

Heading: 2017/18 Budget Monitoring Report - Period 9	
Ward: All	
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Level of Decision: Key Decision	
Purpose of Report	
<p>This report sets out for Mayor and Cabinet an update of the Council's financial position as at the end of December 2017 (period 9), including:</p> <ul style="list-style-type: none"> • Projections of potential revenue and capital spending during 2017/18 against approved Directorate and ring-fenced budget allocations • Progress on agreed savings and confidence of delivery • Reviews of risks and the mitigating actions being undertaken to ensure that we do not overspend against our 2017/18 budgets <p>The report also seeks Cabinet approval to effect a number supplementary estimates, across the former People functions area, relating to both Adults and Children's Services, to be funded primarily as one off virements from funds held in abeyance across other services.</p>	
Background	
<p>The General Fund revenue forecast outturn (as provided in Appendix A) shows a potential underspend of (£0.4m) (0.1%) against an approved budget of £364.7m, which is an improvement of (£1.3m) from the P7 forecast.</p> <p>The position for the ring fenced budgets is as follows: Dedicated School Grant (DSG) – an overspend of £5.3m an increase of £0.2m from the P7 forecast position, Housing Revenue Account (HRA) – a increase in forecast underspend of (£0.4m) since P7, and Public Health, (PH), (£0.1m) increase in forecast underspend from the P7 forecast.</p> <p>The forecast spend against the capital budget of £235.5m is £147.7m hence an underspend of £87.9m which is an additional £31.2m slippage compared to P7.</p> <p>Progress against 2017/18 savings propositions indicate £3.1m remain at risk, as per the P7 position.</p> <p>Further details are shown in the appendices which highlight areas of concern compiled using forecast information as at P9.</p>	
Revenue Forecast	
<p>The latest revenue forecast outturn (as provided in Appendix A) shows a potential underspend of (£0.4m) (0.1%) against an approved budget of £364.7m.</p> <p>The overall forecast outturn position has improved by (£1.3m) since the P7 forecast outturn position due to the allocation of further improved Better Care funding. There are also some small movements in the forecasts across the directorates as follows: People – reduced by (£0.2m) mainly due to an improved forecast on Children's Social Care, Place – increase of £0.1m due to Energy and Economy partially offset by (£0.2m) on miscellaneous property savings and budget transfer in respect of City Point prudential borrowing, Neighbourhoods – reduced by (£0.1m) due to additional Housing Benefit income, Resources – increase of £1m due to Legal Services requirement to retaining agency lawyers and revised expenditure</p>	

forecasts for ICT and Executive office.

Property continues to show a forecast overspend of £2.1m, with no further mitigating actions identified and will be subject to further budget scrutiny, though this has reduced from £2.8m in P7.

During 2017/18 services have been operating cash limited budgets. This requires services to take all appropriate action to contain net expenditure within budget approvals and in circumstances where further mitigating action is not possible services are required to seek a supplementary estimate from Cabinet.

People Directorate, in spite of additional resource being applied as part of the budget setting process for 2017/18, and allocation of the improved Better Care Fund, has been unable to contain their expenditure within budget approvals. This is through a combination of historic pressures not having been fully addressed with the additional budgets for 2017/18, slippage on agreed savings proposals and a continued high level of demand, particularly for adults and children's social care. The 2018/19 budget for these services acknowledges the need to have a system-wide approach to the three main service areas: adults social care, children's social care and education.

During 2017/18 the reported budget position reached a peak at the end of Period 3 when an overspend of £7.4m was forecast. Mitigating actions have been taken by the service, much of which has involved the application of the Improved Better Care Fund (i-BCF) a government grant received to address the longer term demand pressures within adults social care. The reported position for Period 9 is a forecast overspend of £3.8m and it is this level of overspend, for which a supplementary estimate is sought. The components of this are explained in the People Dashboard in Appendix B and in the table below.

Service within People	Supplementary Estimate Requested £'000	Comment
Strategic Commissioning & Commercial Relations	70	This service was operating within budget, but most of the cost-centres moved to Adults. It is only the Head of Procurement cost-centre which remains here with a shortfall on income.
–Preparing for Adulthood	708	The pressures within Adults Social Care have been absorbed by the use of the i-BCF, leaving a pressure within the Preparing for Adulthood Team of £1.7m, offset by underspends in some commissioning (-£0.4m) and early intervention (-£0.6m) budgets that have transferred because of the restructuring of the Council.
Residential Placements – Working Age Adults	783	There are significant pressures on demand and cost of residential placements for working age adults particularly for mental health support. This pressure is following application of part of the improved Better Card Fund in this area.

Residential Placements – Older Adults	919	There are significant pressures on demand and cost of residential placements for older adults particularly for physical support. This pressure is following application of part of the improved Better Card Fund in this area.
Care & Support – Children & Families	488	Principally, this pressure is in the cost of children’s social care placements.
Education & Skills	783	Education and Skills are reporting a £0.8m pressure, comprising £0.4m for Early Years, a lower than planned surplus for Trading with Schools of £0.3m and a shortfall in delivery of savings on home to school transport of £0.1m
Management - People	58	Some residual cost-centres which will mostly be transferred to Education to reflect the restructuring of the Council with a net pressure of £58k.
Total	3,809	

The additional costs will be financed from funds held in abeyance and underspends identified elsewhere in the monitoring report, as Follows;

To be financed from	£000
Corporate Revenue Resourcing	274
2017/18 One-off Virements from the following budget areas	
Corporate Costs	1000
HR & Workplace	851
Finance	370
Policy, Strategy and Communications	225
Neighbourhoods & Communities	100
Housing Options	600
Public Health (General Fund)	389
Total	3809

These recommended adjustments are one-off, for the current year only. Approval of the supplementary estimates will enable additional spend pressures, as forecast during the year, to be contained with revised directorate expenditure limits.

