

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**MEETING DATE:** 5 March 2024

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| <b>TITLE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>2023/24 P10 Finance Exception Report</b>                                             |  |
| <b>Ward(s)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | N/a                                                                                     |  |
| <b>Author:</b> Jemma Prince                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Job title:</b> Finance Business Partner – Financial Planning, Reporting and Strategy |  |
| <b>Cabinet Lead:</b> Councillor Craig Cheney: Cabinet Member, City Economy, Finance and Performance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Director Lead:</b> Denise Murray – Director of Finance                               |  |
| <b>Proposal origin:</b> Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                         |  |
| <b>Decision maker:</b> Cabinet Member<br><b>Decision forum:</b> Cabinet                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                         |  |
| <p><b>Purpose of Report:</b><br/>The Council budget for 2023/24 was agreed by Full Council 21 February 2023. This report provides information and analysis at Period 10 (January 2024 extrapolated) on the Council’s financial performance against the approved budget and forecast use of resources for the financial year.<br/>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>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                         |  |
| <p><b>Evidence Base:</b><br/>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 10 the forecast financial outturn for 2023/24 is as follows:<br/>The General Fund</p> <ul style="list-style-type: none"> <li>• The General Fund is currently forecasting a risk adjusted overspend of £6.9m, 1.4%, on the approved budget of £483.5m. This forecast has deteriorated by £1.5m since P9 (details are provided in Appendices A1 and A2). It continues to be expected that this forecast pressure will be mitigated in full before close of the current year.</li> <li>• 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 £8.5m (23%) of these £37.3m savings are reported as being at risk. This represents a deterioration of £1.8m since Period 9.</li> <li>• 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.</li> </ul> |                                                                                         |  |

### The Ring-fenced Accounts

- Housing Revenue Account (HRA) is forecasting an overspend of £3.2m (2.3%) 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 £267.8m reflecting an increase of £0.4m in the General Fund budget and £0.7m in Corporate contingencies and funds since P9. The HRA budget is unchanged since P9. This £1.1m increase in budget follows recent Cabinet approvals and delegated decisions in relation to transport schemes. The General Fund is forecasting an underspend of £18.1m against its revised GF budget of £154.3m (and 6.9% of GF and HRA Total budget) and the HRA is forecasting an underspend of £7.3m against its revised budget of £108.5m (and 2.8% of GF and HRA Total budget). These combine to represent a £25.4m forecast underspend against budget. There is a £2.5m forecast underspend against the remaining budget balance for corporate contingency and funds of £5.0m. (See Appendix A1, Table 8.)

### Further Risks & Opportunities

- Further risks and opportunities to the Council have been identified which could materialise during the financial year. These risks and opportunities arise within the Resources Directorate and present a net £0.4m. Should these risks materialise it is expected that mitigations will be identified to offset them in full.

### Urgent Key Decisions

- the council's S151 Officer and Cabinet Member for City Economy, Finance and Performance to accept £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.

### **Cabinet Member / Officer Recommendations:**

#### That Cabinet notes:

- The General Fund forecast £6.9m adverse outturn variance against the approved budget for 2023/24 (see Appendices A1, A2 and A4).
- The performance on delivery of savings (as summarised in Appendix A1 Section 3).
- The General Fund additional net risk of £0.4m against which Executive Directors plan to mitigate in full (as summarised in Appendix A1 Section 4).
- A forecast overspend of £3.2m 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 £25.4m underspend against the revised GF and HRA Capital Programme's Budget (Appendix A1 Section 6).
- 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.

### **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).

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| <b>City Benefits:</b><br>Cross priority report that covers whole of Council's business |
| <b>Consultation Details:</b> N/a                                                       |
| <b>Background Documents:</b> N/a                                                       |

|                                              |                                              |                                                 |                                                            |
|----------------------------------------------|----------------------------------------------|-------------------------------------------------|------------------------------------------------------------|
| <b>Revenue Cost</b>                          | See above                                    | <b>Source of Revenue Funding</b>                | N/A                                                        |
| <b>Capital Cost</b>                          | See above                                    | <b>Source of Capital Funding</b>                | N/A                                                        |
| <b>One off cost</b> <input type="checkbox"/> | <b>Ongoing cost</b> <input type="checkbox"/> | <b>Saving Proposal</b> <input type="checkbox"/> | <b>Income generation proposal</b> <input type="checkbox"/> |

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| <b>Required information to be completed by Financial/Legal/ICT/ HR partners:</b>                                                                                                                                                                                                                                                                                       |
| <b>1. Finance Advice:</b> The resource and financial implications are set out in the report.                                                                                                                                                                                                                                                                           |
| <b>Finance Business Partner:</b> Jemma Prince, FBP – Financial Planning, Reporting & Strategy, 20 <sup>th</sup> February 2024                                                                                                                                                                                                                                          |
| <b>2. Legal Advice:</b> Cabinet is asked to note financial performance as at P10 against the approved budget, and an urgent key decision taken by the S151 Officer. The report, including the detail set out in the Appendices, will assist Cabinet to monitor the budget position with a view to meeting the Council's legal obligation to deliver a balanced budget. |
| <b>Legal Team Leader:</b> Nancy Rollason, Head of Legal Service, 19 <sup>th</sup> February 2024                                                                                                                                                                                                                                                                        |
| <b>3. Implications on IT:</b> 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.                                             |
| <b>IT Team Leader:</b> Tim Borrett, Director: Policy, Strategy and Digital, 21 <sup>st</sup> February 2024                                                                                                                                                                                                                                                             |
| <b>4. HR Advice:</b> 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.                                                                                                                                                       |
| <b>HR Partner:</b> James Brereton, Head of Human Resources, 16 <sup>th</sup> February 2024                                                                                                                                                                                                                                                                             |

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| <b>EDM Sign-off</b>                                | Stephen Peacock, Chief Executive                                               | 14 February 2024 |
| <b>Cabinet Member sign-off</b>                     | Councillor Craig Cheney: Cabinet Member, City Economy, Finance and Performance | 19 February 2024 |
| <b>For Key Decisions - Mayor's Office sign-off</b> | Mayor's Office                                                                 | 21 February 2024 |

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| <b>Appendix A – Further essential background</b><br>A1: Period 10 2023/24 – Finance Exception Report<br>A2: Temporary Accommodation Pressure<br>A3: Finance Urgent Key Decision<br>A4: Energy Pressure | <b>YES</b> |
| <b>Appendix B – Details of consultation carried out - internal and external</b>                                                                                                                        | <b>NO</b>  |
| <b>Appendix C – Summary of any engagement with scrutiny</b>                                                                                                                                            | <b>NO</b>  |
| <b>Appendix D – Risk assessment</b>                                                                                                                                                                    | <b>NO</b>  |
| <b>Appendix E – Equalities screening / impact assessment of proposal</b>                                                                                                                               | <b>NO</b>  |
| <b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>                                                                                                                                | <b>NO</b>  |
| <b>Appendix G – Financial Advice</b>                                                                                                                                                                   | <b>NO</b>  |
| <b>Appendix H – Legal Advice</b>                                                                                                                                                                       | <b>NO</b>  |
| <b>Appendix I – Exempt Information</b>                                                                                                                                                                 | <b>NO</b>  |
| <b>Appendix J – HR advice</b>                                                                                                                                                                          | <b>NO</b>  |

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|---------------------------------|-----------|
| <b>Appendix K – ICT</b>         | <b>NO</b> |
| <b>Appendix L – Procurement</b> | <b>NO</b> |