

1. General Fund

- 1.1. The Council is currently forecasting a risk of a £6.9m overspend on the current approved budget. This is an improvement of £0.6m on the position reported at period 3.
- 1.2. This is pre-dominantly within Adult Social Care placements, which is forecasting a £10.6m overspend, and Education £1.0m due to loss of Education Services grant and home-to-school transport demand. City Growth, Investment and Infrastructure are also forecasting the risk of £0.5m overspend due to spend on vacant assets earmarked for disposal. As noted in the P03 finance report, this report seeks approval to formalise the allocation of the Adult Social Care grant to the service to help mitigate this pressure.
- 1.3. The (£6.2m) underspend on the corporate budgets relates to the adult social care grant, (pending a decision on allocation as outlined in the recommendations), a reassessment of capital financing costs based on projected capital spend and contingency specifically earmarked for service pressures which are now reflected within the service forecasts.
- 1.4. The overall position excludes at this stage the additional S31 grant relating to small business rate relief, as outlined in the period 3 monitoring report. Cabinet agreed that this be held in abeyance pending review of actions to address projected service overspends. The additional Section 31 grant, which equates to £5m in this financial year, should be considered as a one-off resource and any impact going forward will be analysed as part of the MTFP refresh.
- 1.5. At its meeting of the 27th July 2018 the West of England Combined Authority determined to reduce the 2018/19 Transport Levy by £400k per constituent authority following updated cost information relating to concessionary fares and real-time information. This is not yet reflected in the forecast positions set out in table 1 below. In addition, actualisation of last year's concessionary fares data has facilitated a one-off reimbursement to Bristol of £619k.
- 1.6. 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.

Table 1: General Fund Forecast Net Expenditure

Approved Budget £m	Directorate	Revised Budget £m	Outturn £m	Variance £m	Variance as % of Net Budget
205.518	Adults, Children's and Education	218.172	231.047	12.875	5.9%
63.466	Communities	63.571	63.692	0.121	0.2%
5.490	Growth and Regeneration	6.399	6.739	0.341	5.3%
40.784	Resources	41.281	41.061	(0.219)	-0.5%
315.259	Sub-total	329.142	342.540	13.118	4.0%
40.973	Other Budgets*	26.809	20.299	(6.199)	-23%
356.232	Net Expenditure Total	356.232	363.159	6.919	1.9%

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

2. Ring-Fenced Accounts

Housing Revenue Account

- 2.1. There is a forecast underspend on the HRA of £2.750m 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 variance of £0.3m overspend and after taking account of the carried forward deficit of £1.0m this increases to a net residual pressure of £1.3m. The main pressure within the DSG remains in the high needs block c.£2.8m. The forecast position is based on the forecast activity and take up for the year and associated spend. There are residual underspends of (£1.5m) in other areas of the DSG (Excluding Individual Schools), however approval would be needed from the Schools Forum to realign this forecasted underspend in supporting the High Needs pressure.
- 2.4. A 3 year recovery plan (not yet implemented) is being co-developed with The Inclusion In Education Group a sub-group of the Schools Forum with representation from a range of a Schools, Settings, Early years, Post 16 and SEND representatives. The group oversees the changes required to fully implement the National SEND reforms and has been working with officers on a series of relevant work streams with the key objective to ensure the High Needs Budget is sufficient to meet the needs and costs associated with Children with SEND and that in the long term the ongoing demand is sustainable within the envelope of funding provided from the government via the National Funding Formula. The much reduced forecasted pressure will be reflected in the thinking.

Public Health

- 2.5. 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.
- 2.6. 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.
- 3.2. There remains a risk regarding £11.3m of savings where further work / mitigating actions are required in order to deliver, of this £6.9m relates to savings within Adult Social Care, £1m for review of fees and charges and £0.9m for organisational redesign. Table 2 provides a breakdown of the realisation of the planned 2018/19 savings by directorate.

Table 2: 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, Childrens and Education	11.520	4.577	6.943	60.3
Resources	12.661	9.618	3.043	24.0
Communities	6.001	5.018	0.983	16.4
Growth and Regeneration	3.721	3.413	0.308	8.3
Total	33.903	22.626	11.277	33.3

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.

Table 3: Capital Forecast Outturn position for 2018/19 by Directorate

Approved Budget £m	Directorate	Revised Budget £m	Forecast Outturn £m	Variance £m
33.200	Adults, Childrens and Education	30.821	28.291	(2.529)
8.600	Communities	27.848	24.543	(3.304)
133.500	Growth and Regeneration	128.449	85.052	(43.397)
3.500	Resources	8.320	8.481	0.160
178.800	Sub-total	195.438	146.367	(49.070)
18.600	Corporate	9.500	5.100	(4.400)
47.000	Housing Revenue Account	47.056	43.667	(3.389)
244.400	Total	251.994	195.134	(56.860)

5.2. The main areas of forecast underspend at P04 relate to Colston Hall £15.7m, The Arena £18.2m and £3m on the Housing Revenue Account.

5.3. Following the Mayoral decision on the 4th September regarding the future use of land in Temple Quarter, the Arena capital budgets will now be reviewed in line with this decision, and reflected in the Period 5 monitoring report, along with the likely

impact on reserves of revenue reversion arising from the initial assessment of abortive costs .

6. Debt Management

- 6.1. As at 31/07/2018, there was £18.4m outstanding sundry debt owed to Bristol City Council that has been outstanding for longer three months (not including Housing Rent, Council Tax or Business Rates). This is a £0.6m increase in aged debt from previous month.
- 6.2. This is an increase in debt over 3 months predominantly relates to £0.5m HRA housing estimated services charges which are invoiced in April for the year which are now outstanding for longer than three months – payment of this debt is predominantly paid through monthly direct debits and therefore will reduce throughout the year.

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 £15.2m and assuming no further mitigations can be achieved the current forecast overspend would reduce our reserves at year end by a further £6.9m.
- 7.2. Any unmitigated overspend at the end of the year would be reduce the general reserves balance as all ear-marked reserves are held for a specific purpose.

Table 4: Summary of movement in revenue reserves

	Opening balance	Forecast Net Drawdown	Unmitigated Overspend	Closing Balance
Earmarked Reserves	(84.420)	15.192	-	(69.228)
General Reserves	(20.000)	-	6.919	(13.081)
	(104.420)	15.192	6.919	(82.309)

Earmarked Reserves

- 7.3. Opening earmarked reserves at 1st April 2018, were £84.4m in setting the budget for 2018/19 there was a budgeted net drawdown from reserves of £12.4m, made up of a £7.5m contribution from MRP clawback and a drawdowns of £19.9m, giving an expected year end balance of £72.0m.
- 7.4. The current forecast contributions 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.
- 7.5. As set out in paragraph 5.3 above, the likely impact on a draw on reserves of the decision not to progress the Arena at the Temple Island will be reviewed, and reflected in future monitoring reports.

Table 5: Summary of Forecast year end position

	Opening balance	Forecast Net Drawdown	Closing Balance
Capital Investment	(22.479)	9.153	(13.326)
Risk Management	(18.239)	(1.705)	(19.945)
Ring-Fenced	(14.642)	1.578	(13.064)
Financing/Technical	(13.600)	3.758	(9.842)
Service Specific	(15.460)	2.409	(13.052)
	(84.420)	15.192	(69.228)