

1. General Fund

- 1.1. The Council is currently forecasting a risk of a £1m overspend on the current approved budget. This is an improvement of £6m on the position reported at period 4, which reflects the recognition of £5m of business rates section 31 grants as noted in period 4 and £1m in reduced capital financing forecast due to slippage in the capital programme.
- 1.2. There are still pressures within Adult Social Care placements, which is forecasting a £11.0m overspend, and Education £1.1m due to loss of Education Services grant and home-to-school transport demand. City Growth, Investment and Infrastructure are also forecasting the risk of £0.8m overspend due to spend on vacant assets earmarked for disposal. The risk of overspend for these three areas remain a concern as the forecast outturn position for each has deteriorated further since P4.
- 1.3. The underspend on the corporate budgets relates to additional section 31 business rates grants, 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. 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	218.240	229.907	11.667	5.3%
63.466	Communities	63.257	63.622	0.365	0.6%
5.490	Growth and Regeneration	6.395	6.978	0.583	9.1%
40.784	Resources	43.118	43.005	(0.113)	-0.2%
315.259	Sub-total	331.01	343.512	12.502	3.8%
40.973	Other Budgets*	30.604	19.053	(11.551)	-37.7%
356.232	Net Expenditure Total	361.614	362.565	0.951	0.3%

*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 £2.521m 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 zero though still has a brought forward deficit balance of £1.0m. The main pressure within the DSG remains in the high needs block £0.6m. The forecast position is based on the forecast activity and take up for the year and associated spend. The Early Years forecast underspend of £0.3m is based on patterns of activity as

per last year though the final financial position will be determined based on pupil censuses during the year.

- 2.4. The impact of the Judicial Review on the High Needs budget will be reflected in the P6 forecast. It is anticipated that there will be ongoing additional annual revenue costs of £0.225m and that the claimants' legal costs will be met from reserves.
- 2.5. Seventeen schools had deficit balances at the end of March 2018. Whilst officers are working with the schools to address this it may take some considerable time for the deficits to be repaid. Furthermore two schools who have recently become academies had combined deficits of £1.1m which will have to be addressed by the Council.

Public Health

- 2.6. 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.
- 2.7. 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. £1.2m of savings targets have been written off in 2018/19 as they are undeliverable.
- 3.2. There remains a risk regarding £10.2m of savings where further work / mitigating actions are required in order to deliver, of this £6.2m relates to savings within Adult Social Care, £0.7 for Facilities Management saving target, £0.7m for organisational redesign, £0.5m for reduced education Services grant and £0.5m for review of fees and charges. 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	12.353	10.495	1.858	15.0
Communities	4.961	4.188	0.773	15.6
Growth and Regeneration	3.870	3.480	0.390	10.1
Total	32.704	22.740	9.964	30.5

- 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	27.835	(2.986)
8.600	Communities	27.848	17.440	(10.408)
133.500	Growth and Regeneration	120.688	80.656	(40.032)
3.500	Resources	8.775	6.843	(1.932)
178.800	Sub-total	188.132	132.774	(55.358)
18.600	Corporate	9.045	5.100	(3.945)
47.000	Housing Revenue Account	47.056	43.190	(3.866)
244.400	Total	244.233	181.064	(63.169)

5.2. The main areas of forecast underspend at P05 relate to the budget previously set aside for the Arena £31.3m, Colston Hall £7.9m, £3.9m on the Housing Revenue Account and within Communities - £3.4m on Energy and £2.6m across Health and Safety and vehicle replacement.

5.3. Following the Mayoral decision in September regarding the future use of land in Temple Quarter, the Arena capital budgets will need to be reallocated and plans will be brought back for Cabinet approval later in the year.

5.4. In June, Cabinet approved the acceptance of the West of England Local Enterprise Partnership Grant for the Open programmable City Region initiative. This will be reflected in the Capital Programme on receipt of the signed grant letter.

5.5. The Department for Education has allocated an additional SEND grant of £0.6m which has been added to the Schools Programme to increase school capacity and to make it easier for children with special educational needs and disabilities to access good school places.

6. Debt Management

6.1. As at 31/08/2018, there was £21.0m 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 £2.6m increase from the previous month's level. The increase is largely due to an invoice to Bristol CCG for £2m for Funded Nursing Care and there is £0.54m of waste collection charges outstanding for individuals.

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 £27.9m and assuming no further mitigations can be achieved the current forecast overspend would reduce our reserves at year end by a further £1.0m.

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)	27.934	-	(56.486)
General Reserves	(20.000)	-	0.951	(19.049)
	(104.420)	27.934	0.951	(75.535)

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

Table 5: Summary of Forecast year end position

	Opening balance	Forecast Net Drawdown	Closing Balance
Capital Investment	(22.479)	21.153	(1.326)
Risk Management	(18.239)	(1.705)	(19.944)
Ring-Fenced	(14.642)	2.033	(12.609)
Financing/Technical	(13.600)	3.571	(10.029)
Service Specific	(15.460)	2.883	(12.577)
	(84.420)	27.934	(56.486)