

Resources Scrutiny Commission (formerly
Business Change and Resources Scrutiny
Commission)
Supplementary Information



Date: Monday, 14 January 2019

Time: 4.00 pm

Venue: The Council Chamber - City Hall, College Green,
Bristol, BS1 5TR

Distribution:

Councillors: Stephen Clarke (Chair), Afzal Shah (Vice-Chair), Donald Alexander, Mark Brain,
John Goulandris, Margaret Hickman, Tim Kent, Sultan Khan, Graham Morris, Steve Pearce and
Clive Stevens

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Date: Friday, 11 January 2019



Supplementary Agenda

13. Period 7 Budget Monitoring Report - Information Item

(Pages 3 - 12)



Resources Scrutiny Commission

14th January 2019



Report of: Denise Murray - Director of Finance

Title: 2018/19 Period 7 Forecast Outturn Report – For Information

Ward: n/a

Recommendation

To consider the 2019/20 budget information as requested by Resources Scrutiny Commission.

- **P07 Budget Monitoring Report – For Information**
(Full Report to be published on Monday 14th January)



Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 22 January 2019

TITLE	2018/19 Period 7 Forecast Outturn Report		
Ward(s)	n/a		
Author: Michael Pilcher	Job title: Finance Business Partner		
Cabinet lead: Cllr Cheney	Statutory Officer lead: Denise Murray		
Proposal origin: Other			
Decision maker: Cabinet Member			
Decision forum: Cabinet			
<p>Purpose of Report: The report provides update on the Council’s financial performance and forecast use of resources during the financial year 2018/19 and seeks approval to reallocate specifies budgets and a transfer of earmarked reserves.</p> <p>The Council budget for 2018/19 was agreed by Council on 20th February 2018 and this report focuses on the forecast position against that budget.</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 within the directorate’s overall budget limit. Budget holders forecasting a risk of overspend should in the first instance set out in-service options for mitigation. Where these are considered undeliverable or pressures cannot be contained across the directorate a request can be made for the Executive to consider granting a supplementary estimate redirecting funds from an alternative source. The Adults, Children’s and Education Directorate (ACE) requested a supplementary estimate for 2018/19, which was approved by Cabinet on 4th December 2018. Cabinet also approved a revised capital programme to re-profile project budgets in line with the anticipated delivery for 2018/19.</p>			
<p>Evidence Base:</p> <p>The Council’s overall annual revenue spend during 2018/19 is managed across a number of areas:</p> <ul style="list-style-type: none"> The General Fund with a net budget of £361.8m, providing revenue funding for the majority of the Council’s services; <p>Ring Fenced Accounts:</p> <ul style="list-style-type: none"> The Housing Revenue Account (HRA) of £119.9m gross spend, is ring-fenced, money received in rent in order to plan and provide services to current and future tenants, and is managed within Communities Directorate; The Dedicated Schools Grant (DSG) of £346.6m, which is a ring-fenced grant that must be used in support of the schools budget as defined in the School and Early Years Finance Regulations and cannot be used for any other purpose. The grant is managed within the ACE Directorate; Public Health, a ring-fenced grant of £32.5m, must be spent to support the delivery of the Public Health Outcomes Framework exclusively for all ages and is managed within ACE Directorate. <p>Full detail for each of these areas is provided in the main monitoring report, Appendix A.</p> <p>The position has improved due to reductions in borrowing costs due to re-profiling of the capital programme - the recently announced social care grant for 18/19 and various improvements across services, details of which are provided in Appendix A.</p>			
Cabinet Member / Officer Recommendations:			

That Cabinet

- Notes at P7, the overall forecast outturn position for general funded services is an underspend of (£0.4m), with Directorates now forecasting to be within budget when Communities budgets are transferred to other Directorates following the restructure. (Appendix A, para 1).
- Notes the re-allocation of £0.5m corporate recharging budget to permanently address the identified need to enable the delivery of core services. (Appendix A, Table 3)
- Notes the current forecast position with regard to the Housing Revenue Account, Dedicated Schools Grant and Public Health Accounts. (Appendices A5, A6 and A7).
- Notes the current forecast spend of £160.3m against the capital programme budget of £162.6m. (Appendix A, section 5 and Directorate Appendices A2 to A5).
- Notes the forecast movement in reserves of £21.6m (Appendix A, Table 8).