Housing Revenue Account

The forecast HRA position is (£8.9m) underspend as at P9 as a result of reduced Planned Programme spend – the increased surplus is due to the slippage on the capital programme and subsequent reduction in capital financing, which is primarily funded by revenue. There is also an expected draw down from reserves of £1.9m to offset the costs of implementing the replacement housing management system.

Dedicated Schools Grant £.0 net nil

Whilst a balanced position is currently forecast a number of pressures are emerging if not successfully managed could have an impact on the Council's General Fund.

The current risks, before mitigations total £5.3m, which includes £1.6m cumulative deficit brought forward, as per the P7 forecast position. The main pressures are in High Needs Budgets (Special Educational Needs, Alternative Learning Provision and Specialist Support), offset by some underspends, mainly in funds set aside for growing schools. An action plan to address the underlying pressures in High Needs is in development, which will include measures to reduce costs in alternative learning placements and top up allocations in particular though significant savings may not be realised until 2018/19.

Public Health £.0 net nil

There is a forecast underspend of (£0.6m) on Public Health. This has moved by (£0.1m) from the P7 forecast due to forecast savings on GP contracts in relation to health checks.

Capital Spending

The revised capital allocation is £235.6m for 2017/18. Capital spending in year is forecast to be £147.7m, resulting in a forecast slippage of £87.9m attributed primarily to:

- Transport (£18.5m),
- Bristol Arena / Temple Meads East Regeneration (£14.4m),
- Energy (£10.3m),
- The HRA (£7.8m),
- Strategic Property (£6.7m),
- General Funded Housing Delivery (£5.2m),
- School Organisation / Children's Services (£4.0m),
- and ICT Strategy Development and Refresh Programme (£4.0m).

The forecast slippage of £87.9m is an increase of £31.2m from P7. The main areas that have changed are as follows:

- Bristol Arena / Temple Meads East Regeneration (£4.0m),
- General Funded Housing Delivery (£3.8m),
- Transport (£8.9m), (Cycling City Ambition grant, Local Enterprise Zone and Strategic City Transport),
- Strategic Property (£2.0m).
- Energy (£0.8m),
- and Corporate contingencies (£5.7m).

Major areas of current pressure or risks in the five year capital programme have been identified as Metrobus, Bristol Arena, and Colston Hall. The funding of the capital programme and reassessment of priorities is currently under review, to be reported to Council as part of the budget process and capital strategy development.

Progress against Savings / Efficiency propositions

Of the agreed 2017/18 savings of £33.1m, £3.1m (9%) are currently deemed at risk to delivery as per P7. This position is included in the forecast outturn where appropriate or outlined on the risk and opportunities

where mitigations are being explored.

Work is underway to develop plans for future years and early indication for 2018/19 is that of the £29.7m noted in the budget, £2.6m has a plan that is considered under developed for this stage in the process.

Risk and Opportunities Implications

A range of risks and opportunities are being reviewed within Directorate Leadership Teams and new governance provides the opportunity to manage these risks in a more fundamental and sustainable way. Regular reporting and Budget Scrutiny through officer and Member groups are helping to ensure the necessary actions to address spending pressures are identified and implemented; and supplementary estimates only recommended when all other options have been explored.

Reserves

The 2017/18 opening balance on reserves of £20.0m general balance, £65.4m earmarked reserve (£20.0m and £106m 2016/17 respectively). Projected net drawdowns for the current year are now anticipated to be some £12m with a further £12m net drawdown currently estimated for 2018/19, as reflected in the budget report as agreed by Full Council on the 20th February, following detailed review of all earmarked reserves.

Debt Management

The level of aged debt that has been outstanding for 30 days or more has increased from £28.6m in P7 to £31.8m in P9, an increase of £3.2m which is largely due to PFI charges of £2.6m to three schools and a single invoice of £2.6m to a supplier for place capital work for which a final reminder has been issued. Appendix A provides an analysis of this debt between departments, and client types as at P9.

Recommendation(s)

- That Cabinet notes the extent of forecast revenue underspend at period 9 of (£0.4m)
- That Cabinet approves a number of supplementary estimates, which total £3.809m for the People Directorate, as per the schedule detailed in this report, effected by way of a one-off virement from other General Fund services.
- That Cabinet note current forecast capital expenditure of £147.7m, which is £87.9m below the budgeted capital programme for the year.

Appendices:
Appendix A – Council Summary
Appendix B – People Summary
Appendix C – Place Summary
Appendix D - Neighbourhoods Summary
Appendix E - Resources Summary
Appendix F - HRA Summary
Appendix G – DSG Summary
Appendix H – Public Health Summary
Appendix I – Budget Monitor Summary