

Bristol City Council

Quarter 3/Period 8 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 3 (Period 8, November, extrapolated) on the Council's financial performance against the approved budget and forecast use of resources for the financial year.
- 1.2. At Quarter 3 (Q3), the Council is forecasting an overspend of £5.5m (1.1% of the gross budget of £483.5m) on the current approved General Fund budget. This £5.5m reflects pressures with the Adult Social Care, Resources and Growth and Regeneration Directorates. It is anticipated that these pressures will be mitigated before the full year outturn.
- 1.3. In addition to this forecast, there are further risks and opportunities identified for the directorates which are continually monitored and assessed. These are excluded from the forecast above and are summarised in Table 6 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. Following the Period 4 forecast of a £12.1m emerging pressure within the Children and Education Directorate, £12.6m of cross-directorate savings were transferred to a Corporate earmarked reserve and an initial supplementary estimate of £11.5m for Children and Education Directorate was subsequently approved at Full Council as part of the MTFP and Capital Strategy Report on 31 October 2023.
- 1.6. As part of this Q3/Period 8 report, the Children and Education Directorate's forecast pressure has increased from £12.1m to £18.5m. This pressure is assessed as being non-containable within the directorate. However, in addition to the £12.6m of cross-directorate savings previously identified and transferred to the Corporate earmarked reserve there are further mitigations within the Corporate Directorate budget which include £1.7m for contract inflation as originally budgeted for Children and Education Directorate and approved as part of Budget 2023/24 (at Full Council 21 February 2023) plus a further £4.3m from contract inflation budgets.
- 1.7. The initial supplementary estimate will be transacted in Period 10 in order that the directorate remains within its budget spend authority.

- 1.8. An additional supplementary estimate is to be recommended to Full Council for approval alongside the Budget 2024/25 in February 2024.
- 1.9. The forecast currently assumes delivery of approved savings plans which total £37.3m (Table 5) and includes the savings assigned to the Top-4 prioritised transformation programmes.
- 1.10. The forecast outturn position on the Housing Revenue Account (HRA) is a £0.2m (0.2%) favourable variance. Details are set out in section 6.4 below and Appendix A6.
- 1.11. The Dedicated Schools Grant (DSG) is forecasting a £16.4m deficit (3.6%) against the revised gross budget of £452.3m. This would bring the cumulative deficit at this year end to £56.1m. This forecast includes a transformational programme of savings scheduled to deliver £2.1m in the current year. Details are set out in section 6.5 below and Appendix A7.
- 1.12. 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 Q3 forecast position for the 2023/24 financial year. Additional service detail is provided for each directorate in individual appendices.

Table 1: Q3/P8 2023/24 Summary Full Year General Fund Revenue Forecast

Quarter 3 / Period 8 - Summary	Approved budget	Revised Budget	Q3/P8 Forecast	Total Variance YTD Q3/P8	Total Variance %
	£000s	£000s	£000s	£000s	
8 - Adult & Communities					
14 - Adult Social Care	155,990	173,415	177,583	4,168	2.4%
36 - Communities and Public Health - General Fund	5,853	6,092	5,952	(140)	-2.3%
57 - Commissioning, Contracts Quality and Performance (Adults)	10,519	14,461	12,590	(1,870)	-12.9%
Total 8 - Adult & Communities	172,362	193,967	196,124	2,158	1.1%
9 - Children & Education					
15 - Children and Families Services	89,051	90,053	104,010	13,957	15.5%
16 - Educational Improvement	21,644	22,655	27,201	4,546	20.1%
1B - Transformation - Our Families Programme	0	0	1	0	26.2%
Total 9 - Children & Education	110,695	112,709	131,212	18,503	16.4%
2 - Resources					
21 - Policy, Strategy and Digital	21,008	21,383	21,402	18	0.1%
22 - Legal and Democratic Services	14,575	15,616	16,414	798	5.1%
24 - Finance	6,142	6,903	6,783	(120)	-1.7%
25 - HR, Workplace & Organisational Design	3,155	3,188	3,104	(84)	-2.6%
26 - Management - Resources	181	110	0	(110)	-100.0%
Total 2 - Resources	45,061	47,200	47,702	502	1.1%
4 - Growth & Regeneration					
37 - Housing & Landlord Services	20,559	21,651	21,651	0	0.0%
46 - Economy of Place	3,328	3,080	3,082	2	0.1%
47 - Management of Place	(2,334)	(1,926)	(1,373)	553	-28.7%
4A - Management - G&R	(170)	(338)	(338)	0	0.0%
4B - Property, Assets and Infrastructure	40,011	40,030	42,282	2,252	5.6%
Total 4 - Growth & Regeneration	61,395	62,496	65,303	2,807	4.5%
SERVICE NET EXPENDITURE	389,512	416,372	440,342	23,970	5.8%
X2 - Levies	11,071	6,071	6,071	0	0.0%
X3 - Corporate Expenditure	49,634	15,427	15,427	(0)	0.0%
X4 - Capital Financing	23,866	21,933	15,985	(5,948)	-27.1%
X6 - Year-end Transactions	0	12,320	(235)	(12,555)	-101.9%
X9 - Corporate Allowances	9,440	11,400	11,400	(0)	0.0%
Total Corporate	94,011	67,151	48,648	(18,503)	-27.6%
TOTAL REVENUE NET EXPENDITURE	483,523	483,523	488,990	5,467	1.1%

