

Bristol City Council

Period 6 2023/24 - Finance Exception Report

1. REVENUE SUMMARY POSITION

- 1.1. This report relates to the Period 6 full year forecast for 2023/24 (September 2023 extrapolated). It is an exception report and as such is intended to focus on key financial issues for the Council including movements since Period 5/Quarter 2 as reported to October's Cabinet. It is not a full financial forecast for each division and no significant variances have been identified or accelerated by budget holders beyond those issues highlighted in this report.
- 1.2. 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.
- 1.3. Following the forecast of an emerging pressure within Children and Education Directorate which is increasingly unlikely to be contained, mitigations have been identified across the council and transferred to a Corporate Earmarked Reserve to be held in abeyance until the projected overspends materialise. A supplementary estimate has been prepared to realign budget to meet the balance of Children and Education Directorate's spending requirements. This supplementary estimate is to be recommended to Full Council at the end of October 2023.

2. GENERAL FUND REVENUE POSITION

- 2.1. The assessment at Period 6 shows the Council's scheduled General Fund currently forecasting a risk adjusted overspend of £11.7m. This is a 2.4% adverse variance on the approved gross budget of £483.5m.
- 2.2. This forecast overspend is driven by material service pressures arising within the Children and Education directorate which equate to a 10.5% overspend on the directorate's revised budget of £110.0m.

Table 1: P6 2023/24 Summary Full Year General Fund Revenue Forecast

Period 6 - Summary	Approved budget	Revised Budget	P6 Forecast	Total Variance YTD P6	Total Variance %
	£000s	£000s	£000s	£000s	
8 - Adult & Communities					
14 - Adult Social Care	155,990	171,388	171,388	0	0.0%
36 - Communities and Public Health - General Fund	5,853	5,944	5,944	0	0.0%
57 - Commissioning, Contracts Quality and Performance (Adults)	10,519	14,253	14,253	(0)	0.0%
Total 8 - Adult & Communities	172,362	191,585	191,585	0	0.0%
9 - Children & Education					
15 - Children and Families Services	89,051	88,241	95,773	7,532	8.5%
16 - Educational Improvement	21,644	21,762	25,778	4,015	18.5%
1B - Transformation - Our Families Programme	0	0	0	0	0.0%
Total 9 - Children & Education	110,695	110,003	121,551	11,548	10.5%
2 - Resources					
21 - Policy, Strategy and Digital	21,008	20,517	20,516	(1)	0.0%
22 - Legal and Democratic Services	14,575	14,617	14,617	(0)	0.0%
24 - Finance	6,142	6,241	6,245	4	0.1%
25 - HR, Workplace & Organisational Design	3,155	2,790	2,790	0	0.0%
26 - Management - Resources	181	153	153	0	0.0%
Total 2 - Resources	45,061	44,318	44,321	3	0.0%
4 - Growth & Regeneration					
37 - Housing & Landlord Services	20,559	20,955	20,954	(1)	0.0%
46 - Economy of Place	2,885	2,503	2,564	62	2.5%
47 - Management of Place	(1,890)	(2,470)	(2,467)	3	-0.1%
4A - Management - G&R	(170)	(675)	(675)	0	0.0%
4B - Property, Assets and Infrastructure	40,011	38,791	38,897	106	0.3%
Total 4 - Growth & Regeneration	61,395	59,104	59,274	170	0.3%
SERVICE NET EXPENDITURE	389,512	405,010	416,731	11,721	2.9%
X2 - Levies	11,071	6,071	6,071	0	0.0%
X3 - Corporate Expenditure	49,634	26,562	26,562	0	0.0%
X4 - Capital Financing	23,866	21,933	21,933	(0)	0.0%
X6 - Year-end Transactions	0	12,320	12,320	0	0.0%
X9 - Corporate Allowances	9,440	11,627	11,627	(0)	0.0%
Total Corporate	94,011	78,513	78,513	(0)	0.0%
TOTAL REVENUE NET EXPENDITURE	483,523	483,523	495,244	11,721	2.4%

2.3. Adults, Communities and Public Health Directorate

2.3.1. Adult Social Care

Adult Social Care (ASC) is forecasting in line with budget.

