APPENDIX A

1. Background

1.1. The report provides information and analysis on the Council's financial performance and use of resources to the end of the financial year 2017/18. The Council set its budget for 2017/18 on 21st February 2017 and this report focuses on the actual performance during 2017/18 against that budget.

1.2. The Council is required to publish on its website and submit its finalised statement of accounts for external audit inspection by the 31st May. The finalised accounts are being presented to Audit Committee, as the Council's nominated Committee at its meeting on the 31st May. This report sets out for Cabinet's consideration, an outturn position relating to the General Fund revenue and capital accounts of the Council, its Housing Revenue Account and Dedicated Schools Grant.

1.3. Over a number of months Cabinet have been updated on the Council's financial position, which at period 10 was expected to be an underspend of £0.4m. The final position, after taking account of adjustments to and from reserves, is a net General Fund underspend for the year of £0.3m.

1.4. This underspend has been achieved primarily through delivery of savings across all services and also, in a number of areas taking mitigating action following early identification of potential budget risks and overspends so there was sufficient time for remedial actions to be taken. The Council also received more than anticipated grant relating to small business rate relief following a late change in calculation of the threshold by the Government.

2. Revenue Expenditure

2.1. The Council's overall annual revenue spend during 2017/18 has been managed across a number of areas:

a. The General Fund with a net budget of £364.1m, providing revenue funding for the majority of the Council's services;
b. The Dedicated Schools Grant (DSG) of £177.7m, which is ring-fenced for schools funding, overseen by the Schools' Forum, and managed within the People Directorate;
c. Public Health, a ring-fenced grant of £33.3m, must be spent to support the delivery of the Public Health Outcomes Framework and is managed within Neighbourhoods;
d. The Housing Revenue Account (HRA) of £121.9m gross spend, is ring-fenced, and reported separately from the general fund, and is managed within Neighbourhoods.

General Fund

2.2. The table below provides a summary of how each directorate performed against the general fund revenue budget for the 2017/18 financial year.

General Fund Forecast Net Expenditure

Directorate	Net Budget £m	Outturn £m	Outturn Variance (Under)/Overspend £m	Forecast Outturn Variance at Period 10 £m
People	198.8	198.8	0.0	0.0
Resources	33.7	33.7	0.0	0.0
Neighbourhoods	62.1	61.8	(0.4)	(0.3)
Place	12.1	12.1	0.0	(0.1)
Sub-total	**306.7**	**306.4**	**(0.3)**	**(0.4)**
Other Budgets*	57.4	57.4	0.0	0.0
Net Expenditure Total	**364.1**	**363.8**	**(0.3)**	**(0.4)**

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

3. Capital Programme

3.1. The capital programme changed during the year as the phasing of schemes was reviewed and approvals for additional schemes and resourcing were agreed.

3.2. The following table sets out the Capital Outturn position for 2017/18 by Directorate. The outturn was £26m less than re-profiled during the budget process, and £15m less than was forecast at Period 10. This has contributed to lower than anticipated capital financing costs, and will impact upon the 2018/19 position.

Approved Budget Full Council (Feb 17) £m	Directorate	Revised Budget £m	Outturn £m	Outturn Variance £m
30.8	People	28.1	20.2	(8.0)
112.1	Place	76.0	66.5	(9.5)
8.8	Neighbourhoods	8.3	5.3	(3.0)
8.1	Resources	3.8	1.4	(2.4)
12.7	Corporate	10.3	9.6	(0.7)
41.0	Housing Revenue Account	35.3	32.4	(2.9)
213.5	**Total**	161.8	135.4	(26.4)
	Financed By:			
129.7	Prudential Borrowing		43.4	
38.8	Capital Grants		45.0	
0.5	Capital Receipts		4.1	
41.0	HRA		32.4	
3.5	Revenue Contributions		10.4	
213.5	**Total**		135.4	

4. Service Detail

People

Revised Budget Movement	Forecast Outturn	Outturn Variance	
£218.6m in P10	£218.6m in P10	£0.0m in P10	from P10
P12 **£198.8m** ⇩	**£198.8m** ⇩	**£0.0m** ⇩	**£0.0m**

Revenue Position by Division

	2017/18 - Year to date			2017/18 - Period 10			
	Revised Budget	Net Expenditure	Variance	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Variance
	£000s			£000s			£000s
People							
Strategic Commissioning & Commercial Relations	780	826	46	780	767	(13)	59
Care & Support - Adults	138,242	138,048	(194)	138,206	138,206	(1)	(193)
Care & Support – Children & Families	58,484	58,283	(201)	61,626	61,626	(0)	(201)
Education & Skills	(1,193)	(1,111)	81	15,441	15,470	29	52
Management - People	2,528	2,780	252	2,526	2,524	(1)	253
Total People	**198,841**	**198,825**	**(16)**	**218,580**	**218,593**	**14**	**(30)**

Analysis of Budget Movements P10 to P12

	£000
P10 Revised Budget (following additional £3.8m supplementary estimate)	218,580
PFI schools financing technical adjustment	(17,788)
Prior years DSG set aside for Early Help	633
Funding received for specific outcomes that can be utilised in 2018/19, e.g. Troubled Families grant	(4,134)
Use of transformation funding for Children's Centres	890
Other minor year-end adjustments re Capital	664
Final 2017/18 Revised budget	**198,825**

Strategic Commissioning

4.1. The Strategic Commissioning and Commercial Relations Division was in the process of being re-structured towards the end of 2017/18, with services either transferring to Resources Directorate for 2018/19 or being absorbed into other Divisions within Adults, Children and Education. The residual budgets accounted for here are largely staffing budgets which are addressed in 2018/19.

Adults Social Care

4.2. The outturn position at 31st March 2018 shows an underspend of £0.194m against a budget of £138.324m. The main elements of this variance are composed of a £10.6m overspend on Adult Purchasing offset by £1.7m underspend on staffing, savings of £0.7m from the closures of North Bristol Rehab Centres and the Out of Hours service and after applying iBCF income (net of Better Lives Programme Expenditure) of £7.5m. There are also a number of other smaller underspends that include, income from OLAs (£0.3m), R&M (£0.3m), net payments to Health Authorities (£0.3m), and Supporting People (£0.2m).

4.3. The P10 position included an additional £2.4m budget in recognition of the budget pressures that could not be met from the use of the iBCF of £8.7m, which was mainly as a result of the forecast overspend in the Preparing for Adulthood Service.

