

Title: 2017/18 Budget Monitoring report – Period 10	
Ward(s):	All
Author: Chris Holme	Job title: Acting Director, Finance
Cabinet lead: Councillor Cheney	Director lead: Denise Murray
Proposal origin: Other	
Decision maker: Cabinet Member Decision forum: Cabinet	
<p>Purpose of Report: This report sets out for Mayor and Cabinet an update of the Council's financial position as at the end of January 2018 (period 10), 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 • The reviews of risks and the mitigating actions which have been undertaken to ensure that we do not overspend against our 2017/18 budgets. 	
<p>Evidence Base: 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 £365.0m, which is as per the P9 forecast.</p> <p>The position for the ring fenced budgets is as follows:</p> <p>Dedicated School Grant (DSG) – an overspend of £5.1m an improvement of (£0.2m) from the P9 forecast position, Housing Revenue Account (HRA) – a increase in forecast underspend of (£0.5m) since P9, and Public Health, (PH), (£0.1m) increase in forecast underspends from the P9 forecast.</p> <p>The forecast spend against the capital budget of £146.1m is £135.5m hence an underspend of £10.6m which is an improvement on the P9 position due to re-phasing of budgets.</p> <p>Progress against savings propositions indicate £3.1m remain at risk, as per the P9 position.</p> <p>Further details are shown in the appendices which highlight areas of concern compiled using forecast information as at P10.</p>	
<p>Recommendations: Cabinet to note:</p> <ol style="list-style-type: none"> 1. To note the extent of forecast revenue underspend at period 10 of (£0.4m) 2. To note the current forecast capital expenditure of £135.5m, which is £10.6m below the budgeted capital programme for the year. 	

Revenue Cost: £365.0m	Source of Revenue Funding: Total approved revenue budget
Capital Cost: £146.1m	Source of Capital Funding: Total capital programme
One off cost <input type="checkbox"/> Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input type="checkbox"/> Income generation proposal <input type="checkbox"/>
<p>Finance Advice:</p> <p>Revenue Forecast The latest revenue forecast outturn (as provided in Appendix A) shows a potential underspend of (£0.4m) (0.1%) against an approved budget of £365.0m. The overall position remains as per the P9 forecast outturn.</p> <p>It was reported to Cabinet in P9 that the People Directorate were unable to contain their expenditure</p>	

within the approved budget. This was due to 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. Therefore approval for a supplementary estimate was sought to be funded primarily as one off virements from funds held in abeyance and underspends identified elsewhere in the monitoring report across other services. Cabinet agreed the adjustments at its meeting of the 6th March. 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.

Housing Revenue Account

The forecast HRA position is a £9.4m underspend as at P10 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

Whilst any under/overspend against the Dedicated Schools grant can be carried forward at the end of the financial year, there are a number of pressures emerging which if not successfully managed it could have an impact on the Council's general fund. The current risks, before mitigations total £5.1m, which includes £1.6m cumulative deficit brought forward this is a decrease of (£0.2m) since P9. The main pressures are in High Needs Budgets (Special Educational Needs, Alternative Learning Provision and Specialist Support), offset by some underspends, and 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. The actual deficit at the year-end will have to be underwritten against the general fund reserves due to the low level of school balances held.

Public Health

There is a forecast underspend of (£0.7m) on Public Health. This has moved by (£0.1m) from P9 due to a forecast saving on GP contracts in relation to health checks.

Capital Spending

The delivery of a number of projects has now been re-phased as part of the budget process, resulting in a reduced capital budget of £146.1m for 2017/18. The forecast slippage on these projects is now (£10.6m) which is approximately 7% of the 2017/18 budget. The main areas of slippage are:

- Schools Organisation (£4m) due to delays in signing contracts.
- Sustainable Transport (£3.4m) delays in Arena project have led to delays in procurement on both the Low Emissions grant and Cycling Ambition Fund grant.
- and Colston Hall (£2m).

Major areas of financial pressure or risks in the current five year capital programme continue to be Bristol Arena, the Housing Delivery Programme 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 P9. 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 £25.9m approved in the budget, £2.4m 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.

A range of risks are provided for within our Risk Reserve and some of this may need to be utilised during this financial year.

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 decreased by (£1.2m), from £31.8m in P9 to £30.6m in P10. Appendix A provides an analysis of this debt between departments, and client types as at P10.

Finance Business Partner: Chris Holme 08/03/17

Corporate Strategy alignment: Cross priority report that covers whole of Council's business.

Legal Advice: This monitoring report is an important component in assisting the Council to comply with its legal obligation to deliver a balanced budget. It is also a requirement of the Councils Financial Regulations that Cabinet receives quarterly monitoring reports, (in respect of both capital and revenue) and which shall include any proposed virements between directorates, which require cabinet approval.

Legal Team Leader: Eric Andrews 15/03/18

Implications on ICT: N/A

ICT Team Leader: Ian Gale 21/12/17

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

Consultation Details: N/A

DLT Sign-off	Denise Murray	21/02/18
SLT Sign-off	Denise Murray	27/02/18
Cabinet Member sign-off	Councillor Cheney	05/03/18

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