

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**MEETING DATE:** 3 October 2023

<b>TITLE</b>	<b>2023/24 Quarter 2/Period 5 Finance Report</b>		
<b>Ward(s)</b>	N/a		
<b>Author:</b> Jemma Prince	<b>Job title:</b> Finance Business Partner – Planning, Reporting and Strategy		
<b>Cabinet Lead:</b> Cllr Craig Cheney – Deputy Mayor and Cabinet Member for Finance, Governance and Performance	<b>Director Lead:</b> Denise Murray – Director of Finance		
<b>Proposal origin:</b> Other			
<b>Decision maker:</b> Cabinet Member			
<b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b>			
<p>The Council budget for 2023/24 was agreed by Full Council 21 February 2023. This report provides information and analysis at Quarter 2/Period 5 (August 2023 extrapolated) on the Council’s financial performance against the approved budget and forecast use of resources for the financial year. This report also serves as a mechanism for any finance approvals or adjustments that are required on the Council’s approved budget.</p>			
<b>Evidence Base:</b>			
<p>The 5 year budget was approved by Council in February 2023.</p> <p>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 the 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 options for mitigation. Where these options are considered undeliverable or pressures cannot be contained across the directorate the budget scrutiny process will be triggered and a request may be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source.</p> <p>At Period 4 Cabinet approved efficiency measures to mitigate an emerging pressure within the Children and Education Directorate and the transfer of the savings arising from these measures to an Earmarked Reserve to be held in abeyance.</p> <p>At Quarter 2 a supplementary estimate has now been prepared for drawdown from that Earmarked Reserve in 2023/24. This will be presented to Full Council for approval as part of the MTFP and Capital Strategy Report.</p> <p>The Council’s overall annual revenue spend is managed and monitored across a number of areas and at Quarter 2, the forecast financial outturn for 2023/24 is as follows:</p> <p>The General Fund</p> <ul style="list-style-type: none"> <li>◦ The General Fund is currently forecasting to deliver a slight underspend of £1.0m (0.2%) against its approved budget of £483.5m.</li> <li>◦ The General Fund savings programme for 2023/24 agreed by Council and included in the General Fund budget above is £26.2m (23/24 savings £16.2m and £10.0m carried forward from prior years still requiring delivery). In addition to this £26.2m, there was an additional net £9.3m of savings undelivered at 2022/23’s full year outturn which also carry forward in to 2023/24 for delivery so that a total £35.5m savings are being tracked in the current financial year. Currently £9.2m of these £35.5m savings are reported as being at risk. A number of these savings’ delivery risks are captured in the forecast outturn above or in the directorate risk and opportunities logs; however, it should be noted that not all risks are formally acknowledged in the outturn</li> </ul>			

and as such this represents an underlining additional risk.

#### The Ring-fenced Accounts

- Housing Revenue Account (HRA) is forecasting an overspend of £3.6m (2.6%) on the £137.4m approved gross expenditure budget. This net overspend is due primarily to lost income due to delays in property development programmes and increased repairs and maintenance expenditure.
- The Dedicated Schools Grant (DSG) revised budget, including amounts recouped by the Education and Skills Funding Agency for Academies, is £452.3m against which it is forecasting a £16.4m (3.6%) in-year deficit. This is primarily driven by High Needs spend increases in EHCP assessments and need. This in-year forecast overspend, when combined with the prior year's brought forward deficit of £39.7m, brings the forecast total accumulated carried forward in to 2024/25 deficit £56.1m.
- The Public Health Grant allocation for 2023/24 is £35.7m and no variation is forecast.

#### Capital Programme

- The revised Capital programme budget for 2023/24 is £366.7m comprising £221.3m for General Fund, £3.8m corporate contingency and £141.6m for the HRA. Against this revised budget, the forecast variation at Quarter 2 is a net £74.4m (20.2%) underspend comprising £49.3 (13.4%) underspend for the General fund and a £19.5m (5.3%) underspend for the HRA, predominantly attributed to delays in major projects and new build and land enabling works. The £5.6m (1.5%) balance of underspend is against pending/contingency budget.