2.3.2. However, the Adult purchasing budgets are under significant pressure in relation to the increasing number of people being supported and the cost of those care packages. A resulting pressure of £12.6m is partially offset by increases in contributions from those clients drawing on care and support services and by forecast underspends on both employee costs and other non-adult purchasing costs (net). These combine to total £6.4m.

2.3.3. Forecast savings and planned mitigations including those from the transformational work progressing with Peopletoo are expected to deliver £5.1m towards the offset of the £6.2m balance. There currently remains a £1.1m net pressure which the directorate continues to work towards mitigating.

2.4. Children and Education Directorate

2.4.1. There are a wide range of national and local challenges being experienced within the Children and Education directorate and the emerging risk, as reported at Quarter 2/Period 5, is now likely to materialise. Following the deep dive, review work is ongoing in the directorate to establish opportunities to manage and mitigate this pressure and the associated risk of further deterioration. 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.

2.4.2. Children and Families

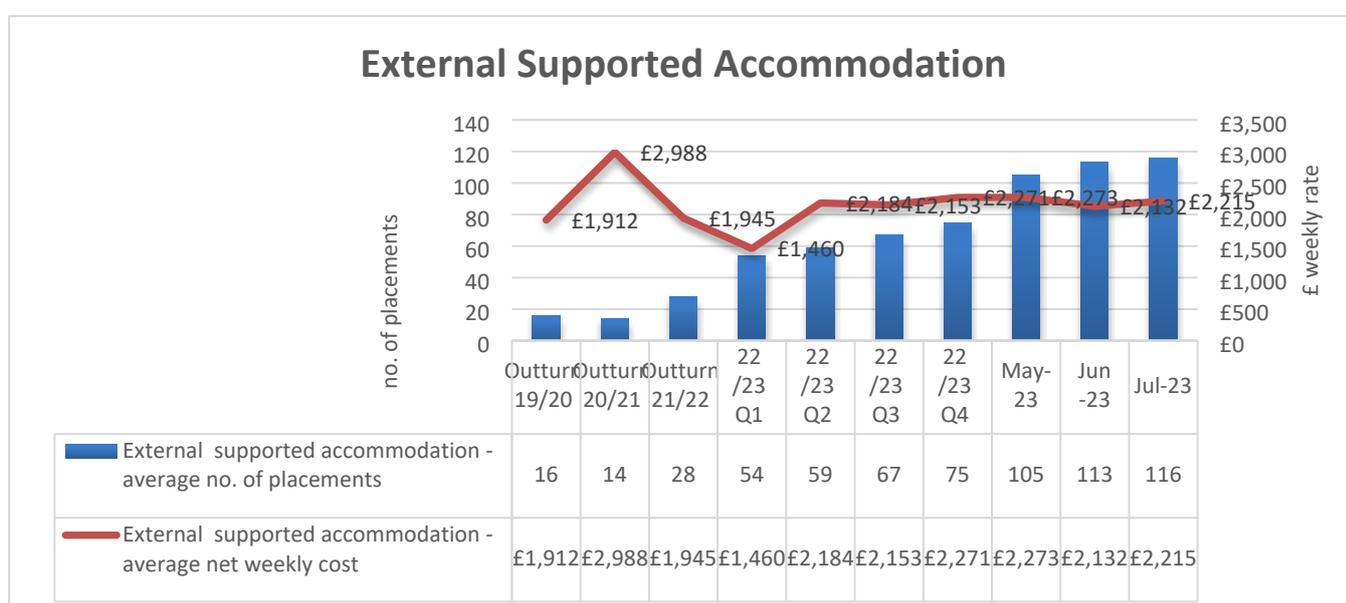
The Children and Families Service is forecasting a pressure of £7.5m (8.5%) on a revised budget of £88.2m. This pressure is predominantly due to the changing complexity and mix of social care placements. The tables below provide further detail on the forecast pressure and latest placement numbers and associated costs.