Approvals

- Approves the utilisation of up to £0.25m of the forecast underspend to support urgent Brexit preparation work (Appendix A, para.1.3).
- Approves the re-allocation of the 2018/19 budgeted fees and charges savings as agreed by Full Council to services as set out in Appendix A, Table 2.
- Approves the transfer £5.021m of ear-marked reserves no longer required for the purpose intended to general reserves for reallocation as part of the 2019/20 budget process (Appendix A, Table 7).

Corporate Strategy alignment: This report sets out progress against our budget, part of delivering the financial plan described in the Corporate Strategy 2018-23 (p4) and acting in line with our organisational priority to 'Be responsible financial managers' (p11).

City Benefits: Cross priority report that covers whole of Council's business.

Consultation Details: n/a

Revenue Cost	Net: £361.8m	Source of Revenue Funding	Total approved revenue budget including ring-fenced accounts
Capital Cost	£162.6m	Source of Capital Funding	Total capital programme incl. HRA
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

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: Chris Holme

2. Legal Advice: There are no direct legal implications in this report. The report, including the detail in Appendix A, assists the 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,

3. Implications on IT: There are no IT implications arising from production of this report.

IT Team Leader : Ian Gale, Head of IT

4. HR Advice: Expenditure on staffing is monitored on a monthly basis by budget holders. Managers are required to manage expenditure within the agreed staffing budget that has been set for 2018/19.

HR Partner: Mark Williams, Head of Human Resources

EDM Sign-off	Mike Jackson	
Cabinet Member sign-off	Cllr Cheney	
CLB Sign-off	Mike Jackson	
For Key Decisions - Mayor's Office sign-off	n/a	

Appendix A – Further essential background / detail on the proposal	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 – Combined Background papers	NO
Appendix J – Exempt Information	NO
Appendix K – HR advice	NO
Appendix L – ICT	NO

1. General Fund

- 1.1. The Council is currently forecasting an underspend (£0.4m) on the latest budget. This is an improvement of (£0.8m) on the position reported at period 6. On 2nd October the Government announced an additional funding for Adult Social Care Winter pressures which hadn't been assumed in the original P06 figures. This funding has been incorporated within the supplementary estimate approved by Cabinet on 4th December 2018. A number of variations have also been noted in directorate forecasts.
- 1.2. In December 2018, Cabinet approved a supplementary estimate to address the demand pressures on the Adults, Children's and Education Directorate funded by additional funding, some ongoing budgets and one off contingencies. As a result, Directorate forecast outturn positions are now forecast to be within budget allocations, except for Communities whose budgets are being realigned to reflect the implementation of the new organisational management structure.
- 1.3. Table 1 provides an overview of the Council's current forecast position for the 2018/19 financial year. Additional service detail is provided for each Directorate in individual appendices. Given the current uncertainties regarding the Brexit process, and the risks set out in the initial analysis undertaken by the Council, it is proposed to set aside up to £250k for further preparatory work in the eventuality that a no deal Brexit occurs. That will reduce the forecast underspend to £150k.

Table 1: General Fund Forecast Net Expenditure

Approved Budget £m	Directorate	Revised Budget £m	Outturn £m	Variance £m
205.518	Adults, Children's and Education	230.565	230.298	(0.267)
63.466	Communities	63.576	63.766	0.189
5.490	Growth and Regeneration	4.707	4.522	(0.184)
40.784	Resources	42.726	42.650	(0.076)
315.259	Sub-total	341.574	341.236	(0.337)
40.973	Other Budgets*	22.041	21.943	(0.098)
356.232	Net Expenditure Total	363.614	361.758	(0.435)

*Other Budgets includes capital financing and borrowing costs, and un-apportioned central overheads.