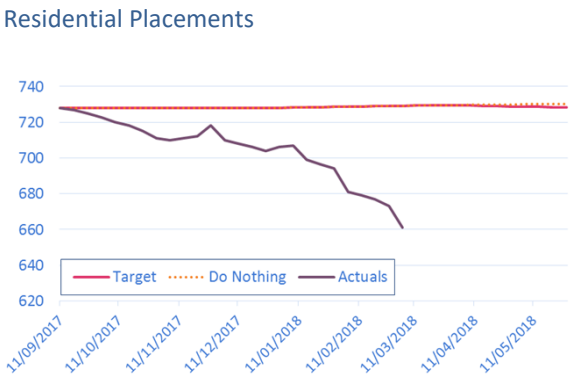
4.4. The budget for 2017/18 included savings totalling £7.464m, a number of the

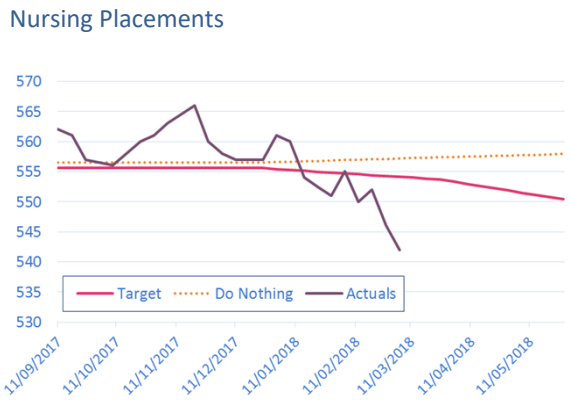
savings had been reported as at risk of delivery and as a result an estimated £3.290m was delivered leaving a balance of £4.174m as a pressure carried into 2018/19. The proposed savings not delivered included the reduction in Community Support Services (£2.106m savings target), Review of Respite Policy (£0.349m savings target) and Implementing a Dynamic Purchasing System to spot purchase placements in care homes (£0.325m savings target).

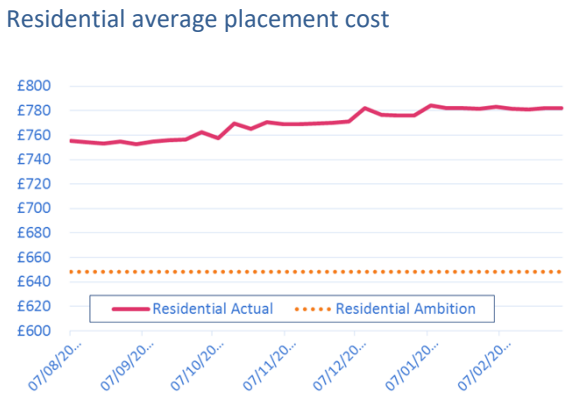
4.5. In the financial year 2017/18 the gross spend on providing care and support for adults amounted to £138m, some £10m over budget. Some of the key pressures include:

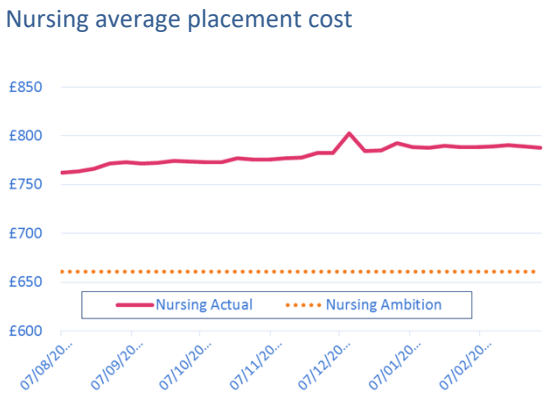
- Due to lack of capacity in the home care market placements have had to be made into a residential or nursing home. As a result Bristol has more placements in care homes than all comparable councils. The cost of a care home placement is in almost all cases more expensive than maintaining independence with a home care package.
- The savings proposals for 2017/18 included the implementation of a dynamic purchasing system (DPS) for the spot purchase of care home beds with a saving of £325k. Instead of reducing the cost of beds placements the introduction of DPS has led to a significant increase in the cost of care home placements. The Better Lives Programme has implemented demand management and price controls to reduce pressures on the cost of placements and deliver savings through building market capacity with home care providers to maximise the opportunity to maintain a service users independence by providing support in their own home and scrapping the DPS and instead plans on implementing a ceiling price for care home placements.

4.6. The graphs below demonstrate that placement levels are reducing for both residential and nursing service users aged 65+ though until Cabinet approval is given in June to set ceiling prices for care home placements there are still pressures on placement costs that are offsetting the reduction in placements. Whilst there is evidence that demand management has begun to make a difference in the second half of the financial year it is been more than offset by the increase in average cost. There is evidence that there has been some increase in home care capacity since the increase in the hourly rate for home care to £17.04 in November 2017 but home care providers continue to report significant difficulties in recruiting and retaining care workers. There is clearly a significant challenge to deliver the savings target of £6.221m for 2018/19 though at this stage there are some positive signs that at least demand management is working.



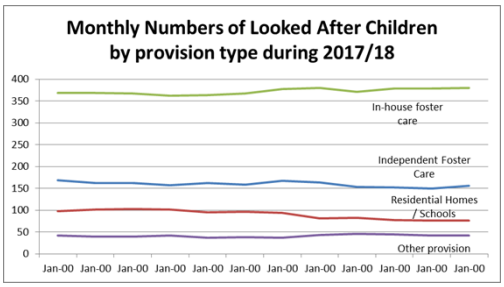


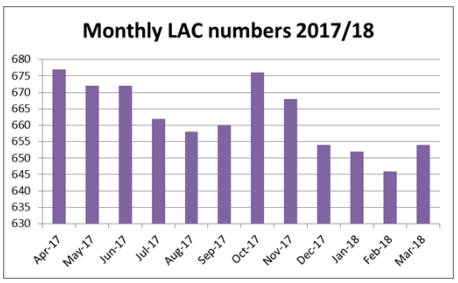




Children's Services

4.7. Additional budget of £0.488m was added at P10 to acknowledge the reported level of overspend at that point. The planned use of reserves at P10 was £2.731m but further late allocations of grants increased the drawdown by a further £0.363m in the final analysis. Overall, Children's Service's forecast position has improved during 2017/18 and placement numbers have fallen. Had the budget not been increased by £0.488m at P10, with the same level of reserve movements, the service would have overspent by £0.287m.





4.8. The placements spend accounts for half of the budget in Children's Social Care and the level of spend is driven by the numbers of children that the Authority has responsibility for and the costs that need to be incurred to meet their needs. Overall spend on placements increased from £28.5m in 2016/17 to £29.7m in 2017/18. While headline numbers of looked after children reduced, unit costs rose, accounting for the increased costs.

4.9. The number of looked after children has fluctuated during 2017/18, but reduced by 25 (3.7%) between the start and end of the year. There was a modest increase in the number of in-house foster care numbers +11 (3%) and a modest reduction in the number of independent foster care placements -12 (-7%). This is the sort of trajectory that the service hopes to continue into 2018/19.

4.10. A cost pressure during the year was created with one of the in-house children's homes being decommissioned and occupancy in in-house children's homes being lower by an average of 5 places for the year, compared to 2016/17.

4.11. Elsewhere in the budget, new ways of working helped reduce forecast overspends and the level of overspend reduced steadily in this division during 2017/18.

4.12. The service has formally begun the Strengthening Families programme which plans to transform the way services are provided and to assist with delivery of the Authority's Medium Term Financial Plan (MTFP). The continued downward trajectories in numbers that have begun in 2017/18 and better control of unit costs are key aims of this programme.

