

APPENDIX A1

Bristol City Council Period 10 2023/24 - Finance Exception Report

1. REVENUE SUMMARY POSITION

- 1.1. This report relates to the Period 10 full year forecast for 2023/24 (January 2024 extrapolated). It is an exception report and as such focuses on key financial issues for the Council including movements since Period 9 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. This was assessed as non-containable within the directorate and consequently, in order to ensure that the directorate remains within its budget spend authority, an initial supplementary estimate of £11.5m (approved at Full Council 31 October 2023) and budget virement of £1.7m were transacted in Period 10. A further supplementary estimate for up to £5.3m will go to Full Council for approval alongside the Budget Report for 2024/25. This is intended to offset the balance of the forecast pressure and will be transacted as part of the P12 full year outturn.
- 1.4. The forecast outturn position on the Housing Revenue Account (HRA) is a £3.2m (2.3%) adverse variance to the revised budget. 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 yearend 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 10 shows the Council's scheduled General Fund currently forecasting a risk adjusted overspend of £6.9m. This is a 1.4% adverse variance on the approved gross budget of £483.5m.
- 2.2. This £6.9m forecast overspend represents a deterioration of £1.5m from the prior period's forecast. It is principally driven by a £5.9m pressure within the Growth and Regeneration Directorate linked to increasing Temporary Accommodation demand/Housing Benefit subsidy loss which can only be partially offset by mitigations and savings so that a residual pressure of £3.0m is forecast to remain (see Appendix A2).

Table 1: P10 2023/24 Summary Full Year General Fund Revenue Forecast

Period 10 - Summary	Approved budget	Revised Budget	P10 Forecast	P9 variance	P10 movement variance	P10 Variance	Total Variance
	£000s	£000s	£000s	£000s	£000s	£000s	%
8 - Adult & Communities							
14 - Adult Social Care	155,990	173,915	177,592	4,168	(490)	3,678	2.1%
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	12,174	(1,870)	(416)	(2,286)	-15.8%
Total 8 - Adult & Communities	172,705	194,845	196,096	2,158	(906)	1,252	0.6%
9 - Children & Education							
15 - Children and Families Services	88,708	98,521	103,560	13,957	(8,918)	5,039	5.1%
16 - Educational Improvement	21,644	26,882	27,173	4,546	(4,256)	291	1.1%
1B - Transformation – Our Families Programme	0	0	(0)	0	(0)	(0)	0.0%
Total 9 - Children & Education	110,352	125,403	130,733	18,503	(13,173)	5,330	4.3%
2 - Resources							
21 - Policy, Strategy and Digital	21,008	21,383	20,811	18	(590)	(572)	-2.7%
22 - Legal and Democratic Services	14,575	15,607	16,566	798	162	959	6.1%
24 - Finance	6,142	6,928	6,746	(120)	(62)	(182)	-2.6%
25 - HR, Workplace & Organisational Design	3,155	3,188	2,902	(84)	(202)	(286)	-9.0%
26 - Management - Resources	181	110	0	(110)	0	(110)	-100.0%
Total 2 - Resources	45,061	47,216	47,026	502	(693)	(190)	-0.4%
4 - Growth & Regeneration							
37 - Housing & Landlord Services	20,559	21,651	24,651	0	3,000	3,000	13.9%
46 - Economy of Place	6,940	5,664	5,464	2	(202)	(200)	-3.5%
47 - Management of Place	(5,945)	(4,080)	(5,357)	553	(1,831)	(1,277)	31.3%
4A - Management - G&R	(170)	(338)	(338)	0	0	0	0.0%
4B - Property, Assets and Infrastructure	40,011	39,962	44,318	2,252	2,104	4,356	10.9%
Total 4 - Growth & Regeneration	61,395	62,859	68,737	2,807	3,071	5,878	9.4%
SERVICE NET EXPENDITURE	389,512	430,322	442,592	23,970	(11,701)	12,269	2.9%
X2 - Levies	11,071	5,866	5,867	0	0	0	0.0%
X3 - Corporate Expenditure	49,634	18,086	13,756	(0)	(4,330)	(4,330)	-23.9%
X4 - Capital Financing	23,866	21,933	21,933	(5,948)	5,948	(0)	0.0%
X6 - Year-end Transactions	0	(3,130)	(4,130)	(12,555)	11,555	(1,000)	31.9%
X9 - Corporate Allowances	9,440	10,445	10,445	(0)	0	(0)	0.0%
Total Corporate	94,011	53,201	47,871	(18,503)	13,174	(5,330)	-10.0%
TOTAL REVENUE NET EXPENDITURE	483,523	483,523	490,463	5,467	1,473	6,940	1.4%