2.2. Adults & Communities

2.2.1. The Adults & Communities Directorate is currently forecasting an overspend of £2.2m variance against its £194.0m revised budget. The directorate is anticipated to mitigate this pressure in full on a recurrent basis before the full year outturn.

2.2.2. Adult Social Care divisions continue to experience significant service pressures and associated financial risks in relation to Adult Purchasing Budgets, with a £13.2m risk of overspend. This is a challenging budget area with both savings targets still to be achieved and also 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 £8.1m. Residential and nursing budgets for people over 65 years old are also at risk with a total forecast risk of overspend of £6.5m. These risks plus a further £1.0m for Preparing for adulthood are currently partially offset by additional income contributions of £2.4m. There are further forecast underspends on both employee costs of £1.5m, grants of £3.1m and £3.2m other non-adult purchasing costs (net). The balance of £5.4m is to be partially 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 £3.1m thereby leaving the forecast net pressure of £2.3m. 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 £18.5m (16.4%) adverse variance to its revised budget of £112.7m. It is proposed that this is to be mitigated both through supplementary estimates and the draw down of Children and Education contract inflation budget held corporately to date.
- 2.3.2. Childrens and Families Services is forecasting a net overspend of £14.0m (15.5%). 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 £4.5m (20.1%). 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 P8 position are provided at Appendix A3 of this report.

2.4. Resources

- 2.4.1. The Resources Directorate is forecasting a full year overspend of £0.5m (1.1%) against a revised budget of £47.2m which is an adverse movement of £0.5m from Period 7. The movement across the directorate is a result of items previously listed within risks and opportunities. It is anticipated that the directorate will identify a range of one-off mitigations before the full year outturn. Further detail is provided at Appendix A4.
- 2.4.2. There is an in-year pressure of £0.8m within Legal & Democratic Services primarily due to additional locum and agency costs as a result of rising demand for statutory Adult Care and Child Protection work. This will be an ongoing pressure for Legal Services, assessed to be £0.5m, which will be reflected as part of budget setting and the Budget update.
- 2.4.3. There is a £1.0m pressure within Finance due to increased insurance premiums however this is currently being mitigated by underspends across the rest of the division resulting in a net under spend of (£0.1m). There is expected to be an ongoing pressure in relation to insurance premiums which needs to be considered as part of the Budget update.
- 2.4.4. The net position for risks and opportunities is £0.6m. The most material risks are £0.4m within HR, Workplace & Organisational Design in relation to contractual issues resulting in underachievement of the income target and £0.2m within Finance due to recruitment challenges resulting in the use of interim resource at a higher price point than anticipated to cover urgent and critical areas including HRA.

