

## Bristol City Council

### Quarter 2/Period 5 2023/24 - Finance Monitoring Revenue Report

#### 1. REVENUE SUMMARY POSITION

- 1.1. The Council budget for 2023/24 was agreed by Full Council 21 February 2023. This report provides detailed information and analysis as at Quarter 2 (Period 5, August, extrapolated) on the Council's financial performance against the approved budget and forecast use of resources for the financial year.
- 1.2. At Quarter 2 (Q2), the Council is forecasting a slight underspend of £1.0m (0.2% of the gross budget of £483.5m) on the current approved General Fund budget.
- 1.3. In addition to this forecast, there are further risks and opportunities identified for each directorate which are continually monitored and assessed. These are excluded from the forecast above and are summarised in Table 5 below as well as being set out in each of the separate directorate appendices.
- 1.4. 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 are considered undeliverable, or pressures cannot be contained across the directorate, the budget scrutiny process will be triggered so that a deep dive can be performed and, where appropriate, request may be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source.
- 1.5. As part of the Period 4 report, the Children and Education Directorate forecast a £12.1m pressure which could no longer be contained within the directorate. A range of efficiency measures were identified across the Council, totalling £13.1m, to mitigate this pressure and Cabinet approved that, following the forecast of these savings, they be transferred to a Corporate Earmarked Reserve to be held in abeyance until the projected overspends materialise.
- 1.6. The forecast at Q2 now includes these £13.1m savings. These will be transferred to an Earmarked Reserve and, in preparation for its draw down, a supplementary estimate has been prepared requesting delegated authority to realign this Earmarked Reserve to meet the balance of Children and Education Directorate spending requirements up to £11.5m (representing their P4 pressure of £12.1 million less the directorate's own additional efficiency of £0.6m). This supplementary estimate is to be recommended to Full Council for approval alongside the MTFP at the end of October.
- 1.7. The forecast currently assumes delivery of the approved savings plans of £35.5m (Table 4) including the savings assigned to the Top-4 prioritised transformation programmes. Where there is risk that a forecast saving will not be achieved, this is incorporated into the risks and opportunities log (Table 5).

- 1.8. The forecast outturn position on the Housing Revenue Account (HRA) is a £3.6m adverse variance (2.6%). Should this materialise, it will be met from the uncommitted and available HRA General Reserve. This is set out in section 6.4 below and Appendix A6.
- 1.9. The Dedicated Schools Grant (DSG) is forecasting a £16.4m deficit (3.6%) against the revised gross budget of £452.3m. This forecast now includes mitigating actions of £2.1m and would bring the cumulative deficit at year end to £56.1m. This is set out in section 6.5 below and Appendix A7.
- 1.10. The Public Health (PH) Grant is forecast to break-even as set out in section 6.6 below and Appendix A8.

## 2. GENERAL FUND REVENUE POSITION

- 2.1. Table 1 below provides an overview of the Council's Q2 forecast position for the 2023/24 financial year. Additional service detail is provided for each directorate in individual appendices.