- 1.5 In setting the 2018/19 budget it was agreed that an in-year baseline of fees and charges would be undertaken to accurately reflect current fees levels and deliver £1m saving. The income is currently budgeted for within corporate costs, but needs to be aligned to those services where it is generated. A review has been undertaken to reflect net additional fees and charges income, and associated additional costs, based on the position as at Period 7, and an initial re-baselining is proposed as set out below in Table 2. This will continue to be monitored and a further re-baselining is intended to be undertaken at the year-end following further review.

Table 2: Proposed re-allocation of fees and charges savings target

Directorate	Division	Proposed Saving £000
Adults, Children and Education	Adult Social Care	25
Adults, Children and Education	Public Health - General Fund	16
Resources	Commercialisation and Citizens	41
Resources	Digital Transformation	12
Resources	Finance	1
Resources	HR, Workplace and Organisational Design	28.4

Resources	Legal and Democratic Services	4
Growth and Regeneration	Economy of Place	100
Growth and Regeneration	Development of Place	450
Growth and Regeneration	Housing and Landlord Services	40
Growth and Regeneration	Management of Place	75
Total		792.4
Amount still to be re-allocated		207.6

1.6 It is also intended to transfer £0.5m internal recharge budget which is held within corporate costs to balance recharges between services and corporate activities, along with the potential impact of savings on rechargeable activities, at the year end. This proposed transfer will provide a permanent basis to enable core and priority work to be sustained on an on-going basis in three areas as set out in Table 3. The proposed action will utilise all of this corporate budget.

Table 3:

Service	£000
Internal Audit	160
Commercialisation (core delivery)	200
Corporate Design and Print	140
Total	500

2. Ring-Fenced Accounts

Housing Revenue Account

2.1. There is a forecast underspend on the HRA of £4.438m due to staff vacancies and an underspend on rechargeable services. Plans will be developed to utilise this underspend in line with the service objectives.

Dedicated Schools Grant

2.2. The total Dedicated Schools Grant (DSG), including amounts recouped by the Education and Skills Funding Agency for Academies, is £346.6m for 2018/19 and £1.0m deficit carried forward from prior year.

2.3. The DSG is currently forecasting an in year underspend of £1.2m. The cumulative position on High Needs is a forecast £2.0m deficit and the long term sustainability of the High Need budget is being discussed with Schools Forum. The underspent areas include £0.3m for de-delegated funds which are treated as ring-fenced for maintained schools. The largest underspend is in the Early Years Block, based on pupil numbers as at May 2018, though the final financial position will only be known once the details of the October 2018 and January 2019 pupil censuses are known.

Public Health

2.4. The original Public Health business plan for 2018/19 assumes a drawdown of ring-fenced reserves of £1.8m in order to deliver the business plan. Public Health forecast a balance year end position; however this must be seen in the context of a 2.6% reduction (£0.9m) in the grant funding allocated by Public Health England in 2018/19.

2.5. The service is currently exploring the mechanisms by which this will be delivered which may include restructuring and reviewing contracts to ensure that it can deliver [a sustainable offer that meets the core priorities of the funding for 2018/19 and beyond](#).

3. Savings Programme

3.1. To balance the 2018/19 budget, savings totalling £34.5m were approved by Full Council. There was also £8.7m of savings from 2017/18 which whilst were mitigated as one off in 2017/18 still remain as an ongoing saving requirement for delivery in 2018/19. £1.6m of savings targets have been

written off in 2018/19 as they are undeliverable.

- 3.2. There remains a risk regarding £8.7m of savings where further work / mitigating actions are required in order to deliver, of this £6.2m relates to savings within Adult Social Care, £0.7m for organisational redesign, £0.5m for reduced Education Services grant and £0.5m for review of fees and charges and £0.4m for Facilities Management saving target. Table 4 provides a breakdown of the realisation of the planned 2018/19 savings by directorate.

Table 4: Summary of Delivery of Savings by Directorate

	2018/19 Savings £m	2018/19 Savings reported as safe £m	2018/19 Savings reported as at risk	
			£m	%
Adults, Children's and Education	11.520	4.577	6.943	60.3
Resources	12.511	11.823	0.688	5.5
Communities	6.001	5.143	0.858	14.3
Growth and Regeneration	3.908	3.706	0.202	5.2
Total	33.940	25.249	8.691	25.6

- 3.3. Members should note that delivery of savings is based on Directors assessment of whether the savings agreed by Council have been delivered and whilst other areas of underspends and income generation is being realised with budgets, until this is reallocated via a change control process the savings delivery tracker and forecast outturn will not be aligned.