2.5. Growth and Regeneration

- 2.5.1. The Growth & Regeneration Directorate is now reporting a forecast overspend of £2.8m (4.5%) against its revised budget position of £62.5m. The forecast overspend includes a £2.2m overspend against corporate energy costs and a £0.6m overspend against street lighting costs. Both overspends are driven by the higher than expected cost of electricity and gas in 2023-24. It is anticipated that the directorate will identify a range of one-off mitigations before the full year outturn.
- 2.5.2. Within the risks and opportunities log for G&R there are several pressures and mitigations which, whilst they currently net to zero, should be noted.
- Within council car parking operations there is highlighted risk of underachievement of income, 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.
 - 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 increase 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 being

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.
- 2.6.2. Local government pay award information was released in November. The uplift equates to an average 5.6% increase from previous year totalling £11.6m. This will be funded by £10.8m as set aside in the Corporate Directorate budget for pay award and the balance remaining will be covered by levies and corporate contingency budget.
- 2.6.3. The Council's General Fund Reserve opening balance as at 1 April 2023 is £29.5m after a transfer of £3.9m as agreed in the 2023/24 budget to balance the general fund. There is a planned drawdown of £1.0m for the Transformation of Temporary Accommodation which was approved by Cabinet on the 6th June 2023.
- 2.6.4. Earmarked Reserves are held for a specific purpose. In accordance with the Council's policy on reserves, earmarked reserves are regularly reviewed for the continuing need. As at 1 April 2023 these reserves totalled £126.6m.
- 2.6.5. A new £12.6m earmarked reserve of cross-directorate savings identified to Q2/P5 was approved by Full Council (31 October 2023) to be used for supplementary estimate to cover the £11.5m budget shortfall in the Childrens and Education directorate.
- 2.6.6. At P8/Q3 the current forecast is that a net £9.2m will be drawn down in the year leaving a closing balance of £130.0m. A breakdown of the £9.2m is set out in the Table 2 below which includes the drawdown £11.5m as mentioned in 2.6.5.

Table 2: Summary of proposed reserve movements

Reserve name	Opening balance 01.04.2023	Transfers Actioned in 23/24	Forecast Drawdown/ (contribution to) 23/24	Closing balance 31.03.2024
	£000	£000	£000	£000
Capital Investment Reserve	(12,640)	0	(211)	(12,851)
Goram Homes Investment	(12,121)	0	3,120	(9,001)
Business Transformation Reserve	(5,197)	1,659	1,542	(1,996)
Waste Contract Payment Mechanism	(466)	0	371	(95)
Operational Reserve - Resources	(140)	0	140	0
Adult Social Care Innovation Fund	(527)	0	527	0
Property Asset Management Plan	(683)	0	341	(341)
Public Health	(4,635)	0	27	(4,608)
Reserve - City Funds	(3,396)	0	370	(3,026)
Key Line of Business Systems*	(614)	507	67	(40)
IFRS - Grants with no conditions	(1,047)	0	131	(916)
Troubled Families	(89)	0	89	0
PFI (Sinking Fund) Various	(345)	0	345	0
PFI (Phase 1 & BSF) Schools	(1,374)	234	0	(1,140)
Housing Benefits Subsidy – Volatility	(546)	0	340	(206)
Legal	(280)	0	280	0
Future City Demonstrator	(71)	0	61	(10)
Docks Dredging	(378)	0	200	(178)
Cost of Elections	(427)	0	(201)	(628)
Learning City	(166)	0	30	(136)
GDPR and Data Information Security	(231)	0	171	(60)
Adoption west	(193)	0	160	(33)
JSP & Local Plan record	(158)	0	136	(22)
Bear Pit	(59)	0	59	0
Climate & Ecological Reserve	(2,619)	0	2,365	(254)
Serious violence, contextual safeguarding and community tension	(390)	0	158	(233)
Ethical debt project	(400)	0	238	(162)
Period Poverty	(8)	0	8	0
Streetworks Permit	(237)	0	72	(165)
Covid 19 Grants – Public Health	(708)	0	588	(120)
Digital Transformation	(3,090)	(2,166)	1,603	(3,654)
Bristol Legacy Community Repair Fund	(75)	0	75	0
S256 - Healthier Together Funding For Integrated Care	(15,170)	0	10,217	(4,953)
Reserve - Clean Air Zone (CAZ) - Implementation grant	(5,096)	0	1,466	(3,630)
Reserve - Family Hubs & Start for Life Programme	(883)	0	883	0
Reserve - Clean Air Zone (CAZ) - Operational surplus	(7,391)	0	(28,143)	(35,533)
23/24 Budget resilience reserve	0	(12,554)	11,500	(1,054)
Total of all other reserves without movement	(44,761)	0	0	(44,761)
	(126,611)	(12,320)	9,124	(129,807)

3. TECHNICAL VIREMENTS

3.1. Table 3 below summarises the inter-directorate technical virements to Q3 with Table 4 detailing the reasons for these budget movements.

