

1. General Fund

- 1.1. The Council is currently forecasting a risk of a £0.3m overspend on the current approved budget. This is an improvement of £0.7m on the position reported at period 5.
- 1.2. The main areas of forecast overspend are Adult Social Care placements, which is forecasting a £11.1m overspend, and Education £1.6m due to loss of Education Services grant and home-to-school transport demand. The risk of overspend for these three areas remain a concern as the forecast outturn position for each has continued to deteriorate further. The City Growth, Investment and Infrastructure service area is also forecasting the risk of £0.7m overspend due to spend on vacant assets earmarked for disposal.
- 1.3. The (£12.6m) underspend on the corporate budgets relates, a reassessment of capital financing costs based on projected capital spend, application of the Section 31 grant 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	230.571	12.331	5.7%
63.466	Communities	63.177	63.580	0.403	0.6%
5.490	Growth and Regeneration	5.596	6.170	0.575	10.3%
40.784	Resources	43.118	42.670	(0.449)	(1.0%)
315.259	Sub-total	330.131	342.991	12.860	3.9%
40.973	Other Budgets*	31.483	18.931	(12.552)	(39.9%)
356.232	Net Expenditure Total	361.614	361.922	0.308	0.1%

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

- 1.5. Cabinet approval is sought to effect a supplementary estimate across Adults, Children’s and Education (ACE) to be funded from ongoing contingencies held and one off virements from other general fund service areas, as per Appendix A9. Further details are provided in Table 2 below.

Table 2: Supplementary Estimate for ACE for 2018/19

Description	Nature of funding	£m
P6 forecast outturn (overspend)		
Adult Social Care		11.100
Education		1.600
Public Health general fund forecast underspend		(0.380)
Total Supplementary Estimate		12.320
Additional S31 grant	One-off	(2.199)
Social Care Grant	One-off	(2.000)
Third Party contingency	One-off	(3.000)
Subtotal one off funding		(7.199)
Capital financing	Permanent	(2.500)

Social Care Contingency	Permanent	(1.325)
Sleep-in Contingency	Permanent	(0.718)
Forecast Resources Directorate Underspends	Permanent	(0.578)
Subtotal Ongoing funding		(5.121)
Total Funding of supplementary estimate		(12.320)

2. Ring-Fenced Accounts

Housing Revenue Account

- 2.1. There is a forecast underspend on the HRA of £3.728m 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 underspend of £1.1m based on Early Years pupil numbers as at May 2018, though the final financial position will be determined based on pupil censuses during the year. The cumulative position on High Needs remains at £1.6m deficit and the long term sustainability of the High Need budget is being discussed with Schools Forum.

2.4. 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. £1.6m of savings targets have been written off in 2018/19 as they are undeliverable.
- 3.2. There remains a risk regarding £9.5m of savings where further work / mitigating actions are required in order to deliver, of this £6.2m relates to savings within Adult Social Care, £0.7m for organisational redesign, £0.5m for reduced education Services grant and £0.5m for review of fees and charges and £0.4m for Facilities Management saving target. Table 3 provides a breakdown of the realisation of the planned 2018/19 savings by directorate.

Table 3: 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	12.511	11.000	1.511	12.1
Communities	6.001	5.133	0.868	14.5
Growth and Regeneration	3.908	3.518	0.390	10.0

Total	33.940	24.228	9.712	28.6
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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 4: 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	28.002	(2.819)
8.600	Communities	27.881	16.723	(11.158)
133.500	Growth and Regeneration	121.358	72.235	(49.123)
3.500	Resources	8.775	5.613	(3.163)
178.800	Sub-total	188.835	122.573	(55.358)
18.600	Corporate	9.045	2.500	(6.545)
47.000	Housing Revenue Account	47.056	39.226	(7.830)
244.400	Total	244.936	164.299	(80.638)

5.2. The main areas of forecast underspend at P06 relate to the budget previously set aside for the Arena £31.3m, Colston Hall £11.1m, £7.89m 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 have been removed and the costs written off. Budget adjustments will be made in due course following the reports approved by Cabinet in September for the following schemes: Energy Heat Networks expansion, HRA Alderman Moores and the Housing Company. There are also some minor S106 / CIL schemes across directorates that are awaiting Executive Director approvals that will add £1m to the capital programme.

5.4. Subsequent to the P6 forecast, further forecasting work has been done and the 2018/19 projected outturn now shows a reduced capital spend of £162.6m.

5.5. Overall there are several factors which mean that the original Capital Programme as approved by Full Council in February 2018 for 2018/19 should be revised to take account of these changes – some of which have already been reported to Cabinet. Appendix A8 provides an overview of all the proposed changes and Cabinet approval is sought to adjust the Capital Programme to the revised budget. Further details of new funding sources and changes to the delivery of projects in 2018/19 is provided in Appendix A8.

6. Debt Management

6.1. As at 30/09/2018, there was £21.2m outstanding sundry debt owed to Bristol City Council that has been outstanding for longer than three months (not including Housing Rent, Council Tax or Business Rates). This is slight increase of £0.2m from the previous month's level. £13.2m of this relates to debt owed by individuals made up of over 21,000 invoices mainly for social care.

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 £35.2 and assuming no further mitigations can be achieved the current forecast overspend would reduce our reserves at year end by a further £0.3m.

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 5: Summary of movement in revenue reserves

	Opening balance	Forecast Net Drawdown	Unmitigated Overspend	Closing Balance
Earmarked Reserves	(84.420)	32.170	-	(52.250)
General Reserves	(20.000)	-	0.308	(19.692)
	(104.420)	32.170	0.308	(71.942)

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 current forecast of £12m has been included as a provisional drawdown from capital investment and risk management reserves against the necessary revenue reversion related to aborted project costs.

Table 6: Summary of Forecast year end position

	Opening balance	Forecast Net Drawdown	Closing Balance
Capital Investment	(22.479)	21.155	(1.324)
Risk Management	(18.239)	4.110	(14.129)
Ring-Fenced	(14.642)	0.939	(13.703)
Financing/Technical	(13.600)	3.771	(9.829)
Service Specific	(15.460)	2.195	(13.265)
	(84.420)	32.170	(52.250)