

Decision Pathway – Report



PURPOSE: For noting

MEETING: Cabinet

MEETING DATE: 6 February 2024

TITLE	2023/24 P9 Finance Exception Report		
Ward(s)	N/a		
Author: Jemma Prince	Job title: Finance Business Partner – Financial Planning, Reporting and Strategy		
Cabinet Lead: Councillor Craig Cheney: Cabinet Member, City Economy, Finance 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 9 (December 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 9 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 £5.5m, 1.1%, on the approved budget of £483.5m. This forecast is unchanged from Q3/P8 and it is expected that this forecast pressure will be mitigated in full before close of the current year (details are provided in Appendix A1). • 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 £6.7m (18%) of these £37.0m savings are reported as being at risk. • 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 these represent an underlying additional risk. 			

The Ring-fenced Accounts

- Housing Revenue Account (HRA) is forecasting an overspend of £2.1m (1.6%) 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 latest revised Capital Programme total budget for 2023/24 is £266.7m reflecting an increase of £5.2m in the General Fund budget since Q3/P8. This increase in budget follows recent Cabinet approvals and delegated decisions to revise the capital programme. Details are in Appendix A1, Section 6.1. The General Fund is forecasting an underspend of £5.4m against its revised GF budget of £153.9m (and 2.0% of Total Capital Programme budget) and the HRA is forecasting an underspend of £5.0m against its revised budget of £108.5m (and 1.9% of Total Capital Programme budget). There is no forecast variance against the remaining budget balance for corporate contingency and funds of £4.3m.

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 £0.6m. Should these risks materialise it is expected that mitigations will be identified to offset them in full.

Decisions to approve

N/A

Cabinet Member / Officer Recommendations:

That Cabinet notes:

- The General Fund forecast £5.5m 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 £0.6m against which Executive Directors plan to mitigate in full (as summarised in Section 4).
- A forecast overspend of £2.1m 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 £10.4m underspend against the revised Capital Programme's Budget (Section 6).

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"/>
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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, 25 th January 2024
2. Legal Advice: Cabinet is asked to note financial performance as at P9 against the approved budget. The report, including the detail set out in the Appendix, will assist Cabinet to monitor the budget position with a view to meeting the Council’s legal obligation to deliver a balanced budget.
Legal Team Leader: Nancy Rollason, Head of Legal Service, 25 th January 2024
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, 25 th January 2024
4. HR Advice: As this report is for Cabinet’s information and no additional savings are proposed that have an impact on the employment of BCC staff, there are no HR implications of the recommendations.
HR Partner: James Brereton, Head of Human Resources, 26 th January 2024

EDM Sign-off	Stephen Peacock	17 th January 2024
Cabinet Member sign-off	Councillor Craig Cheney: Cabinet Member, City Economy, Finance and Performance	25 th January 2024
For Key Decisions - Mayor’s Office sign-off	Mayor’s Office	29 th January 2024

Appendix A – Further essential background A1: Period 9 2023/24 – Finance Exception Report	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