4. Risk and Opportunities

- 4.1. There are other financial risks and opportunities to the Council which have been identified which could materialise during the financial year, these costs/income are not reflected in the forecast and are detailed within the specific directorate appendices.

5. Capital Programme

- 5.1. The following table sets out the forecast Capital Outturn position for 2018/19 by Directorate. The budgets have been realigned from £244m to £163m for 2018/19 to reflect new funding and the re-profiled delivery of projects as approved by Cabinet in December. The Arena decision accounts for over £30m of this reduction, with details of further re-profiling provided in Directorate Appendices.

Table 5: Capital Forecast Outturn position for 2018/19 by Directorate

Approved Budget £m	Directorate	Revised Budget £m	Forecast Outturn £m	Variance £m
33.200	Adults, Children's and Education	27.470	27.470	0
8.600	Communities	16.175	16.174	(0.001)
133.500	Growth and Regeneration	71.792	71.792	0
3.500	Resources	5.428	5.428	0
178.800	Sub-total	120.865	120.864	(0.001)
18.600	Corporate	2.500	2.500	0
47.000	Housing Revenue Account	39.209	39.209	0
244.400	Total	162.574	162.573	(0.001)

6. Debt Management

6.1. As at 31/10/2018, there was £18.2m outstanding sundry debt owed to Bristol City Council that has been outstanding for longer than three months (not including Housing Rent, Council Tax or Business Rates). This is an improvement of £2.9m on the previous month's level mainly due to reductions in ACE (£2.1m) and Communities (£0.7m). There are still over 24,000 invoices outstanding, of which two thirds relate to individuals for provision of Adult Social Care.

7. Reserves

Overall Revenue Reserves Position

7.1. The opening revenue reserves are £104.4m, made up of £84.4m earmarked reserves and £20m general reserves. Current planned drawdowns of earmarked reserves are £21.6m and if the current forecast underspend of £0.4m materialises at the year-end then this could be transferred to reserves as shown in Table 6.

Table 6: Summary of movement in revenue reserves

	Opening balance	Forecast Net Drawdown	Transfer	Forecast Underspend	Closing Balance
Earmarked Reserves	(87.420)	21.621	(5.021)	-	-60.778
General Reserves	(20.000)	-	5.021	(0.435)	-25.456
	(107.420)	21.621	-	(0.435)	-86.234

7.2. Following a review of earmarked reserves £5m has been identified for which the original purpose has been fulfilled and the reserve is no longer required, this enables these reserves to be moved to general reserves for consideration on planned use. Table 7 shows the reserves that have been identified.

Table 7: Earmarked reserves to be released into general reserves

Directorate	Descriptions	Reason	£000
ACE	ACE Operational Reserves e.g. Care Act Implementation	Residual balances following implementation.	209
Communities	Communities Operational Reserves e.g. Citizen Services projects, Pest control	Residual balances following implementation.	245
Growth and Regeneration	Operational Project Reserves e.g. Events - Tour of Britain	Residual balances following implementation.	423
Growth and Regeneration	Transport	Residual balances following implementation.	714
Resources	Local Tax – Interactive Voice Recording System for Universal Credit	Residual balance following implementation of system.	240
Resources	Housing Benefits Subsidy – Volatility	Improvements have reduced risk of charges for errors.	1,000
Corporate	Operational Risk Reserve	Legacy operational risk reserve for which the risk has significantly reduced.	1,000
Corporate	Grants with fulfilled conditions	Residual grants where all conditions have been met.	1,100
			5,021

Earmarked Reserves

7.3. The current forecast contributions to reserves are in line with the budgeted £7.5m. Drawdowns from earmarked reserves are slightly higher than budgeted. This is expected as at the end of 2017/18 additional contributions to reserves were made where income was received in advance or planned expenditure was delayed until this financial year.

