

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**MEETING DATE:** 7 November 2023

<b>TITLE</b>	<b>2023/24 P6 Finance Exception Report</b>		
<b>Ward(s)</b>	N/a		
<b>Author:</b> Jemma Prince	<b>Job title:</b> Finance Business Partner – Financial 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 Period 6 (September 2023 extrapolated) on the Council’s financial performance against the approved budget and forecast use of resources for the financial year.</p> <p>In addition, 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>The Council’s overall annual revenue spend is managed and monitored across a number of areas and at Period 6, 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 a risk adjusted overspend of £11.7m, 2.4%, on the approved budget of £483.5m. This predominantly reflects the net £11.5m emerging pressure in Children and Education reported since Period 4 and for the mitigation of which funds have been identified across the council and transferred to an earmarked reserve where they are currently held in abeyance.</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 are an additional net £9.3m of savings undelivered at 2022/23’s full year outturn and £2.0m of additional savings activity approved since the start of 2023/24 so that a total £37.5m savings are being tracked in the current financial year. Currently £7.6m (20%) of these £37.5m savings are reported as being at risk.</li> </ul> <p>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 and as such this represents an underlying additional risk.</p>			

### The Ring-fenced Accounts

- Housing Revenue Account (HRA) is forecasting an underspend of £0.8m (-0.6%) on the £137.4m approved gross expenditure budget. This represents a £4.4m improvement in forecast since P5/Q2. Details are provided at Section 5.2 and in Appendix A3).
- 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%) mitigated in-year deficit. 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.
- The Public Health Grant allocation for 2023/24 is £35.7m and no variation is forecast.

### Capital Programme

- The Cabinet recommended Capital programme budget was £298.1m comprising £149.5m for General Fund, £15.3m for projects pending and £133.3m for the HRA. The latest revised total budget for 2023/24 is £286.7m reflecting a decrease since Q2/P5 of £80.0m in total (representing a reduction of £74.4m for HRA and General Fund and £5.6m for Corporate Pending/Contingency budget). This decrease in budget is primarily due to the re-profiling of budgets as reported in the Period 5/Q2 monitoring report and also as a result of recent Cabinet approvals and delegated decisions to the capital programme. Against the HRA and General Fund revised total budget of £286.7m, the General Fund is forecasting a £1.4m (0.5%) underspend and the HRA is forecasting a £1.5m (0.5%) underspend.

### 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. Details are outlined within the report. These risks, which present a net £1.1m, arise within Adult and Communities Directorate and Growth and Regeneration Directorate. Work continues to identify ways in which to mitigate these in full.

### Decisions to approve

- Appendix A2 sets out details of a £0.7m loan approval sought by Great Western Credit Union.
- Appendix A4 sets out details of approval sought to accept Sport England Swimming Pool Support Funding £1.0m grant if application is successful and approval to award contracts for expenditure of that funding.
- Appendix A5 sets out details of approval sought for 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.

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

#### That Cabinet notes:

- The General Fund forecast £11.7m adverse outturn variance against the approved budget for 2023/24.
- The performance on delivery of savings (as summarised in Section 3).
- The General Fund additional net risk of £1.1m against which Executive Directors plan to mitigate in full (as summarised in Section 4).
- A forecast underspend of £0.8m within the HRA and that over- or under-spends that materialise on the HRA will be funded by a transfer from or to the HRA general reserve at the end of the financial year.
- A forecast in-year deficit of £16.4m accumulating to a total £56.1m carried forward deficit in the DSG for 2023/24.
- A breakeven position on Public Health services.
- A forecast £2.9m underspend against the revised Capital Programme's Budget (Section 6).
- The grant bid application to Sport England for swimming pool support funding
- The temporary funding sources totalling £1.1m to facilitate temporary support for LA Maintained Schools and nurseries in financial difficulty.

#### That Cabinet:

- Approves the Great Western Credit Union request to approve a loan from City Funds of £0.7m at a fixed

rate for 7 years (Section 7.1 and Appendix A2).

- Authorises 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's acceptance of the grant from Sport England for swimming pool support funding if successful and the procurement and contract award for expenditure of that funding.
- Approves 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 (Section 7.2 and Appendix A5).

**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, FBP – Financial Planning, Reporting & Strategy, 30 October 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 decisions set out in the report and appendices as relevant.

**Legal Team Leader:** Nancy Rollason, Head of Legal Service, 30 October 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 council's 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, 24 October 2023

**4. HR Advice:** HR continues to advise and support those responsible for the achievement of approved savings and in-year mitigations. Any workforce changes are undertaken in line with the Council's Managing Change Policy.

**HR Partner:** James Brereton, Head of Human Resources, 24 October 2023

<b>EDM Sign-off</b>	All EDMs	18 October 2023
<b>Cabinet Member sign-off</b>	Councillor Cheney	24 October 2023
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	30 October 2023

<b>Appendix A – Further essential background (A-A4)</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>	<b>NO</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>