Educational Improvement and Division and Management People

4.13. These two divisions are managed by the Service Director Education. Although there is a reported overspend of £0.333m, the service intended to fund £0.652m of activity from reserves, however this has not been required as a consequence of compensatory underspends. The underlying underspend of (£0.219m) in Division 16 is in Early Years Children Centres as a result of a partly unused Corporate budget adjustment due to clawing back surplus Family Support balances, not just deficit balances as originally forecast. Various small underspends across Early Years, including salaries, lower commissioning and fees. Also, there is an underspend of (£0.100m) relating to unfilled vacancies.

Capital

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£28.5m in P10	£24.5m in P10	(£4.0m) in P10	
£28.1m	**£20.2m**	**(£8.0m)**	**(£4.0m)**
	72% of budget		

Capital Position

	2017 Outturn			Period 201710 2017			
	Budget	Outturn	Variance	Budget	Forecast Outturn	Variance	Movement in Variance
	£000s			£000s			£000s
Adults, Children and Education							
Education Capital Programme 2	8,433	6,633	(1,800)	8,433	6,364	(2,069)	269
Schools' Devolved Capital	2,500	1,889	(611)	2,500	2,000	(500)	(111)
CYPS non-Schools	1,794	1,388	(406)	2,139	2,139	(0)	(406)
Education Capital Programme 3	13,856	9,902	(3,954)	13,856	11,240	(2,615)	(1,338)
Children & Families	390	143	(246)	390	277	(113)	(133)
Pending Approvals - Schools SEN & Social Care services	100	0	(100)	0	0	0	(100)
Care Management	0	0	0	137	562	425	(425)
Care Services	257	193	(64)	257	1,133	876	(939)
Strategic Housing	800	1	(799)	800	833	34	(832)
Total Adults, Children and Education	**28,129**	**20,151**	**(7,979)**	**28,511**	**24,548**	**(3,963)**	**(4,015)**

4.14. Out of a budget of £28m, only £20m was spent. While resources may be carried forward where the underspending is a timing issue, the expectation is generally that allocated capital should be used.

4.15. In 17/18 the Education Capital Programmes 2 & 3 budget of £22.3m accounted for over 80% of the People capital spend. These programmes completed delivery of an additional 30 secondary school places at Redland Green, 50 at Bristol Free School and 30 at Bristol Cathedral Choir School and work continues with our partners to increase secondary school places further in order to meet the increasing demand. On the 26th April Whitehall Primary celebrated the completion of expansion works where over 200 new places have been added.

4.16. There has been £5.9m invested to create additional early years places and improve the quality of the settings, with a new Knowle West Children's Centre recently opened, providing 60 additional places.

4.17. The Education Capital programme had an underspend of £5.9m, or 75% of overall People capital programme in 17/18, of which 55% was due to slippage through timescales and 45% was attributable to contract sign offs being delayed.

4.18. There were two other areas of major spend in 17/18, Devolved Schools capital grant funding of £1.9m which was passported to schools to help them undertake improvements to their premises, investing in their buildings, grounds, ICT equipment and infrastructure, thereby contributing to the raising of educational standards.

4.19. There continues to be investment, £1.3m in 17/18, on the Integrated

Education Management System, helping Education Teams to move away from having to use a large number of different ICT systems and work in a more efficient and effective manner with an integrated system. Phases of this system went live in 17/18, including the delivery of initial Phase 1 software at the end of August 2017 (which included substantial data migration of client and establishment information) and the Admissions Application Portal for September 2017. Work continues with the hope of the full technical delivery and roll out by December 2018.

4.20. Assumed expenditure on PE07 – Extra Care Housing did not take place as planned during the year. £0.2m will take place as part of the development at New Fosseway, planned for next year. The residual £600k relates to a change in the funding assumptions for the Redhouse development and will now facilitate those resources being freed up.

Place

Revised Budget	Forecast Outturn from P10	Outturn Variance	Movement
£14.0m in P10	£13.9m in P10	(£0.1m) in P10	
P12 **£12.1m** ⇩	**£12.0m** ⇩	**(£0.1m)** ⇨	**£0.1m**

Revenue Position by Division

	2017/18 - Year to date			2017/18 - Period 10			
	Revised Budget	Net Expenditure	Variance	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Variance
	£000s			£000s			£000s
Place							
Property	(1,015)	1,132	2,147	(3,141)	(1,079)	2,062	85
Planning	796	712	(84)	933	599	(334)	250
Transport	3,741	2,774	(967)	7,011	6,072	(939)	(28)
Economy	6,504	5,848	(656)	6,741	6,327	(414)	(242)
Energy	2,077	1,641	(436)	2,425	1,946	(479)	43
Total Place	**12,102**	**12,107**	**5**	**13,969**	**13,865**	**(104)**	**108**

Analysis of Budget Movements P10 to P12

	£000
P10 Revised Budget	13,969
Use of Development Fund reserve and Future City Demonstrator funds	461
Provision for future spend including transport (£1.5m), Housing Delivery (£0.5m) and Planning (£0.4m)	(2,913)
Other minor year-end adjustments re Property Services recharges	(15)
Business rates pressure	600
Final 2017/18 Revised Budget	12,102

4.21. The Place Directorate overall outturn position was a balanced budget for 2017/18, which represents a slight overall adverse movement £0.1m compared to the P10 forecast position. All planned savings targets in 17/18 except for Property have either been fully delivered or appropriately mitigated.

4.22. Key variances in the outturn position and movements between outturn and P10 are as follows:

Property

4.23. Property was £2.147m overspent in 17/18 mainly due to under delivered savings and budget pressures under Facilities Management and Business Rates for corporate buildings. This was broadly in line with previous forecasts reported to

Cabinet. Plans have now been put in place to address this inherent overspend in 18/19 alongside other savings commitments in the MTFP.

Planning

4.24. Planning's outturn position is £84k underspend, £0.25m lower compared to the forecast underspend in P10. This is mainly due to additional provisions set aside for a number of planned one-off service improvements required as a condition of the increase in planning fees, and which will be delivered during 2018/19.

Transport

4.25. Transport is reporting a £0.964m surplus position in 17/18, mainly due to higher than expected enforcement income, PCN income and off-street car parking income. New bus lane enforcement cameras have been activated and resulted in additional income. This will need to be closely monitored to take account of changes in behaviour. Parking income generally depends on the wider economic condition and is ring fenced for transported related activities.

4.26. The reported outturn position takes into account a list of planned use of reserves set aside for 18/19 for delivery of major revenue maintenance works, including essential works required on major public car parks.

Economy

4.27. Economy has reported a £0.656m surplus, mainly due to higher than planned income generated from Filwood Green Business Park and in year salary savings as a result of capitalised staffing cost for housing development.

Energy

4.28. Energy reported a £0.436m underspend at year-end, mainly due to in-year cost reductions / savings on corporate energy consumptions, across the council's asset portfolio.