**Table 1: Q2/P5 2023/24 Summary Full Year General Fund Revenue Forecast**

Period 5/ Quarter 2 - Summary	Approved budget	Revised Budget	Q2/P5 Forecast	Q1/P2 variance	P3/P4 variance	Q2/P5 variance	Total Variance	Total Variance %
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
<b>8 - Adult &amp; Communities</b>								
14 - Adult Social Care	155,990	171,515	171,515	0	0	0	0	0.0%
36 - Communities and Public Health - General Fund	5,853	5,944	5,944	0	0	(0)	(0)	0.0%
57 - Commissioning, Contracts Quality and Performance (Adults)	10,519	14,253	14,253	0	0	(0)	(0)	0.0%
<b>Total 8 - Adult &amp; Communities</b>	<b>172,362</b>	<b>191,712</b>	<b>191,712</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0.0%</b>
<b>9 - Children &amp; Education</b>								
15 - Children and Families Services	89,051	88,241	95,771	0	7,980	(450)	7,530	8.5%
16 - Educational Improvement	21,644	21,762	25,753	0	4,091	(100)	3,991	18.3%
1B - Transformation - Our Families Programme	0	0	0	0	0	0	0	0.0%
<b>Total 9 - Children &amp; Education</b>	<b>110,695</b>	<b>110,003</b>	<b>121,524</b>	<b>0</b>	<b>12,071</b>	<b>(550)</b>	<b>11,521</b>	<b>10.5%</b>
<b>2 - Resources</b>								
21 - Policy, Strategy and Digital	21,008	21,215	20,517	2	(0)	(700)	(698)	-3.3%
22 - Legal and Democratic Services	14,575	14,871	14,617	0	0	(254)	(254)	-1.7%
24 - Finance	6,142	6,679	6,239	(3)	0	(437)	(440)	-6.6%
25 - HR, Workplace & Organisational Design	3,155	2,954	2,790	0	0	(164)	(164)	-5.6%
26 - Management - Resources	181	153	153	0	0	0	0	0.0%
<b>Total 2 - Resources</b>	<b>45,061</b>	<b>45,872</b>	<b>44,316</b>	<b>(1)</b>	<b>0</b>	<b>(1,555)</b>	<b>(1,556)</b>	<b>-3.4%</b>
<b>4 - Growth &amp; Regeneration</b>								
37 - Housing & Landlord Services	20,559	20,955	20,956	0	0	1	1	0.0%
46 - Economy of Place	2,885	2,862	2,845	0	(0)	(17)	(18)	-0.6%
47 - Management of Place	(1,890)	(2,383)	(2,430)	(31)	31	(48)	(48)	2.0%
4A - Management - G&R	(170)	(675)	(675)	0	0	0	0	0.0%
4B - Property, Assets and Infrastructure	40,011	40,808	40,872	0	(0)	64	64	0.2%
<b>Total 4 - Growth &amp; Regeneration</b>	<b>61,395</b>	<b>61,568</b>	<b>61,568</b>	<b>(31)</b>	<b>31</b>	<b>(0)</b>	<b>(0)</b>	<b>0.0%</b>
<b>SERVICE NET EXPENDITURE</b>	<b>389,512</b>	<b>409,155</b>	<b>419,120</b>	<b>(32)</b>	<b>12,103</b>	<b>(2,106)</b>	<b>9,965</b>	<b>2.4%</b>
X2 - Levies	11,071	11,071	6,071	0	0	(5,000)	(5,000)	-45.2%
X3 - Corporate Expenditure	49,634	31,696	28,287	0	0	(3,409)	(3,408)	-10.8%
X4 - Capital Financing	23,866	23,758	21,166	0	0	(2,592)	(2,592)	-10.9%
X9 - Corporate Allowances	9,440	7,843	7,843	0	0	(0)	(0)	0.0%
<b>Total Corporate</b>	<b>94,011</b>	<b>74,368</b>	<b>63,368</b>	<b>0</b>	<b>0</b>	<b>(11,000)</b>	<b>(11,000)</b>	<b>-14.8%</b>
<b>TOTAL REVENUE NET EXPENDITURE</b>	<b>483,523</b>	<b>483,523</b>	<b>482,488</b>	<b>(32)</b>	<b>12,103</b>	<b>(13,106)</b>	<b>(1,035)</b>	<b>-0.2%</b>

### 2.2. Adults & Communities

- 2.2.1. The Adults & Communities Directorate is currently forecasting zero variance against its £191.7m revised budget.
- 2.2.2. Adult Social Care continues to experience significant service pressures and associated financial risks in relation to its Adult Purchasing Budgets, with a £11.9m risk of overspend. It should be noted that this is an increase in spend of less than £0.1m since P4. This is a challenging budget with both savings targets still to be achieved and is also an area experiencing increasing demand and cost pressures (see Appendix 2). Areas of significant variance relate to adults of working age budgets, in all areas of the service provision for this cohort with a risk of overspend of £7.4m. Residential and nursing budgets for people over 65 years old are also at risk with a total forecast risk of overspend of £5.6m. This risk is currently partially offset by forecast underspends on employee costs of £2.0m and additional income contributions of £0.7m, with the balance to be offset by assumed savings and mitigations in development focusing on areas from purchasing budgets through to market sustainability, which are still to be achieved of £9.2m. The service has advised that these risks can be mitigated by savings delivery and a balanced budget position achieved through work aligned to the Adult Social Care Transformation Programme. Further details are provided at Appendix A2 of this report.