#### Further Risks & Opportunities

- Further risks and opportunities to the Council have been identified which could materialise during the financial year. These are a combination of costs, savings delivery, income generation and funding opportunities. At Quarter 2 these are assessed as presenting a £3.4m additional weighted net risk.

#### External Funding Decision

- N/A

#### Officer Executive Decision

- To submit a grant funding application to the WECA Mayoral priority Skills Fund for £0.376m with council match funding requirement of £0.028m for a Film and High End (HE) TV Workforce Development Programme. Approval is sought for the Executive Director, Growth and Regeneration, in consultation with the council's S151 Officer and the Deputy Mayor with responsibility for Finance, Governance and Performance to accept the WECA Mayoral Priority Skills grant if successful and to procure and award contracts for expenditure of that funding.

#### Finance Urgent Key Decision

- N/A

Full details of Quarter 2 revenue and capital spend and full year forecast are provided in Appendices A1a to A10.

#### **Cabinet Member / Officer Recommendations:**

##### That Cabinet notes:

- The General Fund forecast slight underspend of £1.0m against council approved budget at Q2 2023/24.
- The Quarter 2 technical virements (Appendix A1a, Tables 2 and 3).
- The performance on delivery of savings (Appendix A1a, section 4, Table 4).
- The additional weighted net risk of £3.4m per the risks and opportunities register (Appendix A1a, section 5, Table 5)
- A forecast overspend of £3.6m within the HRA and that over- or under-spends that materialise within the HRA will be funded by a transfer to or from the HRA general reserve at the end of the financial year.
- A forecast in-year deficit of £16.4m after in-year mitigations of £2.1m accumulating to a total £56.1m carried forward deficit in the DSG at the close of 2023/24.
- A breakeven position on Public Health services.

- The level of outstanding debt as at 31 August 2023 (see section 7, Tables 8 and 9 in Appendix A1a).
- The latest position on balance sheet risks (Appendix A1a, section 8, Table 10)
- The 1 April 2023 opening balances on the General Fund and Earmarked Reserves and movements to Q2 (Appendix A1a, section 9, Table 11).
- A forecast £74.4m underspend (including £49.3m underspend for the allocated General fund and a £19.5m underspend on HRA) against the revised Capital Programme's Budget (Appendix A1b)
- The planned use of capital receipts of £9.8m
- The submission of a grant funding application to the WECA Mayoral Priority Skills Fund (section 11.1) for £0.376m with requirement for BCC to match fund £0.028m (Appendix A9)

That Cabinet gives approval:

- To revisions at Q2 to the Capital Budget following the reprofiling of programmes (Appendix A1b).
- For the Executive Director, Growth and Regeneration, in consultation with the council's S151 Officer and the Deputy Mayor with responsibility for Finance, Governance and Performance to accept the WECA Mayoral Priority Skills grant if successful and to procure and award contracts for expenditure of that funding. (Appendix A9).

**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>	N/A
<b>Capital Cost</b>	See above	<b>Source of Capital Funding</b>	N/A
<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 - Planning and Reporting, 20 September 2023

**2. Legal Advice:** The report, including the detail set out in the Appendices, will assist Cabinet to monitor the budget position with a view to meeting the Council's legal obligation to deliver a balanced budget. Legal advice will be provided separately in relation to the Decision set out in the report.

**Legal Team Leader:** Nancy Rollason, 20th September 2023

**3. Implications on IT:** Whilst the process of financial monitoring has no IT implications itself, the council continues to carry business continuity and cyber-security risks and the overall financial position (and its capacity for change management) makes it likely that this will continue in-year.

**IT Team Leader:** Tim Borrett, Director: Policy, Strategy and Digital, 19 September 2023

**4. HR Advice:** No HR implications arising from the recommendation.

**HR Partner:** James Brereton, Head of Human Resources, 19 September 2023

<b>EDM Sign-off</b>	Sarah Chodkiewicz	26 September 2023
<b>Cabinet Member sign-off</b>	Cllr Craig Cheney	27 September 2023
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	27 September 2023

<b>Appendix A – Further essential background (A1a-A10)</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> <i>Summary assessment - 'No Environmental Impact'</i>	<b>YES</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>