Table 3: Summary of budget movements by directorate for Q3

Directorate	Approved Budget	Revised Budget	Q1		Q3	Total
	£000's	£000's	Virements £000's	Q2 Virements £000's	Virements £000's	virements £000's
Adult & Communities	172,362	193,967	19,429	(79)	2,255	21,605
Children & Education	110,695	112,709	(335)	(356)	2,705	2,014
Resources	45,061	47,200	566	245	1,328	2,139
Growth & Regeneration	61,395	62,496	92	81	929	1,101
Corporate Expenditure	94,011	67,151	(19,752)	109	(7,217)	(26,860)
Total Revenue Net Expenditure	483,523	483,523	0	(0)	0	(0)
Corporate Funding	(483,523)	(483,523)	0	0	0	0
Total	(0)	(0)	0	(0)	0	0

Table 4: Summary of budget movements by reason for Q3

Reason	Adult & Communities	Children & Education	Resources	Growth & Regeneration	Corporate Funding & Expenditure
	£000's	£000's	£000's	£000's	£000's
Addition Income/Grant	0	0	0	0	0
Other cost centre realignments	100	0	(1,609)	(4,145)	5,654
Inflation Adjustment	2,155	2,705	2,937	5,073	(12,871)
Grand Total	2,255	2,705	1,328	929	(7,217)

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. A further net £1.8m approved savings activity since the start of 23/24 brings the total savings tracked for delivery in the current financial year to £37.3m.

Table 5: Summary of Savings Delivery

Directorate	Total Savings due in 23/24 £m	Other approved changes in 23/24 £m	Savings with net cost in 23/24 £m	One-off savings only in 22/23 £m	Rollover of undelivered savings from prior year £m	Net - savings as per Budget 23/24 £m	2023/24 Savings reported as safe		203/24 Savings reported as at risk	
							£m	£m	£m	%
Children's & Education	3.5	-0.4	-0.4	0.0	-0.1	2.6	2.6	0.9	26%	
Adults, Community & Public Health	10.5	-0.3	-0.6	0.0	-2.4	7.1	8.3	2.2	21%	
Resources (& Shareholding)	9.6	-0.3	0.0	-0.2	-3.1	6.0	9.1	0.4	5%	
Growth & Regeneration	13.8	-0.9	0.0	-0.2	-2.2	10.5	10.5	3.3	24%	
Total	37.3	-1.8	-1.1	-0.4	-7.8	26.2	30.5	6.9	18%	

4.2. As at Period 8, £30.5m (80%) of savings are considered safe and £6.9m (18%) 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.

4.3. Whilst there are £6.9m 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 £8.2m.

4.4. The following changes to savings have been made since Q2/P5 –

4.4.1. 'NEW2223_CF6b Review special guardianship order arrangements' Since the original savings plan was agreed there have been significant changes to the benefits system which directly impacts on opportunity of savings associated to Special Guardianships as of 23/24 onwards. This is due to the change in application of child element disregard for special guardianships for those on Universal Credit and legal advice which means that the saving can no longer be fully achieved.

4.4.2. '2324-P10 Change adult purchasing budget saving to PeopleToo project savings' The saving has been reported as RED monthly since the start of the financial year. Following diagnostic work by PeopleToo, the ASC transformation delivery partner, there are now a number of projects underway which are contracted to deliver savings in year relating to the purchasing budget. The ASC programme and ASC EDM are tracking savings delivery at project level so it would be prudent to replace this single £4.0m with the individual savings lines relating to PeopleToo projects (which make up £4.3m cost reduction in 23/24). Subsequent years' savings are also expected through these projects however they have been submitted corporately through Bridging the Gap (corporate budget setting) process for MTFP 2024-29. As a result, the change request relates to 23/24 savings only.

4.5. The following two savings will no longer be delivered -

4.5.1. IN27b - £0.2m – Generating and saving money through energy generation and efficiency. With the price increases with regards to energy this has not been achievable throughout the last two years and is not expected to be delivered for the foreseeable future.

4.5.2. 2223-GR055 £0.2m – Increase fees for Pay and Display parking bays within Residents Parking Schemes for the period after the first 30 minutes, by 15% based on local transport policy to encourage modal shift to sustainable modes of transport. This was originally budgeted at £0.35m however only £0.15m has been deliverable.

Cabinet is asked to approve the permanent write off of £0.4m from the above two savings.