Capital

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£71.3m in P10	£68.0m in P10	(£3.2m) in P10	
£76.0m	**£66.5m**	**(£9.5m)**	**(£6.3m)**
	88% of budget		

Capital Position

	2017 Outturn			Period 201710 2017			
	Budget	Outturn	Variance	Budget	Forecast Outturn	Variance	Movement in Variance
	£000s			£000s			£000s
Place							
Property	4,818	4,624	(194)	4,702	5,596	895	(1,088)
Economy	10,337	7,031	(3,307)	10,346	8,620	(1,726)	(1,581)
Planning	563	413	(150)	683	530	(153)	3
Transport	49,932	44,794	(5,138)	45,290	41,924	(3,366)	(1,772)
Housing Delivery	7,545	9,075	1,530	7,465	9,210	1,745	(216)
Energy	2,770	554	(2,216)	2,770	2,156	(614)	(1,602)
Total Place	**75,966**	**66,491**	**(9,475)**	**71,256**	**68,037**	**(3,219)**	**(6,256)**

4.29. Place Directorate capital programme is £9.475m underspend at year end. The main areas of underspend are strategic transport, economy and energy.

Economy

4.30. Colston Hall: There has some been some delay against the original construction cost profile and the decision to appoint the building contractor was approved by Cabinet in May 2018.

Transport

4.31. There had been some delays in the delivery of works at St Philip's Footbridge and Temple Circus due to delays in procurement and unexpected design changes. Frome Greenway as a part of the Cycle Ambition grant funded projects (£1.3m underspend) also suffered from further delays. In addition, A4/A4174 reported a £0.9m underspend due to contractual delays.

Housing

4.32. There was a small increase in spend from that forecast at P10 to outturn of £216k on a total outturn of £9.075m (2.4%). The key factors for the movement are down to the grant payments to Registered Providers where progress on schemes has been marginally different from previously forecast and pace of progress across those schemes that are being prepared to be development ready. A review of all schemes is currently in progress to improve the accuracy of forecasting of Housing Delivery expenditure from 2018/19 onwards.

Energy

4.33. Energy heat network infrastructure projects are reporting a £1.8m slippage due to delays to Temple Gate MetroBus works. There is also a c£0.5m underspend on the Car Parks LED project, the tender of which is currently still being evaluated.

Neighbourhoods

Revised Budget Movement	Forecast Outturn	Outturn Variance	
£67.7m in P10	£67.4m in P10	(£0.3m) in P10	from P10
P12 **£62.1m** ⇩	**£61.8m** ⇩	**(£0.4m)** ⇩	**(£0.1m)**

Revenue Position by Division

	2017/18 - Year to date			2017/18 - Period 10			
	Revised Budget	Net Expenditure	Variance	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Variance
	£000s			£000s			£000s
Neighbourhoods							
Citizen Services	10,565	10,409	(156)	13,102	13,102	(0)	(156)
Waste	31,531	31,612	80	27,479	27,479	(0)	80
Neighbourhoods & Communities	12,165	12,053	(113)	13,351	13,122	(229)	116
Women's Commission	5	5	0	5	5	0	0
Public Health - General Fund	(3,556)	(3,713)	(157)	1,425	1,424	(0)	(157)
Housing Options	11,411	11,388	(23)	12,332	12,268	(64)	41
Total Neighbourhoods	**62,121**	**61,753**	**(368)**	**67,694**	**67,401**	**(293)**	**(76)**

Analysis of Budget Movements P10 to P12

	£000
P10 Revised Budget (following (£1.1m) supplementary estimate adjustment)	67,694
Waste settlement deferred income £4.0m	4,873
Funding received for specific outcomes that can be utilised in 2018/19, e.g. Substance Misuse grant (£2.0m), Flexible Homelessness grant (£0.6m)	(5,387)
PFI Financing	(2,205)
Year end adjustments re HRA Recharges and other minor adjustments	(2,854)
Final 2017/18 Revised budget	62,121

4.34. As part of the supplementary estimate process, £1.1m of previously identified budget underspend for Neighbourhoods was transferred to the People Directorate for 2017/18 only.

Citizen Services

4.35. The service generated a (£2.8m) underspend due predominantly to Substance Misuse where the budget is pooled and comprised an annual element and a brought forward £2m due to underspends in prior years. The annual element was spent as planned however the brought forward element remained unspent at the year end and has consequently to be transferred to Reserves for future use. This £2m transfer is included in a total transfer to Reserves of £2.6m.

4.36. This leaves a net underspend of (£0.2m) representing salary savings from delayed recruitment within the Customer Service Operations Centres.

Neighbourhoods and Communities

4.37. Neighbourhood Management has delivered savings of (£0.4m) against the early closure of Public Toilets and Neighbourhood Partnerships. Libraries have delivered savings of (£0.3m) through reduced spend on building works and salary savings arising from unfilled staff vacancies, both reflecting an anticipated service review. Parks report underspends of (£0.3m) due to delays in the procurement process for machinery and bad weather in Q4 delaying planned works.

4.38. A transfer to reserves of £0.9m leaves a net underspend of (£0.1m) representing the impact of the bad weather in Q4 in delaying planned works.

Public Health – General Fund

4.39. An underspend of (£0.2m) represents a saving against Healthwatch activity.

Housing Options

4.40. Total (£0.9m) underspend due for the main part to delays in the timing of recommissioning short term supported housing (such as homeless hostels), salary savings (excluding grant funded services) and increased emergency units income.

4.41. A transfer to Reserves of £0.9m has been made.

Capital

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£8.3m	**£5.3m** 64% of budget	**(£3.0m)**	**(£1.2m)**

Capital Position

	2017 Outturn			Period 201710 2017			
	Budget	Outturn	Variance	Budget	Forecast Outturn	Variance	Movement in Variance
	£000s			£000s			£000s
Neighbourhoods							
Bristol Ops Centre	3,616	1,923	(1,694)	3,939	2,984	(954)	(739)
OmniChannel	279	189	(90)	279	279	0	(90)
Parks and Green Spaces	791	443	(349)	799	499	(300)	(49)
Neighbourhoods & Communities	153	114	(39)	153	114	(40)	0
Neighbourhoods Major Projects	0	0	0	0	0	0	0
Housing Services Capital - General Fund	3,432	2,615	(817)	3,167	2,715	(452)	(366)
Total Neighbourhoods	**8,273**	**5,284**	**(2,989)**	**8,337**	**6,591**	**(1,746)**	**(1,243)**

4.42. £3.0m underspend in outturn against budget. No significant impact to the MTFP budget spend 'envelope'. The roll forward in to 18/19 of the majority of the unspent 17/18 budget will be subject to formal request.

Bristol Operations Centre

4.43. Original go live date of September 2017 was extended due to cancellation of originally planned procurement. Subsequent integration/connectivity and testing issues linked to the programme's reassessed requirements have further impacted the go live date and slipped it in to 18/19.