### **2.3. Children and Education**

- 2.3.1. The Children and Education Directorate is currently reporting a net £11.5m (10.5%) adverse variance to revised budget.
- 2.3.2. Childrens and Families Services is forecasting a net overspend of £7.5m (8.5%). The Placements budget continues to be the area of greatest concern with increasing reliance on the External Supported Accommodation (ESA) and Out of Authority (OoA) placement markets. This is a result of the lack of placement sufficiency in the local area.
- 2.3.3. Detailed work is ongoing on the Children's Transformation Programme which will contribute to reducing and mitigating current in year spend and enable progress towards achieving a financially sustainable position over the MTFP period. This will include developing plans to enhance early help services, improving quality of practice, developing the workforce, improving governance and quality assurance, implementing a new model for residential placements, and working more effectively with partners.
- 2.3.4. The Educational Improvement Service is forecasting an overspend of £4.0m (18.3%). This main pressure remains in the Home to School Travel service which has seen a significant increase in the number of children with Education, Health and Care Plan (EHCP) who need transport to school and a proportionately sharp increase in the number of routes to educational settings outside the local area.
- 2.3.5. Following the deep dive review, work is ongoing in the directorate to establish opportunities to manage and mitigate this pressure and any further risk, recognising the tension between service improvements and financial pressures, designing effective services with, and for, children and families; and efficiency of delivery and best value will improve as a result.

2.3.6. Further details on the P5 position are provided at Appendix A3 of this report.

## **2.4. Resources**

2.4.1. The Resources Directorate is forecasting a full year underspend of £1.6m (-3.4%) against a revised budget of £45.9m. This £1.6m favourable movement in Period 5 represents the recovery mitigations identified to be held in abeyance for offset against Children and Education's in-year pressures. More detail is set out in Appendix A4.

## **2.5. Growth and Regeneration**

2.5.1. The Growth & Regeneration Directorate continues to report zero variance against its revised budget position of £61.6m.

2.5.2. Within the risks and opportunities log for G&R there are several pressures and mitigations. The council has planned a deep dive review of these risks between Quarter 2 and Quarter 3.

- Within council car parking operations there is risk of underachievement of income being highlighted, linked to usage, at a potential adverse impact of £1.6 million, this as with the other risk areas requires further due diligence and mitigations as outlined in the appendix are being implemented.
- While the energy market is stabilising, prices are twice historic rates and as such, there is an anticipated pressure in energy costs being flagged by the service of £4.0m (including street lighting energy). This continues to be regularly reviewed.
- Homelessness pressures from increasing demand continue to pose a risk, with a 17% increase in family TA placements over the last 12 months. These pressures are starting to be addressed by the Temporary Accommodation Savings Programme that is seeing an increased in the supply of properties available through various initiatives to house individuals and families in less expensive accommodation options.
- Surplus income in respect of the Clean Air Zone (CAZ) , is planned to be used to mitigate the in-year pressures within the Directorate, where its use is compliant with the Transport Act 2000 and the Bristol Clean Air Zone Charging Order. Primarily for the purpose of directly or indirectly facilitating the achievement of local transport policies of the authority

## **2.6. Corporate Items and Reserves**

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. As at Q2 a favourable variance of £11.0m is forecast. This reflects the recovery mitigations of £5.0m as initially identified against the Levies budget by the Growth and Regeneration Directorate and £6.0m as identified by the Corporate Directorate predominantly from budget contingency for inflation and capital financing. The review of the requirement of inflation contingency has enabled £3.3m to be released as we have greater clarity through the year around contract inflation requirements, there does however remain a risk that if further unanticipated inflationary pressures come through the service budgets in the remainder of the financial year there would not then be sufficient contingency. The reduced capital

financing costs reflect the forecast outturn on the capital programme. This £11.0m will now be transferred to an earmarked reserve to be held in abeyance for offset against Children and Education's in-year pressures.