2.3. Adults, Communities and Public Health Directorate

Adult Social Care

- 2.3.1. The Adult Social Care position at Period 10 forecasts an overspend of £1.4m (0.7%) against a revised budget of £188.4m. The forecast of £0.9m variance is due mainly to adverse forecast overspend in the Adult purchasing budgets.
- 2.3.2. The Adult purchasing budgets throughout the year have been 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 £12.3m 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 a total of £10.9m.
- 2.3.3. Previously forecast savings and planned mitigations including those from the transformational work with Peopletoo £3.1m are now not expected to be delivered during the remaining months of the current financial year. These have now been mitigated by other cross-cutting savings across the Adult Social Care services.

Public Health (General Fund)

- 2.3.4. The Public Health (General Fund) at Period 10 continues from Period 9 to forecast an underspend of £0.1m (-2.2%).

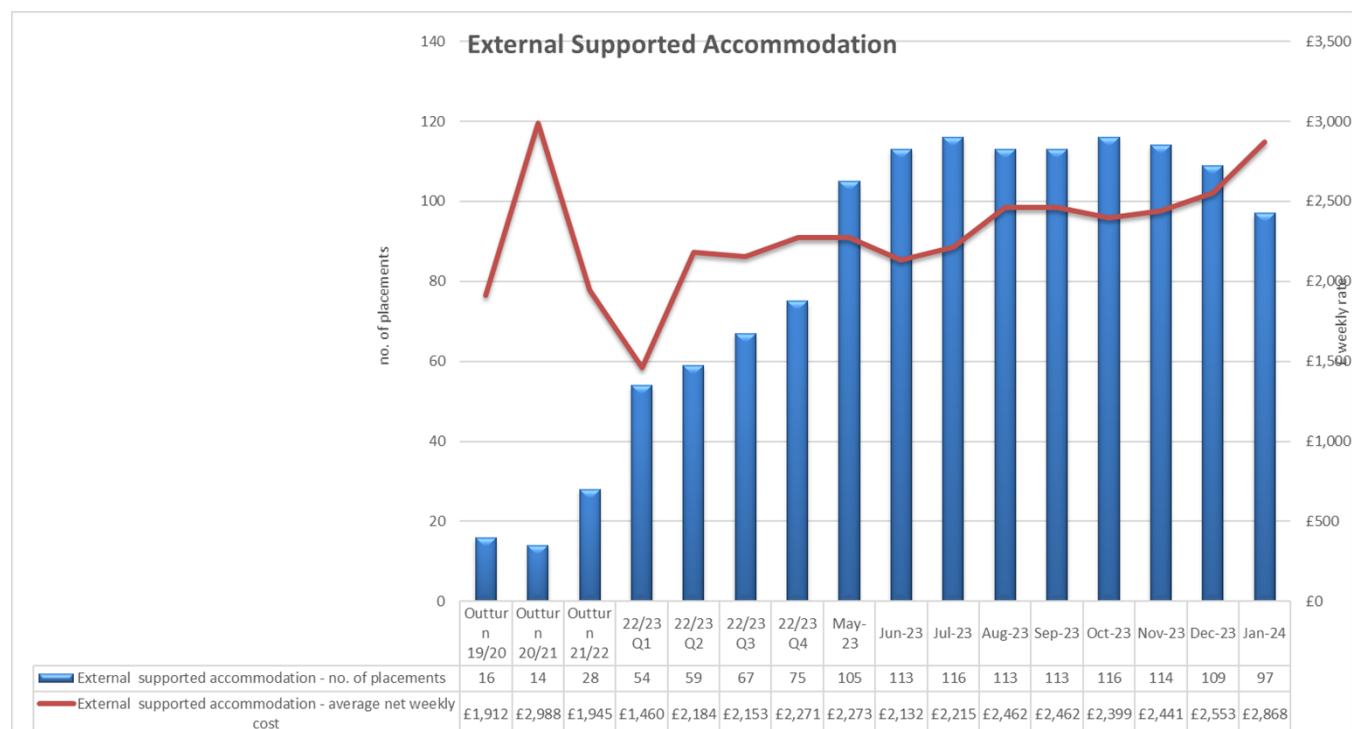
2.4. Children and Education Directorate

2.4.1. Children and Families

The Children and Families Service is forecasting a pressure of £5.0m (5.1%) on a revised budget of £98.5m. This pressure is predominantly due to the changing complexity and mix of social care placements. The forecast demonstrates an improved position when compared to P9 due to the allocation of increased budget of £8.8m as part of the approved supplementary estimates and drawdown of available resources up to £18.5m (31 October 2023 and 20 February 2024). The balance is available for draw down at the year end to mitigate the remaining pressure, up to £5.2m, on placements. The tables below provide further detail on the forecast, latest placement numbers and associated costs.

Table 2: P10 2023/24 Children and Families Revenue Expenditure Forecast

Children's and Families		Revised Budget 2023/24	P10 Forecast	Variance	Change from last month
		£000s	£000s	£000s	£000s
Placements					
	External Supported Accommodation	13,533	13,914	381	(8,165)
	In House Fostering	6,954	6,549	(406)	(4)
	Independent Fostering Agencies	7,129	7,529	400	(366)
	Inhouse Supported Accommodation	99	22	(77)	5
	RO & SGO	5,683	5,895	212	40
	Out Of Authority - Placements	15,770	24,208	8,438	(5)
	Parent & Baby Unit - Citywide	571	571	0	(734)
	Secure	148	408	260	0
	Children's Homes	4,229	3,752	(477)	78
	Post Adoption	381	240	(141)	(8)
Total placements		54,496	63,088	8,592	(9,158)
	Other non-placement related budgets	44,024	40,472	(3,553)	241
