

Bristol City Council

Period 9 2023/24 - Finance Exception Report

1. REVENUE SUMMARY POSITION

- 1.1. This report relates to the Period 9 full year forecast for 2023/24 (December 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 8 as reported to January'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. As part of this Q3/Period 8 report, the Children and Education Directorate forecast a pressure of £18.5m which has been assessed as non-containable within the directorate. In order to ensure that the directorate remains within its budget spend authority, both £1.7m contract inflation as originally budgeted for Children and Education Directorate (approved at Full Council 21 February 2023) and an initial supplementary estimate of £11.5m (approved at Full Council 31 October 2023) will be transacted in Period 10. A further supplementary estimate is then to be recommended to Full Council alongside the Budget Report for 2024/25 in February 2024 to offset the balance of the forecast pressure.
- 1.4. The forecast outturn position on the Housing Revenue Account (HRA) is a £2.1m (1.6%) adverse variance. Details are set out in section 5.2 below.
- 1.5. The Dedicated Schools Grant (DSG) continues to forecast 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 the mitigating effect of a transformational programme of savings scheduled to deliver £2.1m in the current year. Details are set out in section 5.3 below.
- 1.6. The Public Health (PH) Grant is forecast to break-even as set out in section 5.4 below.

2. GENERAL FUND REVENUE POSITION

- 2.1. The assessment at Period 9 shows the Council's scheduled General Fund currently forecasting a risk adjusted overspend of £5.5m. This is a 1.1% adverse variance on the approved gross budget of £483.5m.

- 2.2. This £5.5m forecast overspend is driven by emerging pressures within the Adult and Communities Directorate which represent £2.2m (1.1% of its revised budget of £194.3m) plus £0.5m within Resources Directorate (1.1% of its revised budget of £47.2m) and £2.8m within Growth and Regeneration Directorate (4.5% of its revised budget of £62.4m). These directorates are expected to mitigate their pressures in full, either on a one-off or recurrent basis before the full year outturn. The £18.5m Children and Education Directorate pressures are expected to be mitigated by the £18.5m funds held in abeyance in Corporate Directorate.

Table 1: P9 2023/24 Summary Full Year General Fund Revenue Forecast

Period 9 - Summary	Approved budget	Revised Budget	P9 Forecast	P8 variance	P9 movement variance	Total Variance YTD P9	Total Variance %
	£000s	£000s	£000s	£000s		£000s	
8 - Adult & Communities							
14 - Adult Social Care	155,990	173,415	177,583	4,168	0	4,168	2.4%
36 - Communities and Public Health - General Fund	6,196	6,469	6,329	(140)	0	(140)	-2.2%
57 - Commissioning, Contracts Quality and Performance (Adults)	10,519	14,461	12,590	(1,870)	0	(1,870)	-12.9%
Total 8 - Adult & Communities	172,705	194,345	196,502	2,158	0	2,158	1.1%
9 - Children & Education							
15 - Children and Families Services	88,708	89,674	103,631	13,957	0	13,957	15.6%
16 - Educational Improvement	21,644	22,556	27,102	4,546	0	4,546	20.2%
1B - Transformation - Our Families Programme	0	0	0	0	0	0	0.0%
Total 9 - Children & Education	110,352	112,230	130,733	18,503	0	18,503	16.5%
2 - Resources							
21 - Policy, Strategy and Digital	21,008	21,383	21,401	18	(0)	18	0.1%
22 - Legal and Democratic Services	14,575	15,607	16,405	798	0	798	5.1%
24 - Finance	6,142	6,903	6,783	(120)	0	(120)	-1.7%
25 - HR, Workplace & Organisational Design	3,155	3,188	3,104	(84)	0	(84)	-2.6%
26 - Management - Resources	181	110	0	(110)	0	(110)	-100.0%
Total 2 - Resources	45,061	47,191	47,693	502	(0)	502	1.1%
4 - Growth & Regeneration							
37 - Housing & Landlord Services	20,559	21,651	21,651	0	0	0	0.0%
46 - Economy of Place	3,328	3,057	3,059	2	0	2	0.1%
47 - Management of Place	(2,334)	(1,643)	(1,090)	553	0	553	-33.7%
4A - Management - G&R	(170)	(338)	(338)	0	0	0	0.0%
4B - Property, Assets and Infrastructure	40,011	39,702	41,954	2,252	0	2,252	5.7%
Total 4 - Growth & Regeneration	61,395	62,429	65,236	2,807	0	2,807	4.5%
SERVICE NET EXPENDITURE	389,512	416,194	440,164	23,970	(0)	23,970	5.8%
X2 - Levies	11,071	6,071	6,071	0	0	0	0.0%
X3 - Corporate Expenditure	49,634	15,605	15,605	(0)	0	(0)	0.0%
X4 - Capital Financing	23,866	21,933	15,985	(5,948)	0	(5,948)	-27.1%
X6 - Year-end Transactions	0	12,320	(235)	(12,555)	0	(12,555)	-101.9%
X9 - Corporate Allowances	9,440	11,400	11,400	(0)	0	(0)	0.0%
Total Corporate	94,011	67,329	48,826	(18,503)	0	(18,503)	-27.5%
TOTAL REVENUE NET EXPENDITURE	483,523	483,523	488,990	5,467	0	5,467	1.1%

