the council's termination of their agreement for lease in respect of the Arena on Temple Island and has stated loss of profits, or costs, over the life of the potential lease. At present, litigation proceedings have not commenced, and no claims have been received.

8.1. DSG deficit

8.1.1. The DSG ended the last financial year with a cumulative deficit of £37.1m and is forecasting an in-year deficit of £31.7 million thereby resulting in a cumulative forecast deficit position of £68.8 million at the end of 2024/25. This is mitigated through agreed Safety Valve contributions from the Department for Education (DfE) and Bristol City Council with the net deficit forecast being £51.2 million at the end of 2024/25.

8.1.2. The government has extended the statutory override for the DSG until 2025/26. Current forward estimates, taking account of mitigation actions, suggest the council will have an in-year deficit, and consequently, a cumulative deficit beyond 2025/26. Hence the council will need to make adequate provision to cover the deficit in 2025/26 if the statutory override is not extended further or additional funding provided.

8.2. Capitalised expenditure risk of impairment

8.2.1. A revenue feasibility fund has been set up to develop schemes with sufficient robustness and certainty of their progression. There are currently no schemes

identified that currently pose a risk of not progressing that would result in a revenue reversion of previously capitalised expenditure.

8.2.2. Council Service Investments including loans to wholly owned subsidiaries are shown in the table below. The value of Council Service investments approved as at the end of August 2024 was £63.5 million, of which £41.3 million has been drawn down. There is no objective evidence to indicate a default on the service investments.

Table 11: Balance Sheet Risks

Long Term Debtors	Approved Budget	Total Investment Outstanding
	£m	£m
Bristol Waste Company	14.800	6.032
Goram Homes - Working Capital Facility	13.300	4.692
Goram Homes - Loan Notes	12.851	10.639
Bristol & Bath Regional Capital	0.250	0.250
Great Western Credit Union	0.500	0.500
City Funds LP	5.000	4.381
Sub-Total	46.701	26.494

Long Term Investments	Approved Budget	Total Investment
	£m	£m
Bristol Port Company	2.500	2.500
Homelessness Property Fund	10.000	8.514
Temporary Accommodation (RSAP) Property Fund	4.000	3.471
Avon Mutual Community Bank	0.300	0.300
Bristol Local Education Partnership	0.000	0.000
Sub-Total	16.800	14.785

Total	63.501	41.279
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Strategy and Resources Committee is asked to note the latest position on the balance sheet risks as set out in this section.

9. RESERVES

- 9.1 The balance of the council's General Fund Reserve as at Q2 remains at £24.6 million as reported in Q1.
- 9.2 The Earmarked Reserves are held for specific purposes. The opening balance of these reserves totalled £165.8 million as at 1st April 2024. The closing balance at the end of Q2 is £166.2 million. The movement of £0.4 million is detailed in the table below.

Table 12: Reserve transfers made during Q2

Reserve Name	Reserve movements £m
Waste contract payment mechanism	(0.632)
Business Rate - volatility	0.276
Total	(0.356)

10. EXTERNAL FUNDING

- 10.1 **Grant funding of £0.895m (grant agreement signed February 2011) linked to the acquisition of Westmoreland House, Stokes Croft, and development partner selection is to be returned to Homes England.**

Following Cabinet approval (3 March 2010) the council was awarded capital grant funding of £0.895m by Homes England (Homes and Communities Agency, as was) in February 2011 for the acquisition of the site at Westmoreland House, Stoke Croft, and selection of a development partner. This supported the council's strategy at that time to redevelop the site. The Cabinet approved report's risk assessment stated that the grant's terms would allow Homes England (Homes and Communities Agency) to recall the grant if unspent.

It was subsequently not possible to progress acquisition of this site. Consequently, this unspent capital grant allocation of £0.895m will now be returned to Homes England.

Strategy and Resources Committee is requested to note the Executive Director for Growth and Regeneration's decision to return this unspent capital grant allocation of £0.895m to Homes England. This has no consequent budget impact (either capital or revenue).

11. KEY DECISIONS

- 11.1 N/A