

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

MEETING DATE: 23 January 2024

TITLE	2023/24 Quarter 3/Period 8 Finance Report		
Ward(s)	N/a		
Author: Jemma Prince	Job title: Finance Business Partner – 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: The Council budget for 2023/24 was agreed by Full Council 21 February 2023. This report provides information and analysis at Quarter 3/Period 8 (November 2023 extrapolated) on the Council’s financial performance against the approved budget and its 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.			
Evidence Base: The 5 year budget was approved by Council in February 2023. 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. Following the emergence of a £12.1m pressure within the Children and Education Directorate at Period 4, £12.6m of cross-directorate savings were transferred to an earmarked reserve for supplementary estimate for Children and Education Directorate later this year (as approved at Full Council as part of the MTFP and Capital Strategy Report on 31 October 2023). The Council’s overall annual revenue spend is managed and monitored across a number of areas and at Quarter 3/Period 8, the forecast financial outturn for 2023/24 is as follows: The General Fund <ul style="list-style-type: none"> ◦ The General Fund is currently forecasting an overspend of £5.5m (1.1%) against its approved budget of £483.5m. ◦ 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 £1.8m of additional savings activity approved since the start of 2023/24 so that a total £37.3m savings are being tracked in the current financial year. Currently £6.9m (18%) of these £37.0m savings are reported as being at risk and two savings, total £0.4m, are to be written-off. 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.

The Ring-fenced Accounts

- Housing Revenue Account (HRA) is forecasting an underspend of £0.2m (-0.2%) on the £137.4m approved gross expenditure budget. This net underspend is due primarily to additional investment income receivable as a result of increased interest rates.
- 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 £261.5m reflecting a decrease since P7 of £39.1m in total (representing a decrease of £39.2m for General Fund and HRA and an increase of £0.1m for Corporate Pending/Contingency budget). This decrease in budget reflects the recent reprofiling of the capital programmes in to programme out-years. Against the HRA and General Fund revised total budget of £257.2m, the General Fund is forecasting a £2.3 (0.9%) overspend and the HRA is forecasting a £3.8m (1.5%) 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. These risks and opportunities arise predominantly within the Resources Directorate and currently present a net £0.6m. Work continues to identify ways in which to mitigate these in full.

Key Decisions Requested

- Active Travel Capability and Ambition Fund – to accept and spend WECA 6 month funding extension representing £170k.
- Bristol Liveable Neighbourhood (South) – to apply for and draw down WECA funding of £600k.
- To accept the funding of £ 670k awarded by WECA from the Investment Fund to provide specialist resources to cover areas such as communications and engagement, property and finance, over the duration of the CRSTS program.

Full details of Quarter 3/Period 8 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 overspend of £5.6m against council approved budget at Q3/P8 2023/24.
- The Quarter 3/Period 8 technical virements (Appendix A1a, Tables 3 and 4).
- The performance on delivery of savings (Appendix A1a, section 4, Table 5).
- The additional weighted net risk of £3.4m per the risks and opportunities register (Appendix A1a, section 5, Table 5)
- A forecast underspend of £0.2m 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 30 November 2023 (Appendix A1a, section 7, Tables 9 and 10).
- The latest position on balance sheet risks (Appendix A1a, section 8, Table 11)
- The 1 April 2023 opening balances on the General Fund and Earmarked Reserves and movements to Q3

(Appendix A1a, section 2.6, Table 2).

- A forecast £1.5m underspend (including £2.3m overspend for the allocated General fund and a £3.8m underspend on HRA) against the revised Capital Programme's Budget (Appendix A1b)
- The planned use of capital receipts of £9.8m (Appendix A1b, section 3)
- The decision to submit a FADF application to the WECA to access £0.6m from the £12m Liveable Neighbourhood allocation within the CRSTS funding.

That Cabinet authorises:

- The write-off of £0.43m from previously approved budget savings initiatives IN27b and 2223-GR055.
- 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 and spend the latest funding award of £0.170m (in addition to previous £0.338m) from the West of England Combined Authority for the delivery of the Active Travel Capability and Ambition Fund 6-month extension across financial years 2023/24-2024/25.
- 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 £0.6m funding provided specifically for the Bristol South Liveable Neighbourhood Scheme and to procure and award contracts for expenditure of that funding.
- 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 £0.67m funding provided specifically by WECA from the Investment Fund to provide specialist resources to cover areas such as communications and engagement, property and finance, over the duration of the CRSTS program and to procure and award contracts for expenditure of that funding.

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, Finance Business Partner - Planning and Reporting, 12 January 2024

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.

Legal Team Leader: Nancy Rollason, 11 January 2024.

3. IT Advice: 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, 8 January 2024

4. HR Advice: No HR implications of the recommendations. Any mitigations that affect BCC staff will be undertaken in accordance with the council's Managing Change Policy.

HR Partner: James Brereton, Head of Human Resources, 9 January 2024

EDM Sign-off	Denise Murray	15/01/24
Cabinet Member sign-off	Clr Craig Cheney	15/01/24

For Key Decisions - Mayor's Office sign-off	Mayor's Office	15/01/24
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Appendix A – Further essential background (A1a-A10 excl. A9)	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 (not required)
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