2.3. Adults, Communities and Public Health Directorate

Adult Social Care

- 2.3.1. The Adult Social Care position at Period 9 forecasts an overspend of £2.0m, unchanged from Period 8. The forecast variance is due mainly to forecasts in the Adult purchasing budgets.
- 2.3.2. The Adult purchasing budgets are under significant pressure in relation to both the increasing number of people being supported and the cost of these supporting care packages. A resulting pressure of £13.6m is partially offset by increases in contributions from those clients drawing on care and support services, plus forecast underspends on both employee costs, grants and other non-adult purchasing costs (net). These combine to total £8.6m.
- 2.3.3. Forecast savings and planned mitigations including those from the transformational work progressing with Peopletoo are expected to deliver £3.0m towards the offset of the balance. However, there currently remains a £2.0m net pressure which the directorate continues to work towards mitigating.

Public Health (General Fund)

- 2.3.4. The Public Health (General Fund) at Period 9 continues from Period 8 to forecast an underspend of £0.1m.

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 risks have deepened since P8. However, following the deep dive, review work is ongoing in the directorate to establish opportunities to manage and mitigate these pressures 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.

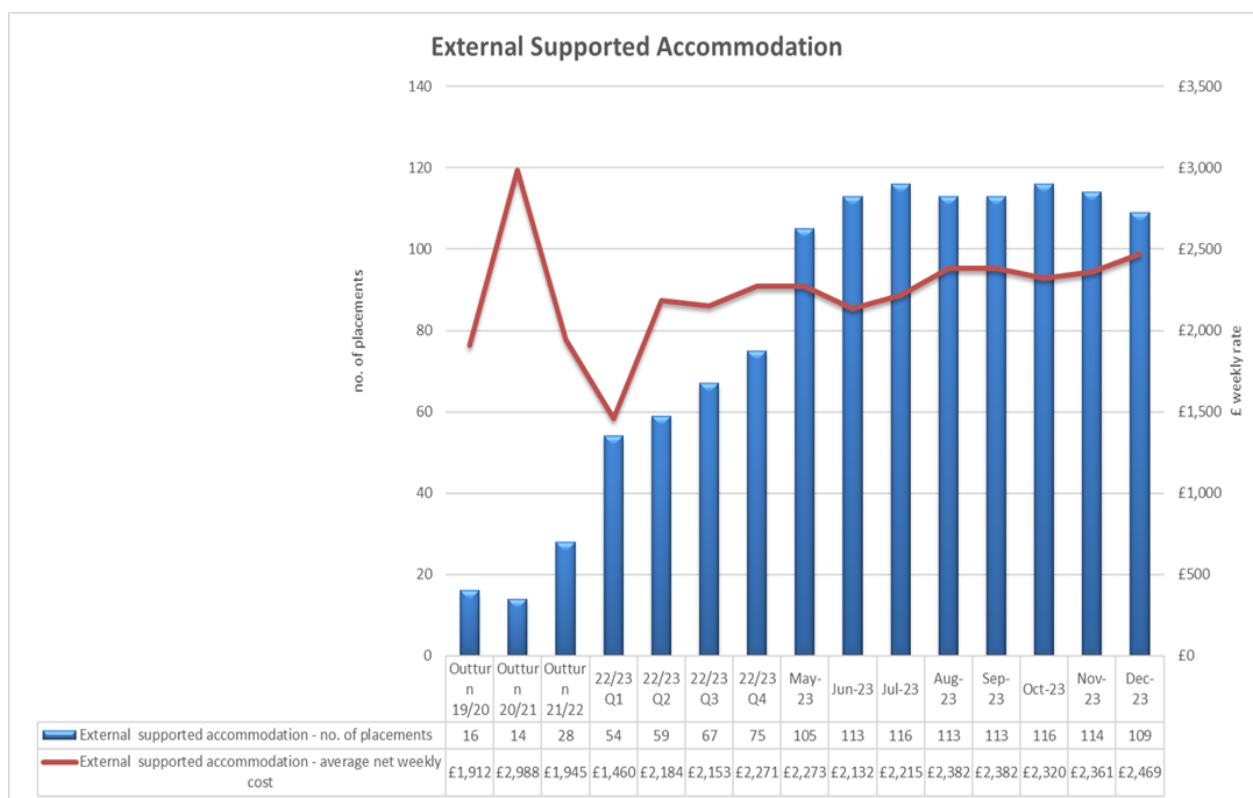
2.4.2. Children and Families

The Children and Families Service is forecasting a pressure of £14.0m (15.5%) on a revised budget of £89.7m. 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, latest placement numbers and associated costs.

Table 2: P9 2023/24 Children and Families Revenue Expenditure Forecast

Children's and Families		Revised Budget 2023/24	P09	Variance	Change from last month
			Forecast		
		£000s	£000s	£000s	£000s
Placements					
	External Supported Accommodation	5,448	13,994	8,546	-44
	In House Fostering	6,606	6,205	-401	119
	Independent Fostering Agencies	6,775	7,541	766	-43
	Inhouse Supported Accommodation	99	17	-82	-11
	RO & SGO	5,683	5,855	172	30
	Out Of Authority - Placements	15,770	24,213	8,443	0
	Parent & Baby Unit - Citywide	571	1,304	734	7
	Secure	148	408	260	-21
	Children's Homes	4,229	3,674	-555	147
	Post Adoption	381	248	-133	-0
Total placements		45,709	63,459	17,750	184