Parks and Green Spaces

4.44. Bad weather in the final quarter of 17/18 has delayed activity and consequent spend. This will now be planned to take place in 18/19.

Housing Services

4.45. Adaptations spend profile slowed due to delays in procurement process and additional funding being allocated in January. In addition, previously budgeted Prudential Borrowing against Discretionary Assistance is no longer required.

Resources

Revised Budget Movement	Forecast Outturn	Outturn Variance	
£35.7m in P10	£35.7m in P10	£0.0m in P10	from P10
P12 **£33.7m** ⇩	**£33.7m** ⇩	**£0.0m** ⇨	**£ 0.0m**

Revenue Position by Division

	2017/18 - Year to date			2017/18 - Period 10			
	Revised Budget	Net Expenditure	Variance	Revised Budget	Forecast Outturn	Outturn Variance	Movement in Variance
	£000s			£000s			£000s
Resources							
ICT	10,980	11,024	44	12,110	12,110	0	44
Legal and Democratic Services	6,138	6,199	61	6,651	6,890	239	(178)
Finance	3,528	3,528	0	3,100	3,100	(0)	0
HR & Workplace	3,105	3,105	0	3,190	3,180	(10)	10
Resource Transformation	4,841	4,841	0	4,294	4,294	(0)	0
Policy, Strategy & Communications	2,717	2,680	(37)	2,613	2,506	(107)	70
Executive Office Division a	2,385	2,316	(69)	2,340	2,217	(122)	53
Total Resources	**33,694**	**33,693**	**(1)**	**34,298**	**34,297**	**(0)**	**(1)**

Analysis of Budget Movements P10 to P12

	£000
P10 Revised Budget (following (£1.4m) supplementary estimate adjustment)	34,298
Use of reserve for Coroners equipment	84
Provisions for future spend including ICT (£1.4m), Elections (£0.6m)	(2,574)
Year-end adjustments including use of transformation funding	1,886
Final 2017/18 Revised budget	33,694

4.46. The outturn for the Resources Directorate was in line with the revised budget. The Directorate had reduced all but essential spend within the year on the back of early monitoring that forecast significant overspends elsewhere and which culminated in the approval of supplementary estimates, whereby £1.4m was transferred to the People Directorate for the 2017/18 financial year only. The development of these one off savings also fed into the MTFP and identified a number of ongoing budget reductions.

4.47. The Directorate has also planned for additional cost pressures relating to the new General Data Protection Regulations (GDPR) which is applicable to anybody holding data on EU citizens, plus the outcome of the review of the emerging ICT strategy which has meant holding some development costs in abeyance, pending approval, but which is anticipated to be utilised early in the new financial year.

4.48. With pressures on front line services, the Resources Directorate planned to use remaining one off savings from the supplementary estimate saving plus any further identified to set aside funding to cover future risk relating to these identified pressures. These savings of £1.6m are included in the final outturn figures.

Legal and Democratic Services

4.49. There have been a number of variances in the Legal and Democratic Services due to the volatility of costs such as disbursements and at P10 there was a forecast overspend of £0.2m but this has been reduced at outturn to an overspend of £0.1m which was assisted by receiving a New Burdens Grant of £65k

that had been settled across authorities at year end relating to Land Charges with instructions that it was to be accounted for in the 2017/18 financial year.

ICT

4.50. The ICT Division budget has balanced as forecast. The Division has been developing the future state assessment of ICT, and this has meant not entering into new commitments that might not align with the emerging strategy. This along with planned savings made through vacancy management, software and maintenance contracts together with early savings from telephony (built into the future MTFP) have been set aside to cover future ICT costs and the cost of GDPR, as outlined above. It is anticipated that the additional expenditure will be incurred during 2018/19.

Resource Transformation

4.51. Resource Transformation has balanced its budget as forecast. Costs of project managers over and above the funded core team who are working on delivering MTFP savings are funded through planned use of reserves.

Executive Office

4.52. The Executive Office underspend relates mainly to an underspend on the Innovations Budget as a requirement to make savings to balance the bottom line.

Capital

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£3.8m	**£1.4m** 36% of budget	**(£2.4m)**	**(£2.3m)**

Capital Position

	2017 Outturn			Period 201710 2017			Comparison to Period 201710 2017
	Budget	Outturn	Variance	Budget	Forecast Outturn	Variance	Movement in Variance
	£000s			£000s			£000s
Resources							
Information & Communication Technology	2,659	1,162	(1,497)	2,890	2,724	(166)	(1,331)
Bristol Workplace Programme - Design	0	14	14	0	0	0	14
Bristol Workplace Programme - Buildings	167	182	15	36	36	0	15
Total Resources	**2,826**	**1,358**	**(1,468)**	**2,926**	**2,760**	**(166)**	**(1,302)**

4.53. Most of the initiatives identified within the capital allocation fall under the remit and scope of the wide ranging IT Future State Assessment. The outcome of this assessment determines the technology choices and direction over the next 1 – 5 years; therefore any capital investment decisions have been deferred until the emerging strategy is agreed.

Other Budgets

4.54. The main expenditure in this area is capital financing, borrowing costs and cross council expenditure such as insurance. At year end it also reflects any movement to and from reserves.

4.55. The underspend on the capital programme resulted in lower capital financing costs and meant the Council weren't required to take out the additional planned borrowing. This underspend was offset against additional provisions required at year end against future liabilities.

4.56. The Council received an additional £3.5m in section 31 grants to compensate for loss of business rates from mandatory business rates relief awarded during the year. £2.5m was due to errors by Central Government in the 17/18 grant calculations. Confirmation of the errors, and their impact on the Council's income, was notified too late for reporting, with arrangements for final adjustments confirmed in April 2018. There will also be a net gain for 2018/19 which will impact upon the council's medium term financial planning assumptions. This is being reviewed and will be reported back to Cabinet in conjunction with the Period 2 monitoring report in August. A further £1m was for additional relief announced in the Autumn Budget. This additional income has been added to an ear-marked risk reserve against future business rates volatility taking account of the commensurate loss of business rates collected during the year.

5. Ring-fenced Accounts

Housing Revenue Account

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£0.0m in P10	(£9.4m) in P10	(£9.4m) in P10	
P12 **£0.0m** ⟹	**(£17.0m)** ⇩	**(£17.0m)** ⇩	**(£7.6m)**

Revenue Position

Housing Revenue Account Summary	2017/18 - Year to Date			2017/18 - Period 10			Comparison to P10		
	Budget £'000s	Net Expenditure £000s	Variance to Budget £'000s	Budget £'000s	Net Expenditure £000s	Variance to Budget £'000s	Movement in Budget £'000s	Movement in Forecast £'000s	Movement Variance £'000s
Income	(121,204)	(121,058)	147	(121,341)	(121,631)	(290)	137	573	436
Repairs & Maintenance	31,340	27,435	(3,905)	31,742	30,156	(1,586)	(401)	(2,720)	(2,319)
Supervision & Management	26,889	24,759	(2,130)	25,880	26,956	1,076	1,009	(2,197)	(3,206)
Special Services	7,957	7,441	(516)	8,373	8,786	413	(416)	(1,345)	(929)
Rents, Rates & Taxes	2,011	1,661	(350)	1,874	1,874	(0)	137	(213)	(350)
Other Expenditure	54,892	44,164	(10,727)	53,923	46,339	(7,584)	969	(2,174)	(3,143)
Funding from Reserves	(1,885)	(1,446)	440	(451)	(1,894)	(1,443)	(1,434)	448	1,883
Total Surplus on the HRA	**0**	**(17,043)**	**(17,043)**	**(0)**	**(9,415)**	**(9,415)**	0	(7,628)	(7,628)

5.1. For financial year 2017/18 the Housing Revenue Account has reported a surplus £17.0m an increase from forecast at P10 of £7.6m. The surplus must be retained within the ring-fenced HRA, and its impact on the medium term and long-term HRA business plan will be reviewed as part of the refresh of HRA financial model. The key reasons for the movement in the outturn from that forecast at P10 are set out below.

