

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

MEETING DATE: 5 December 2023

TITLE	2023/24 P7 Finance Exception Report	
Ward(s)	N/a	
Author: Jemma Prince	Job title: Finance Business Partner – Financial Planning, Reporting and Strategy	
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:		
<p>The Council budget for 2023/24 was agreed by Full Council 21 February 2023. This report provides information and analysis at Period 7 (October 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>		
Evidence Base:		
<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 7, the forecast financial outturn for 2023/24 is as follows:</p> <p>The General Fund</p> <ul style="list-style-type: none"> ◦ The General Fund is currently forecasting a risk adjusted overspend of £19.3m, 4.0%, on the approved budget of £483.5m. This represents a £7.6m deterioration in forecast since P6 reflecting the growing pressure in Children and Education which has increased by £5.7m to £17.3m (details are provided in Appendix A3), and the newly emerging pressure in Adult and Communities of £1.9m (details are provided in Appendix A2). The Q3/P8 report will include detailed plans as to how these pressures will be mitigated in-year. ◦ 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 £1.6m of additional savings activity approved since the start of 2023/24 so that a total £37.0m savings are being tracked in the current financial year. Currently £7.0m (19%) of these £37.0m savings are reported as being at risk. <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</p>		

and as such these represent an underlying additional risk.

The Ring-fenced Accounts

- Housing Revenue Account (HRA) continues this month to forecast an underspend of £0.8m (-0.6%) on the £137.4m approved gross expenditure budget.
- 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 continues this month to forecast 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 £300.6m reflecting an increase since P7 of £2.5m in total (representing an increase of £13.6m for HRA and General Fund and a reduction of £11.1m for Corporate Pending/Contingency budget). This increase in budget is primarily due to recent Cabinet approvals and delegated decisions to the capital programme. Against the HRA and General Fund revised total budget of £296.4m, the General Fund is forecasting a £17.5m (5.9%) underspend and the HRA is forecasting a £12.9m (4.3%) 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. These risks and opportunities arise within the Resources Directorate and Growth and Regeneration Directorate and currently present a net £0.7m. Work continues to identify ways in which to mitigate these in full.

Decisions to approve

- The reprofiling of the Capital programme budget to reflect the forecast £30.4m underspend at P7.
- The acceptance of the LAHF capital grant allocation and reprofiling of the Capital programme budget to reflect incorporation of the Local Authority Housing Fund's (LAHF) £1.52m capital grant funding allocation
- The decision to fund £242k unplanned capital expenditure on temporary accommodation for homeless families through commuted funds and to reprofile Capital programme budget accordingly
- The contract award for the procurement of external audit services provided by Grant Thornton.
- The urgent key decision (no.33) for extended expenditure of up to £510,000 of the council's payments system funded from the combined budgets within the Resources and G&R Directorates and the re-procurement of the council's internet payment service.
- The urgent key decision (no.32) for excess layer insurance for Bristol Beacon venue to a value not exceeding £90,000 noting that this will take the total premium value up to a potential £250,000

Cabinet Member / Officer Recommendations:

That Cabinet notes:

- The General Fund forecast £19.3m 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 £0.7m 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 £30.4m underspend against the revised Capital Programme's Budget (Section 6).
- That reprioritisation of HRA budgets will be required to accommodate the spend linked to emergency response at Barton House
- The urgent officer executive decisions in respect of council financial systems; these being, a) a contract

variation in the council's ledger system b) the re-procurement of financial ledger 3rd party hosting arrangement for the Council's ledger.

Cabinet approves:

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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	N/A
Capital Cost	See above	Source of Capital Funding	N/A
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, FBP – Financial Planning, Reporting & Strategy, 27 November 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, 23 November 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, 23 November 2023

4. HR Advice: No direct HR implications of the recommendations for Cabinet approval, though there will be employee-related costs arising from the Barton House situation for which provision will need to be made.

HR Partner: James Brereton, Head of Human Resources, 27 November 2023

EDM Sign-off	Denise Murray	27/11/23
Cabinet Member sign-off	Councillor Cheney	27/11/23
For Key Decisions - Mayor's Office sign-off	Mayor's Office	27/11/23

Appendix A – Further essential background (A1,2,3,4,6,8,9)	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