Total Children & Families		98,521	103,560	5,039	(8,917)

Table 3: External Supported Accommodation – Placement and Costs

2.4.2. Educational Improvement

The Educational Improvement Service is forecasting an adverse variance of £0.3m (1.1%) on a revised budget of £27.2m. 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. The forecast demonstrates an improved position when compared to P9 due to the allocation of increased budget of £4.4m as part of the approved supplementary estimates and drawdown of available resources up to £18.5m (31 October 2023 and 20 February 2024). The balance is available for drawn down at the year end to mitigate the remaining pressure, up to £0.2m.

2.5. Resources Directorate

2.5.1. The Resources Directorate is currently forecasting a full year underspend of £0.2m (-0.4%) against a revised budget position of £47.2m. This represents a £0.7m improvement in the forecast since Period 9 and is due primarily to continuing staff vacancies, increased recharged income and other revisions to income forecasts across the Directorate. The net position for risks and opportunities is a £0.4m risk. It is anticipated that the directorate will identify a range of one-off mitigations for these 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 £5.9m (9.4%) against its revised budget position of £62.9m. The P10 forecast overspend continues to include the previously reported £2.0m overspend against corporate

energy costs driven by the higher than expected cost of electricity and gas in 2023/24 (see Appendix A4). However, the forecast has increased by £3.1m since it now also includes an additional £3.0m pressure due to increased Temporary Accommodation demand/Housing Benefit subsidy loss (see Appendix A2). The final significant pressure is the non-delivery of savings required by the Property Transformation Programme of £1.8m. The Property Programme began 2023/24 with a savings target of £4m, including £0.2m of savings rolled over from 2022/23. We have delivered £1.0m of this saving in 2023/24 through, for example, rent reviews. It is assumed that a further £1.2m will be delivered before the end of 2023/24, principally through regearing lease arrangements to collect rent. This leaves a residual £1.8m which cannot be delivered and is therefore contributing to pressures in this year. Surpluses have been generated in Economy of Place and Management of Place directorates which combine to reduce the pressure by £2.0m. The Directorate will continue to develop savings proposals to further reduce the pressure on the Council.