Table 2: P6 2023/24 Children and Families Revenue Expenditure Forecast

	Revised Budget 2023/24 £000s	P06 Forecast £000s	Variance £000s
Placements			
External Supported Accommodation	5,448	12,379	6,931
In House Fostering	6,606	6,124	(482)
Independent Fostering Agencies	6,775	7,293	518
Inhouse Supported Accommodation	99	25	(74)
RO & SGO	5,683	5,816	133
Out Of Authority - Placements	15,770	19,273	3,503
Parent & Baby Unit - Citywide	571	720	(149)

Secure	148	163	15
Children's Homes	4,092	3,517	(575)
Post Adoption	381	248	(133)
Total placements	45,573	55,558	9,985
Other non-placement related budgets	42,668	40,215	-2,543
Total Children & Families	88,241	95,773	7,532

Table 3: External Supported Accommodation – Placement and Costs



2.4.3. Educational Improvement

The Educational Improvement Service is forecasting an adverse variance of £4.0m (18.5%) on a revised budget of £21.8m. This pressure continues to be as a result of the increasing number of children with Education Health and Care Plans (EHCPs) requiring transport to school and the growing number reliant on having to travel longer distances from home.

2.5. Resources Directorate

2.5.1. The Resources Directorate is currently reporting no material movement to the revised budget position of £44.3m. Emerging risks and opportunities to this budget position are captured on the risk and opportunities register. At present they are assessed to present no additional net risk.

2.6. Growth and Regeneration

2.6.1. The Growth and Regeneration Directorate is currently reporting negligible variance to the revised budget position of £59.1m. Emerging risks and opportunities to this budget position are captured on the risk and opportunities register. These currently net to £0.1m risk.

3. SAVINGS PROGRAMME – SUMMARY

Table 4: Summary of Savings Delivery

Directorate	Total Savings due in 23/24	Other approved changes	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	£m	%
Children & Education	3.5	-0.4	-0.4	0.0	-0.1	2.6	2.7	0.8	22%	
Adults	10.2	0.0	-0.6	0.0	-2.4	7.1	7.1	3.0	30%	
Resources (incl. Resources led cross-cutting savings)	10.0	-0.7	0.0	-0.2	-3.1	6.0	9.6	0.5	5%	
Growth and Regeneration (incl. G&R led cross cutting savings)	13.8	-0.9	0.0	-0.2	-2.2	10.5	10.4	3.3	24%	
Total	37.5	-2.0	-1.1	-0.4	-7.8	26.2	29.8	7.6	20%	

3.1. 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. An additional £2.0m savings activity approved since the start of 23/24 brings the total savings tracked for delivery in the current financial year to £37.5m.

3.2. As at Period 6, £29.8m (80%) of savings are considered safe and £7.6m (20%) 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 above, or directorates' risk and opportunities logs where mitigation is still expected.

3.3. Whilst there is £7.6 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. RISKS AND OPPORTUNITIES

4.1. 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 overspend outlined in section 2.1. 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.

- 4.2. The table below summarises these risk and opportunities. These represent the weighted additional net potential risk of £1.2m.

Table 5: Risks and Opportunities Summary

Directorate	Net Risk/(Opportunity) £'000
Adult	1,100
Children & Education	(0)
Resources	0
G&R	132
Corporate	0
Total	1,232

- 4.3. The net position on risk and opportunities does not yet present a forecast financial pressure as these are either not considered likely to materialise or mitigations are in development and anticipated to be implemented. However, if mitigations are not identified then the likelihood of these risks will inevitably increase and could transition into an actual financial pressure which would add to the current overspend position being reported.

5. RING-FENCED BUDGETS

- 5.1. 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 forecast outturns for these ringfenced budgets are summarised in the table below.

Table 6: P6 2023/24 Summary Full Year Ring-Fenced Fund Forecast

Ring-fenced Budgets Summary					
Period 6 - Summary	Approved budget	Revised Budget	P6 Forecast	Total variance	Total Variance %
Total Housing Revenue Account	137,365	137,365	136,545	(820)	-0.6%
Total Dedicated Schools Grant	453,226	452,326	468,722	16,396	3.6%
Total Public Health Grant	0	(0)	0	0	0.0%
Total Ring-fenced Budgets	590,591	589,691	605,267	15,576	2.6%

5.2. Housing Revenue Account

- 5.2.1. The Housing Revenue Account (HRA) is currently forecasting a favourable outturn of £0.8m when compared to budget. This reflects a £4.4m improvement in full year forecast since P5/Q2's forecast overspend of £3.6m.
- 5.2.2. 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, negatively impacting the dwelling rent income forecast), £1.4m overspend on Supervision and management (mostly due to planned programmes overheads) and £4.1m on Repairs & Maintenance expenditure (with significant overspends forecasted for adaptation works, relet repairs and fire safety works), and £0.3m in respect of Council Tax payable on void properties. These are expected to be partially offset by favourable variances of £0.6m against energy costs in communal areas and £7.0m additional investment income as a result of increased interest rates achieved. Any overspend reported at the year end March 2024 will be contained within the HRA general reserves.
- 5.2.3. Further details of this significant movement in the forecast are available in Appendix A3.