	Other non-placement related budgets	43,964	40,171	-3,793	-184
Total Children & Families		89,674	103,630	13,957	-0

Table 3: External Supported Accommodation – Placement and Costs



2.4.3. Educational Improvement

The Educational Improvement Service is forecasting an adverse variance of £4.5m (20.2%) on a revised budget of £22.5m. 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 forecasting a full year overspend of £0.5m (1.1%) against a revised budget position of £47.2m. There has been no movement in the forecast from Period 8. The net position for risks and opportunities is a £0.6m risk. It is anticipated that the directorate will identify a range of one-off mitigations for both these budget pressures and potential risks before the full year outturn.

2.6. Growth and Regeneration Directorate

2.6.1. The Growth & Regeneration Directorate is reporting a forecast overspend of £2.8m (4.5%) against its revised budget position of £62.4m. 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. There are further emerging pressures associated with Temporary Accommodation and the delivery of savings required by the Property Programme which are currently under detailed review. Following this, it may be necessary incorporate these in to the forecast at P10. However, it is

anticipated that the directorate will identify a range of one-off mitigations before the full year outturn.

3. SAVINGS PROGRAMME – SUMMARY

Table 4: Summary of Savings Delivery

Directorate	Total Savings due in 23/24 £m	Other approved changes £m	Savings with net cost in 23/24 £m	Account for savings that were one-off only in 22/23 £m	Rollover of undelivered savings from previous year £m	Net - savings as per Budget 23/24 £m	2023/24 Savings reported as safe		2023/24 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	9.0	0.6	6%	
Growth & Regeneration	13.8	-0.9	0.0	-0.2	-2.2	10.5	10.7	3.0	22%	
Total	37.3	-1.8	-1.1	-0.4	-7.8	26.2	30.6	6.7	18%	

- 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. 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.
- 3.2. As at Period 9, £30.6m (82%) of savings are considered safe and £6.7m (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 above or in directorates' risk and opportunities logs where mitigation is still expected.
- 3.3. Whilst there are £6.7m of savings 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 £8.1m.