### 3. TECHNICAL VIREMENTS

3.1. Table 2 below summarises the inter-directorate technical virements to Q2 with Table 3 detailing the reasons for these budget movements.

**Table 2: Summary of budget movements by directorate for Q2**

Directorate	Approved Budget £000's	Revised Budget £000's	Q1 Virements £000's	Q2 Virements £000's	Total virements
Adult & Communities	172,362	191,712	19,429	(79)	19,350
Children & Education	110,695	110,003	(335)	(356)	(691)
Resources	45,061	45,872	566	245	811
Growth & Regeneration	61,395	61,568	92	81	173
Corporate Expenditure	94,011	74,368	(19,752)	109	(19,643)
<b>Total Revenue Net Expenditure</b>	<b>483,523</b>	<b>483,523</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
Corporate Funding	(483,523)	(483,523)	0	0	0
<b>Total</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

**Table 3: Summary of budget movements by reason for Q2**

Reason	Adult & Communities £000's	Children & Education £000's	Resources £000's	Growth & Regeneration £000's	Corporate Funding & Expenditure £000's
Addition Income/Grant	0	0	0	0	0
Other cost centre realignments	(79)	(356)	245	81	109
Inflation Adjustment	0	0	0	0	0
<b>Grand Total</b>	<b>(79)</b>	<b>(356)</b>	<b>245</b>	<b>81</b>	<b>109</b>

### 4. SAVINGS PROGRAMME – SUMMARY

4.1. The General Fund savings programme for 2023/24 agreed by Council and included in the budget was £26.2m (comprising 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 declared in the 2022/23's provisional outturn report which went to Cabinet in May. In total £35.5m savings will be tracked and require delivering in the current financial year.

4.2. Savings monitoring and tracking is undergoing improvement with a new savings framework and improved tracking process for delivery of savings being implemented from P6. This will also provide a more robust view of delivery of savings for the monthly financial position.

**Table 4: Summary of Savings Delivery**

Directorate	Total Savings due in 23/24	Savings with net cost in 23/24	Account for savings that were one-off only in 22/23	Rollover of undelivered savings from previous year	Net - savings as per Budget 23/24	2023/24 Savings reported as safe	2023/24 Savings reported as at risk	
						£m	£m	%
Children & Education	3.2	-0.4	0.0	-0.1	2.6	2.5	0.7	21%
Adults	10.2	-0.6	0.0	-2.4	7.1	5.4	4.7	47%
Resources <i>(incl. Resources led cross-cutting savings)</i>	9.3	0.0	-0.2	-3.1	6.0	9.2	0.1	1%
Growth and Regeneration <i>(incl. G&amp;R led cross cutting savings)</i>	12.9	0.0	-0.2	-2.2	10.5	9.2	3.7	29%
<b>Total</b>	<b>35.5</b>	<b>-1.1</b>	<b>-0.4</b>	<b>-7.8</b>	<b>26.2</b>	<b>26.3</b>	<b>9.2</b>	<b>26%</b>

4.3. As at Period 5, £26.3m (74%) of savings are considered safe and £9.2m (26%) are reported at risk and are being monitored and reviewed for delivery or in-year mitigation where possible. These saving delivery risks are captured in either the forecast outturn or the directorates’ risk and opportunities logs where mitigation is still expected.

4.4. Whilst there are £9.2m of savings being reported as at risk these are being reviewed for mitigation and management, with the expectation of reducing the potential under-delivery. Furthermore, the council does retain an optimism bias, set against the delivery of savings, which is held corporately at £6.0m.

4.5. The following changes to savings have been made –

4.5.1. ‘CEN01 Management and Capacity review’ - Savings totalling £5.5m (£3.5m in 2023/24 plus £2.0m in prior year), were previously held corporately. An agreement has now been made to apportion the remaining savings target across the Directorates, with accountability shifting to the new Directorate leads.