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	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	%
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	6.2	4.2	41%	
Resources (& Shareholding)	9.6	-0.3	0.0	-0.2	-3.1	6.0	9.4	0.2	2%	
Growth & Regeneration	13.8	-0.9	0.0	-0.2	-2.2	10.5	10.6	3.2	23%	
Total	37.3	-1.8	-1.1	-0.4	-7.8	26.2	28.8	8.5	23%	

- 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 10 £28.8m (77%) of savings are considered safe. This is a £1.8m reduction from P9's £30.6m assessed as safe and this movement predominantly reflects the latest assessment that Adults Transformation programme savings delivery in-year will reduce by £1.9m.
- 3.3. £8.5m (23%) savings cross-directorate are reported at risk and are being monitored and reviewed for delivery or in-year mitigation where possible. Saving delivery risks are

captured in either the forecast outturn above or in directorates' risk and opportunities logs where mitigation is still expected.

- 3.4. Whilst there are £8.5m 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 continues to retain an optimism bias, set against the delivery of savings, which is held corporately at £7.7m following the write-off of £0.4m budget savings initiatives at Q3/P8.

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 a weighted additional net potential risk of £0.4m.

Table 5: Risks and Opportunities Summary

Directorate	<u>Total Risk</u> £'000	<u>Total Opportunity</u> £'000	<u>Net Risk/(Opportunity)</u> £'000
Adult	0.0	0.0	0.0
Children & Education	0.0	0.0	0.0
Resources	933.0	(567.0)	366.0
G&R	0.0	0.0	0.0
Corporate	0.0	0.0	0.0
Total	933.0	(567.0)	366.0

- 4.3. The net position on risk and opportunities does not present a forecast financial pressure since this pressure is 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 this risk will inevitably increase and could transition into an actual financial pressure which would add to the current year's final outturn position.

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: P10 2023/24 Summary Full Year Ring-Fenced Fund Forecast

Period 10 - Summary	Approved budget	Revised Budget	P10 Forecast	P9 variance	P10 movement variance	P10 Variance	Total Variance
	£000s	£000s	£000s	£000s	£000s	£000s	%
Total Housing Revenue Account	137,365	137,365	140,523	2,129	1,029	3,158	2.3%
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	609,245	18,525	1,029	19,554	3.3%

5.2. Housing Revenue Account

5.2.1. The Housing Revenue Account (HRA) is currently forecasting an adverse outturn of £3.2m (2.3%) when compared to the revised budget. This represents an overall deterioration of £1.1m from P9 due to increases in forecast overhead costs of £1.0m and in forecast repair costs of £0.4m, which were offset by reduction of £0.3m in impairment provision.

5.2.2. The main drivers of this overall forecast position compared to revised budget are adverse variances of £0.4m for Income (due mainly to project delays preventing scheme handovers as planned and in turn having an adverse impact on dwelling rent income forecast), £2.2m overspend on Supervision and Management (mostly due to planned programme overheads), £1.0m increase in forecast impairment provision and £7.1m on Repairs & Maintenance expenditure (with £5.3m forecasted for Barton House Evacuation and £1.8m 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 £0.8m 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 yearend 31st March 2024 will be contained within the HRA general reserves.

5.3. Dedicated Schools Grant

5.3.1. The Dedicated Schools Grant (DSG) continues to report a £16.4m (3.6%) 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: P10 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	P10 Gross DSG Forecast Outturn	In-year Variance As At P10	Cumulative C/f Forecast Position As At P10
	£'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 10, excluding capital contingencies and other technical adjustments, has increased by £0.4m from £262.4m to £262.8m. This increase is as a result of Cabinet approvals and delegated decisions in relation to transport schemes.

- 6.2. The budget comprises £154.3m for General Fund (excluding the corporate and other technical adjustments) and £108.5m for the HRA. The forecast variation against budget at Period 10 is a £25.4m underspend, representing a £18.1m underspend on General Fund (6.9% of HRA & GF Total) and a £7.3m underspend on the HRA (2.8% of HRA & GF Total).