Income

5.2. The two material factors make up the movement, a reduction in income of £780k due to lower than anticipated district heating costs recharged to tenants as part of service charges offset by an increase in income from interest on investments of (£205k).

Repairs and Maintenance

5.3. The material factors that make up the movement are set out below:

- Response Repairs (£1.382m reduction), a reduction in employee costs not forecast at P10, a reduction in fleet costs where delays in replacement vehicles where the expected cost of new vehicles was greater than existing vehicles (£500k), the residual costs associated with moving to a new response repair contractor was lower than anticipated and there were fewer repairs undertaken due to adverse weather over the winter months.
- Relets (£0.658m reduction), generally the turnaround of properties had been completed to target but during January with a new contractor in place relet turnaround deteriorated resulting in fewer properties relet on target and a result a lower payment made for any work completed by 31st March 2018. In addition fewer 'general need' properties were refurbished offset by an increase in the refurbishment of temporary/acquired accommodation.
- Planned Maintenance (£0.212m reduction), all work on gas servicing, electrical safety and heat pumps were completed to target but recharges to the response trades budgets was less than forecast at P10 by £200k.
- Planned M&E (£0.302k reduction), includes the repairs to the following smoke vents, heating management, lifts and fire safety works. The material areas are as follows, there were capacity issues with the contractor on fire safety work where less work was completed than planned (£100k) and there was a forecasting issue

around prior year accruals which led to an adjustment in the forecast by £100k.

- Estate Management (£0.346m reduction), this reduction in spend was due to a lower than forecast spend on local schemes across a number of small budgets.

Supervision and Management

5.4. Two material factors contributed to the reduction in expenditure, the forecast salary costs at outturn for Rent Management and Estates Management were £600k less than forecast at P10 and the costs in year of the Improving Tenants Experience Project was £1.4m less than forecast at P10 where there a significant portion of the project costs were capitalised that were previously expected to funded from revenue reserve.

Special Services

5.5. The material factors contributing to the reduction are as follows, the forecast salary costs at outturn for Caretaking were £315k less than forecast at P10, there was a saving in utility costs in the district heating budget of £594k that was not anticipated in the forecast at P10, this resulted in a reduction in service charges to tenants and there was an underspend on the Communal Amenities budget of £148k due to lower than anticipated utility costs.

Other Expenditure

5.6. The material factors that contributed to the reduction are as follows,

- the level of contribution to the provision for bad debts was £1.429m lower than anticipated as a result of a reduction in the actual level of debt than forecast in the early part of the financial year.
- Debt collection levels significantly improved in the second half of 2017/18.
- Due to a further reduction in the amount of capital work completed there was a reduction in depreciation charges and capital funded from revenue totalling £618k.

Capital

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£35.3m	**£32.4m**	**(£2.9m)**	**(£0.6m)**

5.7. There was a further reduction in outturn expenditure compared to forecast across a number of schemes of (£0.6m)**.** Details of the movement is as follows:

- The material factors was a reduction of actual spend on multi-story blocks of (£784k) compared to the forecast at P10 and lower spend on planned capital works on heating system installation of £464k. An example of this is on the Duckmoor Road scheme where contractor issues and adverse weather delayed the project.
- Other factors were a lower level of spend on disabled adaptations of £319k, a lower level of spend on miscellaneous schemes (furniture packs) offset by an increase in spend on new build of £406k and the part capitalisation of the costs of the new housing system of £969k.

Dedicated Schools' Grant (DSG)

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£0.0m in P10	£5.1m in P10	£5.1m in P10	
P12 **(£2.4m)** ⇩	**(£2.4m)** ⇩	**£0.0m** ⇩	**(£5.1m)**

- Overall Dedicated Schools Grant (DSG) overspent by £1.0m at end of 2017/18
- Schools Forum's consent is needed to carry forward the £1.0m deficit into 2018/19
- High Needs Block actual year-end balance was £5.7m cumulative deficit, offset by (£4.7m) underspends in other budgets.
- Cabinet is invited to endorse the recommendation set out in Table 2, which would reduce the carry forward on High Needs to £2.0m, with (£1m) of individual underspends, comprising the net £1.0m deficit.

5.8. At year-end the Authority's accounting system transfers the movements between the DSG brought forward and the DSG carry forward carry forward to reserves, such that the figures net to zero. This report, however, explains the underlying position.

5.9. The Dedicated Schools Budget underspent considerably, compared to the Period 9 position reported to Schools Forum. **Table 1** sets out the position. Rather than an overspend of £5.245m (Schools Forum March 2018), the final position is an overspend of £1.016m, an improvement of (£4.229m).

Table 1: Summary DSG outturn position (including ESFA Recoupment) 2017/18

All figs in £'000s	**Brought forward 2017/18**	**Budget 2017/18**	**Actual 2017/18**	**In-year movement**	**Carry forward 2017/18**
School Central Block	0	244,117	242,022	(2,095)	(2,095)
De-delegated items	(295)	(62)	(62)	(357)	(345)
Early Years	(440)	34,815	33,227	(1,587)	(2,027)
High Needs Block	3,180	50,596	53,093	2,497	5,677
HN Projects	(815)	0	633	633	(182)
Funding	0	(329,528)	(329,528)	0	0
	1,630	**0**	**(614)**	**(614)**	**1,016**

NB The differences from the Council's accounting system are: recoupment expenditure and income retained by the ESFA amounts to £151.851m gross (nil net); the High Needs Project funding ((£815k) b/f, £633k movement and (£182k) c/f) is accounted for within division 15; the budget adjustment of (£2.4m) is the b/f (excluding HN projects) and the adjustment to the net expenditure is (£1.2m) on top of the actual net expenditure of (£1.2m) (again excluding HN projects) to give a nil net variance.

5.10. A deficit on the DSG may only be carried forward to be charged against the following year's Schools Budget with the consent of Schools Forum. At its meeting on 22nd May 2018, Schools Forum agreed to the £1.016m deficit being carried forward. Table 2 below sets out how it is proposed that the carry forward position be accounted for. The principle was to keep the deficit on the High Needs Block as low as it could be, recognising that there were some elements of underspent budget that would have to be attributed to the relevant services.