4.5.2. ‘P23 Early Help in Communities, including Children’s Centres & Family Hubs’ – The savings proposal of £1.5m has now been split down further. £0.3m remains in Early Help in Communities (including Children’s Centres & Family Hubs), whilst £0.952m is assigned to Transformation redesign, and £0.25m to Childrens Centres. The total savings profile remains unchanged.

## 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 position outlined in section 1.2 and Table 1. They are a combination of costs, savings delivery, income generation and funding opportunities. Cost of living pressures (such as inflation and pay awards) are being captured and monitored against the allowance made within the budget.

5.2. The table below summarises these risk and opportunities. These represent a weighted additional net potential risk of £9.4m which is to be partially offset by £6.0m of Adult Peopletoo savings in addition to further savings within the Adult Directorate linked to reducing demand, focused reviews plus focused reablement. There remains a net risk of £3.4m which is unmitigated at this time.

**Table 5: Summary Risks and Opportunities by Directorate**

Directorate	Net Risk/(Opportunity) £'000	
Adult	9,248	
Children & Education	(0)	
Resources	0	
G&R	132	
Corporate	0	
<b>Total</b>	<b>9,380</b>	
<b>Risk/(Opportunity)</b>		<b>£'000</b>
Adult & Communities		9,248
Children & Education		(0)
Resources		0
Growth & Regeneration		132
Corporate		0
<b>Sub-Total</b>		<b>9,380</b>
<b>Less:</b>		
Adult & Communities	Peopletoo/ reducing demand/ focused reviews/ focused reablement	(6,020)
<b>Sub-Total</b>		<b>(6,020)</b>
<b>Net Total</b>		<b>3,360</b>

## 6. RING-FENCED BUDGETS

- 6.1. There are several 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 three main activities that are ringfenced through legislation and/or government funding rules and covered in this Q2 report are the HRA, the DSG and Public Health.
- 6.2. Table 6 below provides an overview of the council's Q2 forecast position for the 2023/24 financial year.

**Table 6: Q2/P5 2023/24 Summary Full Year Ring-Fenced Fund Forecast**

Period 5/ Quarter 2 - Summary	Approved budget	Revised Budget	Q2/P5 Forecast	Q1/P2 variance	P3/P4 variance	Q2/P5 variance	Total variance	Total Variance %
Total Housing Revenue Account	137,365	137,365	140,949	(1,681)	4,407	858	3,584	2.6%
Total Dedicated Schools Grant	453,226	452,326	468,702	18,655	0	(2,278)	16,376	3.6%
Total Public Health Grant	0	(0)	0	0	0	0	0	0.0%
<b>Total Ring-fenced Budgets</b>	<b>590,591</b>	<b>589,691</b>	<b>609,651</b>	<b>16,974</b>	<b>4,407</b>	<b>(1,420)</b>	<b>19,960</b>	<b>3.4%</b>

6.3. Further detail of the financial pressures and variances are summarised at a high level only below, with full details contained in the following appendices:

- HRA – Appendix A6
- DSG – Appendix A7
- Public Health – Appendix A8

#### 6.4. HRA

6.4.1. The Housing Revenue Account (HRA) is a self-financing account and must ensure it operates within the resources available which include 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 Housing Revenue Account (HRA) is currently forecasting an adverse outturn of £3.6m (2.6%) against its approved budget of £137.4m. The main drivers of this forecast position are adverse variances of £0.9m for Income (with the main contributing factor to this negative variance being that the handover of certain new schemes is behind schedule because of project delays thereby negatively impacting the dwelling rent income forecast), £0.3m Net Interest forecast adjustment and £3.1m on Repairs & Maintenance expenditure (with significant overspends forecast for relet repairs and fire safety works). These are expected to be partially offset by a favourable variance of £0.7m in Special Services. Any overspend reported at the year end March 2024 will be contained within the HRA general reserves.

#### 6.5. DSG

6.5.1. Bristol's DSG allocation for 2023/24 is £452.3m (£186.6m after deductions and excluding the de-delegation element). The DSG is currently forecasting an in-year overspend of £16.4m (3.6%). This forecast still to be verified mitigations of £2.1m. When added to the prior year's brought forward deficit balance of £39.7m this results in a forecast cumulative overspend of £56.1m to be carried forward at the close of this financial year as set out in the table below. The equivalent unmitigated carry forward would otherwise be £58.2m.