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.
- 4.2. The table below summarises these risk and opportunities. These represent the weighted additional net potential risk of £0.6m.

Table 5: Risks and Opportunities Summary

Directorate	<u>Total Risk</u> <u>£'000</u>	<u>Total Opportunity</u> <u>£'000</u>	<u>Net</u> <u>Risk/(Opportunity)</u> <u>£'000</u>
Adult	0.0	0.0	0.0
Children & Education	0.0	0.0	0.0
Resources	988.0	(421.0)	567.0
G&R	13,249.0	(13,249.0)	0.0
Corporate	0.0	0.0	0.0
Total	14,237.0	(13,670.0)	567.0

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: P9 2023/24 Summary Full Year Ring-Fenced Fund Forecast

Period 9 - Summary	Approved budget	Revised Budget	P9 Forecast	P8 variance	P9 movement variance	Total Variance YTD P9	Total Variance
	£000s	£000s	£000s	£000s	£000s	£000s	%
Total Housing Revenue Account	137,365	137,365	139,494	(240)	2,369	2,129	1.6%
Total Dedicated Schools Grant	453,226	452,326	468,722	16,396	(0)	16,396	3.6%
Total Public Health Grant	0	(0)	0	0	0	0	0.0%
Total Ring-fenced Budgets	590,591	589,691	608,216	16,156	2,369	18,525	3.1%

5.2. Housing Revenue Account

- 5.2.1. The Housing Revenue Account (HRA) is currently forecasting an adverse outturn of £2.1m when compared to budget. There is an overall deterioration of £2.3m from P8 due to an increase in the forecast costs of the evacuation of Barton House of £2.6m and an increase in impairment provision of £0.1m. These are partially offset by a reduction of £0.4m in forecast repair costs.
- 5.2.2. The main drivers of this overall forecast position compared to revised budget 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), £1.2m overspend on Supervision and Management (mostly due to planned programme overheads), £1.4m increase in impairment provision forecast and £6.8m on Repairs & Maintenance expenditure (with £5.3m forecasted for Barton House Evacuation and £1.5m for associated works 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 £0.9m 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 31 March 2024 will be contained within the HRA general reserves.
- 5.3. **Dedicated Schools Grant**
- 5.3.1. The Dedicated Schools Grant (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 to £56.1m.

Table 7: P9 2023/24 Summary DSG Fund Full Year Forecast

Bristol Dedicated Schools Grant 2023/24	2022/23 B/f Balance	Gross DSG Funding / Budget 2023/24	P09 Gross DSG Forecast Outturn	In-year Variance As At P09	Cumulative C/f Forecast Position As At P09
	£'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	38,344	912	307
High Needs Block	42,520	86,675	103,230	16,625	59,145
High Needs Transformation	(928)	1,627	2,677	980	52
Funding	0	(452,302)	(452,302)	0	0
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

5.4. The Public Health Grant

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 9 Public Health reports no forecast variance to this budget.

6. CAPITAL SUMMARY

6.1. The Capital programme budget at Period 9, excluding capital contingencies and other technical adjustments, has increased by £5.2m from £257.2m to £262.4m. This increase is as a result of Cabinet approvals and delegated decisions. These are summarised below:

- £3.6m of the £9.8m HUGs 2 (Homes Upgrade Grant) for energy efficiency measures in homes (Cabinet 24th January 2023).
- £1.4m WECA grant allocated for Portway Park and Ride Rail Platform (Cabinet 7th March 2023).
- £0.2m re-profiling of transport schemes.

6.2. The budget comprises £153.9m for General Fund (excluding the corporate and other technical adjustments) and £108.5m for the HRA. The forecast variation against budget at Period 9 is a £10.4m underspend, representing a £5.4m underspend on General Fund and a £5.0m underspend on the HRA.