Table 2: Basis proposed to Schools Forum for carrying forward the £1.016m DSG deficit into 2018/19 financial year

Component	Purpose of carry forward	Year-end balance applied £'000
De-delegated items	Funding contributed by maintained schools	(357)
High Needs Early Help projects	Funding committed and will be spent this term	(182)
Early Years Block – Maintained Nursery Schools (MNS)	To provide better stability to funding than the DfE MNS supplement	(500)
High Needs Block	Balancing deficit (an improvement of £3.7m on actual deficit incurred)	+2,055
Total net balance b/f 2018/19	**Schools Forum has to consent to this being applied to the Schools Budget for 2018/19.**	**+1,016**

Schools Central Block (-£2.1m)

5.11. An underspend of £1.1m had been reported through 2017/18 within the Growth Fund, but there were other underspends on Prudential Borrowing (£0.2m) and other Schools Block allocations, including NNDR, of (£0.8m), which remained unallocated at year-end.

De-delegated items (-£0.3m)

5.12. It is a requirement that unspent funding for de-delegated items be carried forward and added to the same item for 2018/19. This includes underspend on Schools in Financial Difficulties.

Early Years (-£2.0m)

5.13. The Early Years report to Schools Forum in March indicated that there was a provisional assessment that the January 2018 pupil census was likely to improve the monitoring position by £0.5m. In the final analysis, there was a further £0.4m income due from the January 2018. In addition, there was evidence of prudence, with underspends on budgeted spend across the service in retained budgets and contingency and no material spend on brought forward sums. Overall, this leaves £2.0m unallocated for Early Years, set out in Table 3.

Table 3: Components of Early Years DSG budget variances

Component	Planned expenditure	Actual net spend	Difference
3/4 year olds formula	24,743	24,684	(59)
2 year olds formula	4,601	4,286	(315)
Formula Supplements (Deprivation, Quality)	791	808	16
Overheads	1,973	1,583	(390)
Inclusion	998	1,095	97
Pupil Premium	366	333	(34)
MNS Lump sum	1,239	1,239	
Disability Access Fund	103	41	(61)
Additional DSG income (based on 7/12ths of January 2018 census)		-843	(843)
Brought forward projects	440	0	(440)
Total	**35,255**	**33,226**	**(2,028)**

High Needs

5.14. The High Needs budget began the year with a £3.2m deficit brought forward and this has worsened by £2.5m in-year. Pressures have been reported throughout the year on this budget. A budget recovery plan has been developed. There was some progress with this in 2017/18 in Further Education High Needs funding, where fewer place numbers have been needed or where colleges have agreed that lower top-up funding for learners was required. There was a £0.8m improvement between the March 2018 Schools Forum, which reported £6.5m overspend, and year-end. This is accounted for by £183k increase in top up spend related to therapy costs offset by; £318k reduction in the number of new placements & decrease in placement costs, £229k additional income from implementing a revised charging policy for Alternative Learning placements, £449k reduction due to freeze on recruitment & project related spend and generation of income.

High Needs Projects (Early Help)

5.15. The last elements of project funding to support Early Help are now being spent. £0.6m of the £0.8m available in 2017/18 has been applied and there are some posts that will benefit from this funding in the summer term of 2018.

Schools Balances

5.16. Overall school revenue balances have increased from £4.2m net surplus to £4.8m net surplus during 2017/18. There are 8 schools which became academies during 2017/18. By excluding the original £0.8m balances held by those schools in March 2017, the like-for-like comparison for existing maintained schools is £3.5m net surplus to £4.8m during 2017/18. The number of schools in deficit has reduced from 20 to 17, with a concerning number of nursery schools with deficit budgets. Indeed, the 17 schools in deficit have an aggregate deficit of £3.9m which will need to be addressed. Officers have been tightening processes during 2017/18 and are in a position to adopt a more systematic and rigorous approach during 2018/19.

5.17. School net capital balances have reduced from £3.8m to £3.5m, which is much less of a concern.

Carry forward position REVENUE (Status 31.3.18)

	Deficit	**Surplus**	**Total**
Nursery	7	5	**12**
Primary	5	52	**57**
Secondary	1	2	**3**
Special	1	6	**7**
PRU (Pupil Referral Unit)	0	0	**0**
Hospital	1	1	**2**
Children Centres (DSG)	2	4	**6**
Total	**17**	**70**	**87**

Summary revenue and capital balances for maintained schools as at 31st March 2018

	Revenue b/f	Revenue Movement	Revenue c/f	Capital b/f	Capital Movement	Capital c/f
Nursery	1,276	268	1,544	(369)	48	(321)
Primary	(3,597)	(2,134)	(5,732)	(2,392)	357	(2,035)
Secondary	(348)	88	(260)	0	(50)	(50)
Special	(1,206)	524	(682)	(1,057)	(69)	(1,126)
PRU	(181)	181		16	(16)	
Hospital	139	(136)	3	(7)	6	(1)
Children's Centres	(410)	684	274	(52)	63	11
Central	80	(80)		4	(4)	
Total	**(4,248)**	**(605)**	**(4,853)**	**(3,857)**	**336**	**(3,522)**

Public Health

5.18. In 2017/18 Bristol City Council received a Public Health grant of £33.3m, of this £32.4m was spent leaving a £0.9m underspend.

5.19. The underspend is due to £0.2m savings on alcohol treatment, £0.1m savings on activity contracts for sexual health services, £0.1m on NHS Healthchecks (where take-up has been lower than planned), £0.1m on drug treatment services, £0.2m on food safety initiatives spend. The balance of £0.3m represents staff savings and additional income.

5.20. As the public health grant is ring-fenced this underspend is transferred into a ring-fenced reserve for future spending within the grant conditions.

	Budget £m	Outturn £m	Variance £m
Public Health	33.3	32.4	0.9

6. Savings Programme

6.1. To balance the 17/18 budget, savings totalling £33.1m were approved by Full Council. £24.9m of these have been confirmed as delivered on an on-going basis. £8.2m wasn't delivered during the year but was mitigated by other one-off tactical savings, or non-recurring income, which was addressed throughout the year and reported monthly to Cabinet. A proportion of these are expected to be delivered during 2018/19.

6.2. Of the undelivered savings a significant proportion is within Adult Social Care, which was mitigated through additional budget as a supplementary estimate. Deliver of savings within Adult Social Care is one of the biggest risks over the medium term to delivery of a balanced budget due to the pressures being faced in these services.