**Table 7: Q2 - DSG Summary Full Year Forecast**

<b>Table 1 - Bristol Dedicated Schools Grant 2023/24</b>	<b>2022/23 b/f balance</b>	<b>Gross DSG funding / Budget 2023/24*</b>	<b>P05 Gross DSG forecast outturn</b>	<b>In-year variance as at P05</b>	<b>Cummulative c/f forecast position as at P05</b>
<b>£'000</b>					
Schools Block	(787)	323,851	323,851	(0)	(787)
De-delegation	(527)	0	(1)	(1)	(528)
Central School services Block	8	2,717	2,709	(8)	(0)
Early Years	(605)	37,432	38,333	902	296
High Needs Block	42,520	86,675	103,221	16,546	59,067
High Needs Transformation	(928)	1,627	2,677	1,049	121
Funding	0	(452,302)	(452,302)	0	0
<b>Total (Unmitigated position)</b>	<b>39,680</b>	<b>(0)</b>	<b>18,488</b>	<b>18,488</b>	<b>58,170</b>
Mitigations (budget v.s. forecast in 2023-24)		(3,180)	(2,112)	(1,068)	(2,112)
<b>Total - Mitigated position</b>	<b>39,680</b>		<b>16,376</b>	<b>(1,068)</b>	<b>56,058</b>

\* Bristol gross DSG Allocations, including recoupment and deductions for NNDR, and for direct funding of high needs places directly passported to schools by ESFA totalling £255.752m as at 20th July 2023.

6.5.2. The biggest challenge is within the High Needs block (HN) which is forecast to overspend by £16.6m in this financial year. This pressure is mostly driven by increase in the number of EHCPs and the complexity of needs of children with SEN.

6.5.3. Two workstreams funded through a Department for Education Delivering Better Value (DBV) Grant are starting to move from the development to the delivery phase. In workstream 1 a steering group has been established to develop the scope of the project and identify schools to take part in a test and learn pilot for the new academic year. A tender process for workstream 2 completed in June 2023 and a delivery partner has been identified to review High Needs Block funding.

6.5.4. The goal of these programmes is to improve outcomes for children and young people with SEND and explore ways of gaining better value from the limited resources available.

## 6.6. Communities and Public Health

6.6.1. The Public Health Grant of £35.7m was awarded for 2023/24. The Public Health Grant is awarded annually to the local authority and is ring fenced for the purposes of public health. The grant enables the Director of Public Health to discharge their statutory duties. Where appropriate we joint fund services with other bodies and receive income from partners according for this purpose.

6.6.2. An annual return must be provided by the authority to Office for Health Improvement and Disparities (OHID), which is audited against the grant regulations. More detail can be found at Appendix A8.

**Cabinet is asked to note a forecast overspend of £3.6m within the HRA and a forecast DSG mitigated in-year deficit of £16.4m accumulating to a forecast total £56.1m carried forward deficit at the close of 2023/24.**

## **7. REGULATORY INCOME**

### **COUNCIL TAX (including preceptor's income)**

- 7.1. Bristol City Council set the Council Tax budget for 2023/24 with a 4.99% increase (2.99% for general requirements plus 2.0% specifically for Adult Social Care). The council's budgeted income from Council Tax is £258.8m and represents 53.5% of the net budget requirement (£483.5m).
- 7.2. Council Tax collection is reporting a deficit of £2.1m at the end of August. This position is expected to improve over the coming months as more cases are progressed through the various recovery stages.
- 7.3. A significant number of debts are on payment plans and many of these extend over a longer period than we would normally arrange due to higher levels of individual debts and the ongoing cost of living crisis. The council continues to monitor these payment plans and offers support to maintain these when appropriate.
- 7.4. For Council Tax Reduction Scheme (CTR), there has been a gradual decrease (3%) in the overall caseload since the 2023/24 budget was set. This has been exclusive to reductions in the working age caseload. The estimated change for the rest of the year is hard to predict, but would estimate no, or small changes, for the rest of 2023/24.