Table 8: P9 2023/24 Capital Programme Forecast Summary By Directorate

Approved Budget (Feb 23)	Budget Changes upto P9	Directorate	Revised Budget	Actual Spend to date	Budget Spend to date	P9 Forecast Outturn	Variance
£m	£m		£m	£m	%	£m	£m
2.6	(1.6)	Adults & Communities	1.0	0.3	31%	1.2	0.2
24.7	(8.2)	Childrens & Education	16.5	9.3	56%	16.6	0.1
7.7	(2.1)	Resources	5.6	2.4	42%	4.0	(1.6)
114.5	16.3	Growth and Regeneration	130.8	69.5	53%	126.7	(4.1)
149.5	4.4	GF service Total	153.9	81.5	53%	148.5	(5.4)
133.3	(24.8)	Housing Revenue Account	108.5	52.2	48%	103.5	(5.0)
133.3	(24.8)	HRA service Total	108.5	52.2	48%	103.5	(5.0)
282.8	(20.4)	HRA & GF Service Total	262.4	133.7	51%	252.0	(10.4)
15.3	(11.0)	Corporate Contingencies & Funds	4.3	0.0	0%	4.3	0.0
298.1	(31.4)	Capital Programme Grand Total	266.7	133.7	50%	256.3	(10.4)

Last Year 2022/23 Comparison at end of Period 9

300.5	(68.9)	Capital Programme Grand Total	231.6	123.3	53%	217.7	(13.9)
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Actual Expenditure achieved - 2022/23 Outturn Report £199m

- 6.3. The spend for the first nine months of the year (£133.7m) is low compared to the annual budget (51%) 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 £84.1m (32%) compared to the latest budget (£262.4m). 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 (20% slippage compared latest budget).
- 6.4. The £10.4m forecast variation reflects re-profiling and alignments with the latest expected programme delivery schedule. The programmes to which these primarily relate are summarised within Table 9 and amount to £10.3m.
- 6.5. The current forecasts remain challenging and there remains an element of risk in terms of delivery including external factors such as developer and partner led projects meeting delivery milestones and the awarding of contracts and funding agreements. Should these be delivered as planned then this will be evidenced by an acceleration of spend over remaining months of the financial year.

6.6. **Table 9: Capital Programme re-profiling by value**

Gross Expenditure by Programme		Current Year (FY2023) - Period 9				Performance to budget	
Ref	Scheme	Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
						%	
£000s							
Growth & Regeneration							
PL18	Energy services - Renewable energy investment scheme	6,596	1,655	4,366	(2,230)	25%	66%
PL24	Bristol Beacon	22,469	18,667	20,649	(1,821)	83%	92%
PL04	Strategic Transport	11,220	4,532	10,042	(1,177)	40%	90%
PL05	Sustainable Transport	2,235	1,006	1,472	(763)	45%	66%
CRF3	Covid Recovery Fund – Economic Infrastructure	1,223	411	698	(525)	34%	57%
GR03	Economy Development - ASEA 2 Flood Defences	7,600	2,040	8,392	792	27%	110%
GR01	Strategic Property – Temple Meads Development	6,026	3,515	8,151	2,125	58%	135%
Total Growth & Regeneration		57,369	31,825	53,770	(3,599)	55%	94%
Resources							
RE01	ICT Refresh Programme	500	0	150	(350)	0%	30%
RE07	Digital Transformation Programme - Networks	3,507	1,866	2,129	(1,378)	53%	61%
Total Resources		4,007	1,866	2,279	(1,728)	47%	57%
Total General Fund service Total		61,376	33,691	56,049	(5,327)	55%	91%
Housing Revenue Account							
HRA1	Planned Programme - Major Projects	50,213	26,861	49,361	(853)	53%	98%
HRA2	New Build and Land Enabling	56,465	25,214	52,316	(4,149)	45%	93%
Total Housing Revenue Account		106,679	52,075	101,677	(5,002)	49%	95%
HRA & GF Service Combined Total		168,055	85,766	157,726	(10,329)	51%	94%

7. OTHER DECISIONS

N/A