5.3. Dedicated Schools Grant

- 5.3.1. The DSG is reporting a £16.4m mitigated deficit against the revised gross budget of £452.3m.
- 5.3.2. Full Council in February 2023 approved a DSG budget of £453.2m (or net amount £197.6m after deduction for academies recoupment, NNDR and direct funding of high needs places by ESFA). Revised allocations in July 2023 re-set the budget to £452.3m (£196.6m net).
- 5.3.3. This in-year forecast overspend, when combined with the prior year's carried forward deficit of £39.7m, brings the forecast total accumulated carried forward in to 2024/25 deficit £56.1m.

Table 7: P6 2023/24 Summary DSG Fund Full Year Forecast

Bristol Dedicated Schools Grant 2023/24	B/f Balance	Gross DSG Funding (Budget) *	Gross DSG Forecast at P6	In-year Variance at P6	Cumulative C/f
£000					
Schools Block	(787)	323,851	323,851		(787)
De-delegation	(527)		(1)	(1)	(528)
Central School Services Block	8	2,717	2,709	(8)	
Early Years Block	(605)	37,432	38,344	912	307
High Needs Block	42,520	86,675	103,300	16,625	59,145
High Needs Transformation	(928)	1,627	2,607	980	52
Funding		(452,302)	(452,302)		
Total (Unmitigated Position)	39,680		18,508	18,508	58,188
Mitigations (Budget vs forecast in 2023-24)		(3,180)	(2,112)		(2,112)
Total - Mitigated Position	39,680		16,396	18,508	56,076
* Bristol gross DSG allocations before recoupment and deductions for NNDR and direct funding of High Needs places by ESFA. Allocations as at 20-July-2023					

5.4. The Public Health Grant

5.4.1. 5.4.1 Public Health (PH) Grant of £35.7m was awarded for 2023/24 by Public Health England (PHE). At the end of Period 6 Public Health reports no forecast variance to this budget.

5.5. **Cabinet is asked to note a forecast underspend of £0.8m within the HRA and the DSG's forecast in-year deficit of £16.4m accumulating to a total forecast £56.1m deficit to be carried forward at the close of 2023/24 in to 2024/25.**

6. CAPITAL SUMMARY

6.1. The Capital programme budget at Period 6, excluding capital contingencies and other technical adjustments, has decreased by £74.4m from £362.9m to £288.5m. This reduction is as a result of both the re-profiling of budgets as reported in the Period 5/Q2 monitoring report and also recent Cabinet approvals and delegated decisions. These are summarised below:

- (£74.8m) Mid-year budget reprofile to later years of all service areas, predominantly increasing budgets into the 2024/25 period.

- £0.1m of the £1.8m 2023/24 DfE Schools Condition Grant awarded, Cabinet reported decision on 5th Sept 2023, reprofiled across future years to support the schools building maintenance programme.
- £0.3m Additional DLUHC DFG Grant awarded for Housing Adaptations (part of Better Care Fund), added to existing £3.5m 2023/24 grant allocation previously awarded.

6.2. The budget comprises £167.1 million for General Fund (excluding the corporate and other technical adjustments) and £121.4 million for the HRA. The forecast variation against budget at Period 6 is a £2.9 million underspend, £1.4 million underspend on General Fund and £1.5 million underspend on HRA.