### **BUSINESS RATES**

- 7.5. The council's budgeted business rates income is £154.0m in 2023/24 (net of tariff of £111.6m) and represents 31.9% of the net budget requirement (£483.5m). In-year collection as at the end of August is £97.6m. Collection is on target for this time of year.
- 7.6. The high energy costs, together with the cost-of-living crisis, generally continue to add to the difficulties many businesses are facing and these may well still impact on collection levels.
- 7.7. Note that collection fund shortfalls (should they occur) would impact on the council's cash position in 2023/24 however, because of timing differences, the budgetary impact will fall in the following year, 2024/25.

### **DEBT MANAGEMENT**

- 7.8. During the year the council collects core locally retained funding and income from various areas to fund the services provided. A breakdown of the main sources of debt outstanding are outlined in the tables below. For the HRA (Table 8) this is as reported for review at the end of June. Current Tenant Arrears (CTA) make up £8.6m (64%) of the closing HRA debt profile.

**Table 8: Opening and Closing Balances of Outstanding Debt at 30/06/2023**

Type of Debt	Opening Balance (01/04/23) £m	Movement £m	Closing Balance (30/06/23) £m
Total HRA debt	12.746	0.644	13.390

7.9. Other debts are reported as at the end of August (Table 9).

**Table 9: Opening and Closing Balances of Outstanding Debt at 31/08/23**

Type of Debt	Opening Balance (01/04/2023) £m	Movement £m	Closing Balance (31/08/2023) £m
Sundry Debt	76.160	(11.38)	64.780
Council Tax Arrears	50.500	(9.066)	41.434
Business Rates Arrears	21.726	(3.638)	18.088
Overpaid Housing Benefits	19.872	0.083	19.955

7.10. Of the £64.8m sundry debt outstanding at 31 August 2023, £37.6m (58%) was less than 1 year old and £3.4m (5%) related to invoices less than 30 days old that therefore weren't payable until after 31 August 2023. This is not directly comparable to the billing and collection processes for council tax and business rates.

7.11. Write offs of aged debt are reported annually to Cabinet. During the period to August 2023 £4.7m was written off in line with the write-off policy and the scheme of delegation. Ethical debt collection and recovery activities are in place and continue.

## 8. BALANCE SHEET RISKS

8.1. A contingent liability is in place for a prospective challenge linked to the council's termination of an agreement for lease in respect of the arena site at Temple Island. There is a potential material claim however, at this point in the financial cycle, the liability has not materialised.

8.2. A further contingent liability has been noted in respect of a potential compulsory purchase order (CPO) that the council could pursue as part of the plans for the Temple Quarter regeneration. A payment of compensation costs will be due to the owners if the CPO is made.

### 8.3. DSG deficit

8.3.1. The DSG ended the last financial year with a cumulative deficit of £39.7m and is forecasting an in-year deficit of £16.4m thereby resulting in a cumulative forecast deficit position of £56.1m at the end of 2023/24. 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 2025/25 if the statutory override is not extended further or additional funding provided.

#### 8.4. Capitalised expenditure risk of impairment

8.4.1. 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.

8.4.2. 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 2023 was £67.7m, of which £44.5 has been drawn down. There is no objective evidence to indicate a default on the service investments.

**Table 10: Balance Sheet Risks**

Long Term Debtors	Approved Budget	Total Investment
	£m	£m
Bristol Waste Company	12.000	6.511
Goram Homes - Working Capital Facility	7.300	3.760
Goram Homes - Loan Notes	12.851	10.638
Bristol & Bath Regional Capital	0.250	0.250
Great Western Credit Union	0.500	0.500
City Funds LP	5.000	3.719
<b>Sub-Total</b>	<b>37.901</b>	<b>25.378</b>

  

Long Term Investments	Approved Budget	Total Investment
	£m	£m
Bristol Port Company	2.500	2.500
Homelessness Property Fund	10.000	8.820
Temp Accom (RSAP) Property Fund	4.000	3.471
Avon Mutual Community Bank	0.300	0.300
<b>Sub-Total</b>	<b>16.800</b>	<b>15.091</b>

  

<b>Total</b>	<b>54.701</b>	<b>40.469</b>
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Cabinet is asked to note the latest position on the balance sheet risks as set out in this section.

