

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

MEETING DATE: 24 January 2023

TITLE	2022/23 Quarter 3 Finance 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 provides information and analysis at Quarter 3 (November 2022 extrapolated) on the Council’s financial performance against the approved budget and forecast use of resources for the financial year. 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 P7 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 £9.5m, 2.2%, on the approved net budget of £431.1m. This month’s forecast is a net improvement of £2.7m and reflects new overspends in Children and Families Services and Education and Skills Home to School Transport totalling £1.9m offset by P7’s Cabinet approved drawdown of up to £4.7m from Reserves to offset the impact of the pay award budget shortfall on the General Fund. 2. General Fund savings programme of £24.4m for 2022/23 as agreed by Council reports £3.7m, 15%, at risk (£4.6m/19% at P7). 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 an £8.0m, 7.1%, adverse variance in forecast against its £112.6m net expenditure budget (a £6.0m deterioration since its P7 forecast of £2.0m, 1.8%. 4. Dedicated Schools Grant (DSG) net budget is forecasting an £18.8m, 4.4%, adverse variance against its £423.4m ring-fenced budget in-year (a £1.1m improvement since its P7 forecast of £19.9m, 4.7%) taking total accumulated carry forward opening deficit for 2023/24 to £43.5m. 5. The Public Health Grant allocation for 2022/23 is £34.6m and no variation is forecast (again in line with the forecast at P7). 			
Capital Programme			
<ol style="list-style-type: none"> 6. The Capital programme forecast variation is a net underspend of £31.5m (12.4%). This primarily comprises £12.9m underspend within the Growth and Regeneration directorate, £3.7m underspend against the HRA and £9.8m underspend held against Corporate Contingencies. 			

Cabinet Member / Officer Recommendations:

That Cabinet notes:

1. The General Fund risk adjusted forecast overspend of £9.5m, noting further mitigations continue to be explored.
2. That supplementary estimates will be presented for approval as part of the Budget 2023/24 Report in the case that in the case that they are required to meet Q3 2022/23 full year forecast spending requirements.
3. Technical virements since Q2 (see Table 2 and Table 3 of Appendix A)
4. The forecast overspend of £8.0m within the HRA (with actual end of year position being funded by a transfer to or from the HRA general reserve).
5. The forecast in-year deficit of £18.8m accumulating to a total £43.5m 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.
6. The forecast £21.7m underspend within the General Fund and HRA against the latest approved Capital Programme's Budget and request to reprofile this underspend into future periods.
7. Cabinet is asked to note the latest position on the balance sheet risks as set out in section 10, table 13.

That Cabinet approve:

1. The reprofiling of forecast Capital underspend of £21.7m from 2022/23 into future periods.

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 – 16th January 2023

2. Legal Advice: The report, including the detail set out in Appendix A, 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 decision recommended in the report in respect of Capital programme reprofiling

Legal Team Leader: Nancy Rollason - Head of Legal Services - 11th January 2023

3. Implications on IT: There is no direct impact on IT arising from the process of budget monitoring. There are some operational impacts arising from the IT service's own budget pressures and its work to mitigate these, and also from the council's corporate vacancy freeze. However, the service remains operational and is actively managing its risks.

IT Partner: Tim Borrett - Director: Policy, Strategy and Digital - 12th January 2023

4. HR Advice: Recruitment controls remain in place. Where possible, vacancies are being deleted in preference to making staff redundant. Some restructurings are underway at present from which a small number of predominantly voluntary exits are envisaged.

HR Partner: James Brereton - Head of Human Resources - 12th January 2023

EDM Sign-off	Denise Murray	17 th January 2023
Cabinet Member sign-off	Cllr Craig Cheney	18 th January 2023

For Key Decisions - Mayor's Office sign-off	Mayor's Office	18 th January 2023
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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