Table 8: P6 2023/24 Capital Programme Forecast Summary By Directorate

Approved Budget (Feb 23)	Budget Changes upto P6	Directorate	Revised Budget	Actual Spend to date	Budget Spend to date	P6 Forecast Outturn	Variance
£m	£m		£m	£m	%	£m	£m
2.6	3.7	Adults & Communities	6.3	0.3	5%	6.1	(0.2)
24.7	(3.4)	Childrens & Education	21.3	5.8	27%	21.2	(0.1)
7.7	(0.6)	Resources	7.1	2.1	29%	7.0	(0.1)
114.5	17.9	Growth and Regeneration	132.4	43.5	33%	131.4	(1.0)
149.5	17.6	GF service Total	167.1	51.7	31%	165.7	(1.4)
133.3	(11.9)	Housing Revenue Account	121.4	26.7	22%	119.9	(1.5)
133.3	(11.9)	HRA service Total	121.4	26.7	22%	119.9	(1.5)
282.8	5.7	HRA & GF Service Total	288.5	78.4	27%	285.6	(2.9)
15.3	(17.1)	Corporate Contingencies & Funds	(1.8)	0.0	0%	(1.8)	0.0
298.1	(11.4)	Capital Programme Grand Total	286.7	78.4	27%	283.8	(2.9)

Last Year 2022/23 Comparison at end of Period 6

300.5	(47.5)	Capital Programme Grand Total	253.0	68.4	27%	248.3	(4.7)
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Actual Expenditure achieved - 2022/23 Outturn Report £199m

- 6.3. The spend for the first six months of the year (£78.4m) is low compared to the annual budget (27%) which suggests that a large number of schemes in the programme will need to be re-profiled into future years. Should this trajectory follow the same path over the remaining months of the year this predicts a spend deficit of £128.8m (45%) compared to the latest forecast. However, this does not take account of the council's pattern of higher expenditure towards the end of the financial year that would indicate an outturn in the region of £210m (26% slippage).
- 6.4. The Capital Programme will continually be reviewed, and updates provided accordingly. Further details will be provided at P7 and Q3/P8, with approval sought for any budget re-profiling adjustments to reflect any revised expectations.

7. OTHER DECISIONS

7.1. Great Western Credit Union – Seeking approval from Bristol City Council to approve a loan from City Funds LP

Great Western Credit Union (GWCU) provides affordable loans to people in the most deprived wards who might otherwise borrow from high cost lenders. The council, along with partners, invested in the credit union in 2019. Since the council is an investor, the agreement between the council and GWCU states that any additional borrowing on substantially different terms is subject to the consent of Bristol City Council.

GWCU is seeking the council's consent to receive a loan of £0.7m, maturing September 2030, on similar terms to the council's current loan maturing July 2029. This loan will lever match funding from Fair4All funding.

Further details are included in 'Appendix A2 – Great Western Credit Union' for further background information and analysis in support of the council's consent.

Cabinet is asked to provide consent to the GWCU for acceptance of the loan of £0.7m from City Funds LP.

7.2. Use of temporary funding sources and proposed redesignations of the Traded With Schools reserve to facilitate temporary support for LA Maintained Schools and Nurseries in financial difficulty

Having considered the challenging financial climate for the sector and the financial health of mainstream schools and nurseries, the Authority with the approval of the Schools Forum (see [\(Public Pack\)Agenda Document for Bristol Schools Forum, 26/09/2023 17:00](#) agenda item 4, page 8), in providing financial support, has made an express provision of specific funds, from alternative school related sources, which may be used to back licensing of deficits, in exceptional circumstances for a period of up to 5 years.

Further background information and detail of this designated temporary funding support source are included in 'Appendix A5 – Temporary funding support for LA Maintained Schools and Nurseries in financial difficulty'.

Cabinet is asked to note the temporary funding sources totalling £1.1m and approve the proposed redesignation of the Traded with School reserve of £0.250m to facilitate temporary support for LA Maintained Schools and nurseries in financial difficulty.

8. OFFICER EXECUTIVE DECISIONS

8.1. Sport England Swimming Pool Support Fund

- The council has submitted an application on 17 October 2023 (details are included in Appendix A4) for up to £1.0m.
- If successful the fund will be awarded directly to BCC.

Cabinet is requested to note the decision to submit a grant funding application to Sport England for up to £1.0m swimming pool support fund.

Cabinet is requested to give approval for the Executive Director, Adult and Communities, in consultation with the council's S151 Officer and the Deputy Mayor with responsibility for Finance, Governance and Performance to accept the grant if successful and to procure and award contracts for expenditure of that funding.