## 9. RESERVES

- 9.1. As reported within 22/23 Provisional Outturn report, further amendments to the reserve balances were required as part of preparation of the 2022/23 draft statements of accounts. These total £26.4m and are set out in Table 11 below.
- 9.2. Adjustments as approved by Full Council in February 2023 totalled £3.9m and are also set out below.
- 9.3. In-year inter-reserve movements (net effect zero) are also set out below.

**Table 11: Movements and Adjustments of Reserves**

Name of Reserve	Provisional closing balance March 2023	Movements	Actual closing balance March 2023	Total approved by Full Council	Opening balance April 2023	Transfers Actioned in 23/24 - In year movement	P5/Q2 balance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Capital Investment Reserve	(12,522)	(118)	(12,640)		(12,640)		(12,640)
Goram Homes Investment	(12,962)	841	(12,121)		(12,121)		(12,121)
Business Transformation Reserve	(5,197)		(5,197)		(5,197)	1,659	(3,538)
Property Asset Management Plan	(183)	(500)	(683)		(683)		(683)
Capital Feasibility Fund	(1,263)		(1,263)	763	(500)		(500)
Project Management Office	(200)		(200)	200			0
City Deal Pooling Reserve	(16,229)	(3,033)	(19,263)		(19,263)		(19,263)
Key Line of Business Systems	(614)		(614)		(614)	507	(107)
Business Rate - volatility	(31,872)	28,986	(2,886)		(2,886)		(2,886)
Legal	(30)		(30)	(250)	(280)		(280)
Resilience Reserve	(6,000)		(6,000)	2,263	(3,737)		(3,737)
Development Fund	(73)		(73)	30	(44)		(44)
Hartcliffe Recycling Centre	(75)		(75)	75			0
Future City Demonstrator	(124)		(124)	53	(71)		(71)
Project Management (G&R)	(139)		(139)	139	0		0
Bristol Family Cycling Centre	(155)		(155)	100	(55)		(55)
Housing Delivery Enabling Fees	(431)		(431)	431			0
Digital Transformation	(3,090)		(3,090)	0	(3,090)	(2,166)	(5,257)
Bristol Legacy Community Repair Fund	(200)		(200)	125	(75)		(75)
Corporate Landlord	(500)	500					0
Total of all other reserves without movement	(65,356)		(65,356)		(65,356)		
<b>Total Earmarked Reserves</b>	<b>(157,216)</b>	<b>26,675</b>	<b>(130,540)</b>	<b>3,929</b>	<b>(126,611)</b>	<b>0</b>	<b>(126,611)</b>
General Reserve	(29,253)	(272)	(29,525)		(29,525)	0	(29,525)
<b>Total Reserves</b>	<b>(186,468)</b>	<b>26,403</b>	<b>(160,065)</b>	<b>3,929</b>	<b>(156,136)</b>	<b>0</b>	<b>(156,136)</b>

## 10. EXTERNAL FUNDING

10.1. N/A

## 11. OFFICER EXECUTIVE DECISIONS

11.1. **WECA Mayoral Priority Skills Fund for a Film & HETV Workforce Development Programme**

- The council has submitted an application on 11 September 2023 to the WECA Mayoral priority Skills Fund for £0.376m 100% grant funding with a planned council match funding of £0.028m for a Film and High End (HE) TV Workforce Development Programme. This programme aims to meet Bristol's need for high-end TV skills to support studio expansion and deliver almost 1,000 new FTE jobs over a 10 year period (Appendix A11).
- If successful the fund will be awarded directly to BCC and managed by the programme strategic leads, in liaison with BCC finance colleagues.

**Cabinet is requested to note the decision to submit a grant funding application to the WECA Mayoral Priority Skills Fund for £0.376m with requirement for BCC to match fund £0.028m.**

**Cabinet is requested to give approval 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.**

## **12. FINANCE URGENT KEY DECISIONS**

12.1. N/A