7.4. Following the decision regarding Arena Island a forecast of £12m has been included as a drawdown from capital investment reserve and risk reserves against the necessary revenue reversion related to the aborted project.

Table 8: Summary of Forecast year end position

	Opening balance	Forecast Net Drawdown	Closing Balance
Capital Investment	(22.479)	8.345	(14.134)
Risk Management	(21.239)	6.461	(14.778)
Ring-Fenced	(14.642)	1.670	(12.972)
Financing/Technical	(13.600)	3.025	(10.575)
Service Specific	(15.460)	2.120	(13.340)
	(87.420)	21.621	(65.799)

Period 7 Budget Monitoring - Summary

	2018/19 - Full Year				Period 6 Forecast	
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
	£000s				£000s	
Adults, Children and Education						
Adult Social Care	130,605	149,674	149,681	7	0	149,681
Children and Family Services	60,304	60,300	60,331	30	32	60,299
Education, Learning and Skills Improvement	12,610	18,766	18,478	(289)	(291)	18,769
Public Health - General Fund	2,004	1,824	1,808	(16)	(14)	1,822
Total Adults, Children and Education	205,523	230,565	230,298	(267)	(273)	230,571
Resources						
ICT	12,463	12,794	12,844	50	0	12,844
Legal and Democratic Services	6,193	6,383	6,326	(57)	(57)	6,383
Finance	8,910	10,404	10,405	1	1	10,403
HR, Workplace & Organisational Design	10,718	10,705	10,655	(50)	118	10,537
Policy & Strategy	2,500	2,440	2,420	(20)	(82)	2,502
Total Resources	40,784	42,726	42,650	(76)	(20)	42,670
Communities						
Waste	28,987	29,041	29,066	24	2	29,064
Homes & Landlord Services	12,871	12,808	12,761	(47)	(40)	12,801
Commercialisation	13,908	14,092	14,147	55	123	14,024
Community Services	7,694	7,635	7,792	157	101	7,691
Total Communities	63,461	63,576	63,766	189	186	63,580
Growth & Regeneration						
Planning	753	734	659	(75)	(66)	725
Transport	5,659	4,511	3,766	(745)	(950)	4,716
City Growth, Investment & Infrastructure	(921)	(538)	97	636	(632)	729
Total Growth & Regeneration	5,490	4,707	4,522	(184)	(1,648)	6,170
SERVICE NET EXPENDITURE	315,258	341,574	341,236	(337)	(1,755)	342,991
Levies	957	957	957	0	0	957
Corporate Expenditure	40,016	20,120	20,022	(98)	2,249	17,773
Capital Financing	0	964	964	0	763	201
TOTAL REVENUE NET EXPENDITURE	356,231	363,614	363,179	(435)	1,257	361,922

HOUSING REVENUE ACCOUNT SUMMARY

	2018/19 - Full Year				Period 6 Forecast	
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
	£000s				£000s	
Housing Revenue Account						
Strategy, Planning & Governance	(106,783)	(106,783)	(108,079)	(1,296)	119	(108,198)
Responsive Repairs	26,224	26,224	23,124	(3,100)	(1,349)	24,473
Planned Programmes	17,904	17,904	18,139	235	834	17,305
Estate Management	14,697	14,697	14,417	(280)	(314)	14,732
Capital - Neighbourhoods HRA	0	0	3	3	0	3
HRA - Funding & Expenditure	12,116	12,116	12,116	0	0	12,116
HRA - Capital Financing	11,200	11,200	11,200	0	0	11,200
HRA - Year-end transactions	24,641	24,641	24,641	0	0	24,641
Total Housing Revenue Account	(0)	(0)	(4,438)	(4,438)	(711)	(3,728)

RING FENCED BUDGETS

	2018/19 - Full Year				Period 6 Forecast	
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Forecast	Forecast Outturn
	£000s				£000s	
Public Health	31	31	31	0	0	31
Dedicated Schools Grant	(0)	(0)	0	0	0	0
Total Ring fenced budgets	31	31	31	0	0	31