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) 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 £0.6m.

Table 6: Summary Risks and Opportunities by Directorate

Directorate	Total Risk £'000	Total Opportunity £'000	Net Risk/(Opportunity) £'000
Adult			0
Children & Education			0
Resources	0.988	(0.421)	0.567
G&R	13.214	(13.209)	0.005
Corporate	0.300	(0.300)	0.000
Total	14.502	(13.930)	0.572

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 Q3/P8 report are the HRA, the DSG and Public Health.

6.2. Table 7 below provides an overview of the council's Q3 forecast position for the 2023/24 financial year.

Table 7: Q3/P8 2023/24 Summary Full Year Ring-Fenced Fund Forecast

Quarter 3 / Period 8 - Summary	Approved budget	Revised Budget	Q3/P8 Forecast	Total Variance YTD Q3/P8	Total Variance %
	£000s	£000s	£000s	£000s	
Total Housing Revenue Account	137,365	137,365	137,125	(240)	-0.2%
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	605,847	16,156	2.7%

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 a favourable outturn of £0.2m against its approved budget of £137.4m. The main drivers of this forecast position are adverse variances of £0.3m for Income (due mainly to project delays preventing scheme handovers as planned and in turn having an adverse impact on dwelling rent income forecast), £1.4m overspend on Supervision and Management (mostly due to planned programme overheads), £1.2m increase in impairment provision forecast and £4.5m on Repairs & Maintenance expenditure (with £2.7m forecast for Barton House evacuation and associated costs and significant overspends forecasted for adaptation works, relet repairs and fire safety works). 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 receivable as a result of increased interest rates. 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 (£196.6m after deductions and excluding the de-delegation element). The DSG is currently forecasting an in-year overspend of £16.4m (3.6%). This forecast includes 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.

Table 8: Q3 - DSG Summary Full Year Forecast

Summary DSG position as at 2023/24 Period 8 (P8)					
Table 1 - Bristol Dedicated Schools Grant 2023/24	2022/23 b/f balance	Gross DSG funding / Budget 2023/24*	P08 Gross DSG forecast outturn	In-year variance as at P08	Cumulative c/f forecast position as at P06
£'000					
Schools Block	(787)	323,851	323,851	(0)	(787)
De-delegation	(527)		(1)	(1)	(528)
Central School services Block	8	2,717	2,709	(8)	
Early Years	(605)	37,432	38,201	769	164
High Needs Block	42,520	86,675	103,482	16,808	59,328
High Needs Transformation	(928)	1,627	2,566	939	11
Funding	0	(452,302)	(452,302)	0	0

Total (Unmitigated position)	39,680		18,506	18,506	58,187
Mitigations (budget v.s. forecast in 2023-24)		(3,180)	(2,112)		(2,112)
Total - Mitigated position	39,680		16,394	18,506	56,075
* 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 £16.8m 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. Early Years is forecasting an in-year overspend of £0.769 million, with a breakdown of planned overspend on the Early Years Improvement Programme and additional funding needed for SEN. On the other hand, the High Needs Transformation Programme is forecasting a £1.0 million in-year overspend, and this overspend will be covered by carry-forward funding from previous years.
 - 6.5.4. Two workstreams funded through a Department for Education Delivering Better Value (DBV) Grant are moving 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.
 - 6.5.5. 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 details are provided at Appendix A8.

Cabinet is asked to note a forecast overspend of £0.2m 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 £2.4m at the end of November. 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 £1111.6m) and represents 31.9% of the net budget requirement (£483.5m). In-year collection as at the end of November is £155.4m. This is £4.2m below target for this time of year. However, this position is expected to improve over the coming months with a likely shortfall of £2.2m at year-end. This has been factored into the surplus/deficit calculation for 2023/24.
- 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 9) this is as reported for review at the end of September. Current Tenant Arrears (CTA) make up £8.8m (56%) of the closing HRA debt profile.