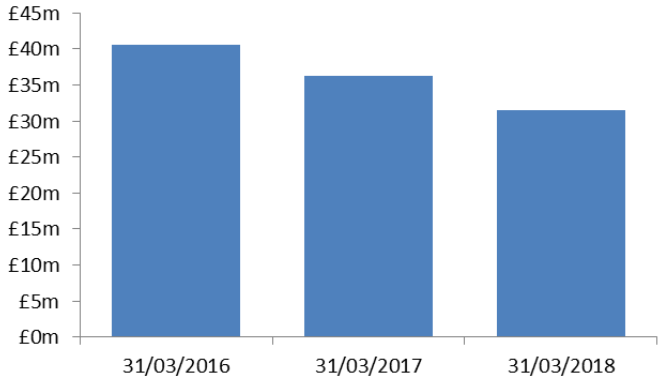
6.3. At P10 monthly budget monitoring showed £3m at risk in year, this referred to savings for which at that point no mitigation was in place. By the end of the year mitigations had been found for all in-year non-delivery of savings.

6.4. Appendix A3 gives additional detail regarding delivery of savings.

7. Debt Management

7.1. Outstanding debt at the end of the year is £34.5m which is a decrease from this time last year of £1.8m.

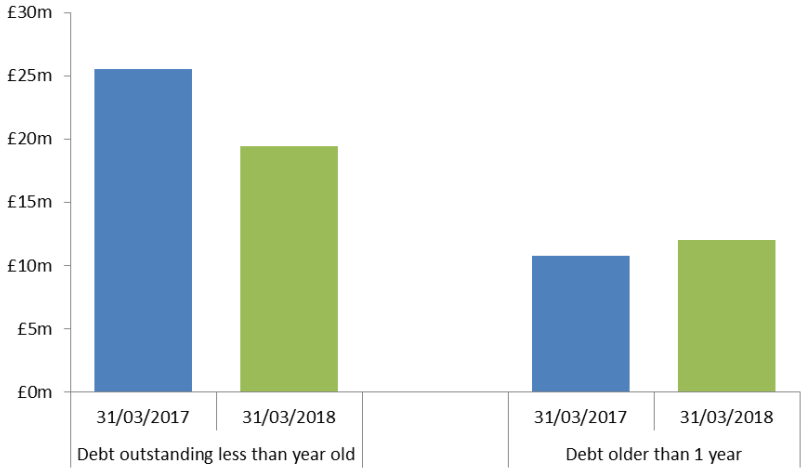
Figure 1: Outstanding Debt at 31st March for last three years



7.2. The opening sundry debt balance at 1st April 2017 was £36.3m, and an additional £130.1m income was raised during the year.

7.3. Our in-year collection of debt has improved, of the £130m invoices raised during the year £111m (85%, 79% in 16/17) was collected, with a further £19m to collect as at 31st March 2018, of which £9.6m was invoiced during March.

Figure 2: Breakdown of movement in outstanding debt between 31/03/2017 and 31/03/2018 by age of debt



7.4. Of the opening sundry debt balances of £36m (debt which is now greater than a year old) we have collected £24m (67%), leaving a further £12m to collect. This has meant the debt greater than a year old has increased from £10.8m to £12.0m.

Debt Written Off

7.5. Writing off any debt is always a last resort and an action only taken when all other possible collection routes have been exhausted. Debt is written off in line with the Council's financial regulations.

7.6. During 2017/18 £0.549m of debt was written off as uncollectable, this compares to £1.071m written off during 2016/17. The lower level of write offs is partly why the debt older than a year has increased during 2017/18.

8. Movement in Reserves

8.1. The 2017/18 opening balance on reserves of £20.0m general balance, £65.4m earmarked reserve. As part of the 2017/18 budget process Council agreed a budgeted increase in reserves. The net increase in earmarked reserves for 2017/18 was £19m, which includes carry-forward of specific grants and dedicated funding which span more than one financial year, but which must be applied for the intended purpose, the additional S31 grant, and planned carry-forwards financed from in-year mitigations and underspends.

8.2. It has not been necessary to draw on the capital receipts to fund transformation in 2017/18 however it is expected this carry forward will be required over the life of the medium term to fund significant transformational projects and short life assets such as the ICT strategy and infrastructure projects.

8.3. During the year there were contributions to reserves of £34.5m during the year and drawdowns from reserves of £15.8m, resulting in a net increase in earmarked reserves for the year of £19m. This includes the overall underspend of £0.3m for the year.

8.4. In setting the 2017/18 budget there was a significant amount of planned contributions to reserves from the Collection Fund and reduced level of Minimum Revenue Provision.

8.5. There was also a large contribution to financing reserves such as PFI credits and grants received in advance of expenditure.

Summary of Movement of Revenue Reserves during 2017/18

Earmarked Reserve Type	**Opening Balance 01.04.17**	**Contributions**	**Transfer between**	**Drawdown**	**Closing Balance 31.03.18**
Capital Investment Reserves	(15.936)	(2.333)	(6.030)	7.504	(16.795)
Transformation Reserves	(12.415)	(1.613)	8.334	-	(5.684)
Risk Management Reserves	(5.719)	(13.147)	(860)	1.487	(18.239)
Ring-Fenced Reserves	(10.046)	(4.645)	(2.000)	2.050	(14.642)
Financing Reserves	(11.833)	(5.949)	107	4.075	(13.600)
Service Specific Reserves	(9.497)	(6.842)	235	642	(15.462)
Total Earmarked Reserve	**(65.446)**	**(34.528)**	**(0.204)**	**15.758**	**(84.421)**
General Reserve	**(20.000)**	**-**	**-**	**-**	**(20.000)**
HRA	**(63.027)**	**(18.467)**	**-**	**1.656**	**(79.838)**
Schools	**(5.459)**	**(2.139)**	**0.204**	**0.633**	**(6.761)**

8.6. Of the contributions to reserves £10.7m was planned in the approved budget from the Collection Fund surplus and clawback of MRP overprovision to create reserves for use of new risk and legal reserves as well as to support the transformation programme over the medium term.

8.7. £6.6m of specific grant income received in advance has been put aside ahead of future planned expenditure due to timings in receipt of grant and planned expenditure.

Summary of Contributions to revenue reserves during 2017/18

Grants in received in advance	6.614
Budgeted contribution from Collection Fund/MRP	10.728
Ring-fenced accounts	2.661
PFI Receipts (credits and refinancing)	3.046
Section 31 business rates grant	3.479
Planned in-year c/fwds from efficiencies and mitigations	8.000
Total	**34.528**

Capital Reserves

8.8. During the year £33.9m of capital receipts were generated from sale of assets and lease renewals. These are primarily from buildings held under the commercial investment portfolio and HRA Dwellings rather than from operational buildings.

Summary of Movement of Capital Reserves during 2017/18

	Opening Balance 01.04.17	**Receipts**	**Drawdown**	**Closing Balance 31.03.18**
Capital Reserves	(7.080)	(15.421)	5.018	(17.483)
HRA Capital Reserves	(41.969)	(18.494)	11.470	(48.993)

8.9. Capital receipts are often mostly used to fund short life capital assets such as ICT infrastructure projects and also to reduce our future borrowing requirements. Local Authorities also currently have flexibility to use these receipts to fund transformation projects to deliver savings if required. There is significant work required on the Council's ICT infrastructure over the medium term therefore capital receipts received in 2017/18 have been retained ahead of this planned investment.