Table 8: P10 2023/24 Capital Programme Forecast Summary By Directorate

Approved Budget (Feb 23)	Budget Changes upto P10	Directorate	Revised Budget	Actual Spend to date	Budget Spend to date	P10 Forecast Outturn	Variance
£m	£m		£m	£m	%	£m	£m
2.6	(1.6)	Adults & Communities	1.0	0.5	50%	1.0	0.0
24.7	(8.2)	Childrens & Education	16.5	10.0	61%	16.6	0.1
7.7	(2.1)	Resources	5.6	2.5	45%	4.0	(1.6)
114.5	16.7	Growth and Regeneration	131.2	77.5	59%	114.6	(16.6)
149.5	4.8	GF service Total	154.3	90.5	59%	136.2	(18.1)
133.3	(24.8)	Housing Revenue Account	108.5	62.1	57%	101.2	(7.3)
133.3	(24.8)	HRA service Total	108.5	62.1	57%	101.2	(7.3)
282.8	(20.0)	HRA & GF Service Total	262.8	152.6	58%	237.4	(25.4)
15.3	(10.3)	Corporate Contingencies & Funds	5.0	1.0	20%	2.5	(2.5)
298.1	(30.3)	Capital Programme Grand Total	267.8	153.6	57%	239.9	(27.9)

Last Year 2022/23 Comparison at end of Period 10

300.5	(77.2)	Capital Programme Grand Total	223.3	137.5	62%	197.8	(25.5)
--------------	---------------	--------------------------------------	--------------	--------------	------------	--------------	---------------

Actual Expenditure achieved - 2022/23 Outturn Report £199m

- 6.3. The spend for the first ten months of the year (£152.6m) is low compared to the annual budget (58%) 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 £79.7m (30%) compared to the latest budget (£262.8m). However, this does not take account of the council's pattern of higher expenditure towards the end of the financial year which would indicate an outturn in the region of £210m (20% slippage compared latest budget).
- 6.4. The forecast variation reported at P9 was £10.4m. This has increased by £15.0m to give a £25.4m forecast variation reflecting alignments with the latest expected programme delivery schedule. The programmes to which these primarily relate are summarised within Table 9.

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 the remaining months of the financial year.

Table 9: Capital Programme re-profiling by value

Gross Expenditure by Programme		Current Year (FY2023) - Period 10					Performance to budget	
Ref	Scheme	Budget	Expenditure to Date	Forecast P10	Forecast P9	Change in Forecast	Expenditure to date	Forecast
							%	
£000s								
Growth & Regeneration								
GR01	Strategic Property – Temple Meads Development	6,026	3,953	3,198	8,151	4,952	66%	53%
PL04	Strategic Transport	11,250	5,138	7,811	10,042	2,231	46%	69%
PL10	Highways & Traffic Infrastructure - General	15,205	8,747	13,362	15,187	1,825	58%	88%
GR09	Clean Air Zone Programme	7,629	3,495	6,437	7,371	934	46%	84%
PL30	Housing Delivery Programme	13,983	6,459	13,254	14,184	930	46%	95%
PL18	Energy services - Renewable energy investment scheme	6,586	2,726	3,764	4,366	602	41%	57%
PL01	Metrobus	1,965	1,107	1,173	1,683	510	56%	60%
Total Growth & Regeneration		62,644	31,625	48,999	60,984	11,985	50%	78%
Total General Fund service Total		62,644	31,625	48,999	60,984	11,985	50%	78%
Housing Revenue Account								
HRA2	New Build and Land Enabling	56,465	28,409	47,300	52,316	5,016	50%	84%
HRA1	Planned Programme - Major Projects	50,213	33,478	52,153	49,361	(2,792)	67%	104%
		106,679	61,887	99,453	101,677	2,224	58%	93%
HRA & GF Service Combined Total		169,322	93,512	148,452	162,661	14,210	55%	88%

7. OTHER DECISIONS

7.1. Finance Urgent Key Decision – Number 34

Agreement to accept and spend £825,416 grant funding from the DfE to deliver Befriending to Care Leavers and Family Finding to children in care.

Following successful bids to DfE for £825,416 grant funding to end March 2025 to deliver Befriending Service for Care Leavers and In house Family Finding for Children in Care

Cabinet is requested to note the urgent key decision taken by the council's S151 Officer (in consultation with the Cabinet Member for City Economy, Finance and Performance) to accept and spend £825,416 grant funding from the DfE to deliver Befriending to Care Leavers and Family Finding to children in care and to procure and award contracts for expenditure of that funding.