Table 9: Opening and Closing Balances of Outstanding Debt at 30/09/2023

Type of Debt	Opening balance (01/07/2023) £m	Movement £m	Closing balance (30/09/2023) £m
Total HRA debt	13.390	2.256	15.646

7.9. Other debts are reported as at the end of November (Table 10).

Table 10: Opening and Closing Balances of Outstanding Debt at 30/11/23

Type of Debt	Opening Balance (01/04/2023) £m	Movement £m	Closing Balance (30/11/2023) £m
Sundry Debt	76.160	(49.901)	26.263
Council tax arrears	50.500	(14.393)	36.107
Business Rate Arrears	21.726	(8.829)	12.897
Overpaid Housing Benefit	19.872	(9.817)	10.055

7.10. Of the £26.3m sundry debt outstanding at 30 November 2023, £4.22m (16.07%) was less than 1 year old. The invoicing process for sundry debt, being on an as required basis, is not directly comparable to the billing and collection processes for council tax and business rates. The debt position for overpaid housing benefit adjusts daily meaning that the figure noted above as movement, is the overall reduction in the brought forward balance.

7.11. Write offs of aged debt are reported annually to Cabinet. During the period to November 2023 £7.7m was written off in line with the write-off policy and the scheme of delegation in respect of the income streams in the above table. Ethical debt collection and recovery activities are in place and continue.

7.12. The balance shown for outstanding arrears against that brought forward on 01 April 2023, whilst accurate, does not reflect the overall level of Housing Benefit Overpayment. This is due to the movement of debt as customers become entitled to or are no longer entitled to Housing Benefit and as such 'new' debts can be created in the current year which equals a similar reduction in the arrears brought forward figure.

Cabinet is asked to note the above levels of outstanding debt.

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. DSG deficit

8.2.1. 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.

8.3. Capitalised expenditure risk of impairment

8.3.1. 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.

8.3.2. 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 November 2023 was £63.5m, of which £39.6 is currently invested. There is no objective evidence to indicate a default on these investments though an allowance for credit losses has been provided in accordance with accounting standards.

Table 11: Balance Sheet Risks

Long Term Debtors	Approved Budget	Total Investment Outstanding
	£m	£m
Bristol Waste Company	14.800	6.161
Goram Homes - Working Capital Facility	13.300	3.760
Goram Homes - Loan Notes	12.851	10.016
Bristol & Bath Regional Capital	0.250	0.250
Great Western Credit Union	0.500	0.500
City Funds LP	5.000	3.944
Sub-Total	46.701	24.631

Long Term Investments	Approved Budget	Total Investment
	£m	£m
Bristol Port Company	2.500	2.500
Homelessness Property Fund	10.000	8.745
Temp Accom (RSAP) Property Fund	4.000	3.471
Avon Mutual Community Bank	0.300	0.300
Sub-Total	16.800	15.016

Total	63.501	39.647
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Cabinet is asked to note the latest position on the balance sheet risks as set out in this section.

9. EXTERNAL FUNDING

9.1. N/A

10. KEY DECISIONS

10.1 Active Travel Capability and Ambition Fund – 6 month funding extension

- Following the 6 month extension (January – June 2024) of the Capability and Ambition Fund, the council is to receive an additional funding. It has previously been allocated £338k. It is now to be allocated a further £170k, £100k of this is for planning and design capability activities and £70k is for behaviour changes. The council is not required to match fund.

Cabinet is requested to authorise 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 funding award 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.

10.2 Bristol Liveable Neighbourhood (South)

- The council seeks to submit a Feasibility And Development Funding (FADF) application form to WECA to draw down funding previously agreed by Cabinet as part of the BCC Liveable Neighbourhood £12m allocation under the City Regions Sustainable Transport Settlement (CRSTS) funding programme. This FADF is to secure up to £600k of that allocation for the South Bristol Liveable Neighbourhood scheme. There is no requirement to match fund and no revenue or capital funds from the council will be required. There are a number of S106 allocations across the area that will be used for delivery of the scheme following the business case process and will act as match to the wider CRSTS programme but no specific match is required for this allocation.
- Approval is sought to both request this draw down and to spend this allocation if provided by WECA.

Cabinet is requested to note the decision to submit a FADF application to the WECA to access £600k from the £12m Liveable Neighbourhood allocation within the CRSTS funding.

Cabinet is requested to authorise 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 funding provided specifically for the Bristol South Liveable Neighbourhood Scheme and to procure and award contracts for expenditure of that funding.

10.3 Funding to Support the Delivery of CRSTS

- The council has been awarded funding of £670k by WECA to support the delivery of the CRSTS programme.
- Approval is sought to both request this draw down and to spend this allocation.

Cabinet is requested to give authorise 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 funding provided to support the delivery of the CRSTS programme and to procure and award contracts for expenditure of that funding.