

1. General Fund

- 1.1. The Council is currently forecasting an underspend (£0.4m) on the latest budget. This is an improvement of (£0.8m) on the position reported at period 6. On 2nd October the Government announced an additional funding for Adult Social Care Winter pressures which hadn't been assumed in the original P06 figures. This funding has been incorporated within the supplementary estimate approved by Cabinet on 4th December 2018. A number of variations have also been noted in directorate forecasts.
- 1.2. In December 2018, Cabinet approved a supplementary estimate to address the demand pressures on the Adults, Children's and Education Directorate funded by additional funding, some ongoing budgets and one off contingencies. As a result, Directorate forecast outturn positions are now forecast to be within budget allocations, except for Communities whose budgets are being realigned to reflect the implementation of the new organisational management structure.
- 1.3. 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. Given the current uncertainties regarding the Brexit process, and the risks set out in the initial analysis undertaken by the Council, it is proposed to set aside up to £250k for further preparatory work in the eventuality that a no deal Brexit occurs. That will reduce the forecast underspend to £150k.

Table 1: General Fund Forecast Net Expenditure

Approved Budget £m	Directorate	Revised Budget £m	Outturn £m	Variance £m
205.518	Adults, Children's and Education	230.565	230.298	(0.267)
63.466	Communities	63.576	63.766	0.189
5.490	Growth and Regeneration	4.707	4.522	(0.184)
40.784	Resources	42.726	42.650	(0.076)
315.259	Sub-total	341.574	341.236	(0.337)
40.973	Other Budgets*	22.041	21.943	(0.098)
356.232	Net Expenditure Total	363.614	361.758	(0.435)

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

- 1.5 In setting the 2018/19 budget it was agreed that an in-year baseline of fees and charges would be undertaken to accurately reflect current fees levels and deliver £1m saving. The income is currently budgeted for within corporate costs, but needs to be aligned to those services where it is generated. A review has been undertaken to reflect net additional fees and charges income, and associated additional costs, based on the position as at Period 7, and an initial re-baselining is proposed as set out below in Table 2. This will continue to be monitored and a further re-baselining is intended to be undertaken at the year-end following further review.

Table 2: Proposed re-allocation of fees and charges savings target

Directorate	Division	Proposed Saving £000
Adults, Children and Education	Adult Social Care	25
Adults, Children and Education	Public Health - General Fund	16
Resources	Commercialisation and Citizens	41
Resources	Digital Transformation	12
Resources	Finance	1
Resources	HR, Workplace and Organisational Design	28.4

Resources	Legal and Democratic Services	4
Growth and Regeneration	Economy of Place	100
Growth and Regeneration	Development of Place	450
Growth and Regeneration	Housing and Landlord Services	40
Growth and Regeneration	Management of Place	75
Total		792.4
Amount still to be re-allocated		207.6

1.6 It is also intended to transfer £0.5m internal recharge budget which is held within corporate costs to balance recharges between services and corporate activities, along with the potential impact of savings on rechargeable activities, at the year end. This proposed transfer will provide a permanent basis to enable core and priority work to be sustained on an on-going basis in three areas as set out in Table 3. The proposed action will utilise all of this corporate budget.

Table 3:

Service	£000
Internal Audit	160
Commercialisation (core delivery)	200
Corporate Design and Print	140
Total	500

2. Ring-Fenced Accounts

Housing Revenue Account

2.1. There is a forecast underspend on the HRA of £4.438m 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 £1.2m. The cumulative position on High Needs is a forecast £2.0m deficit and the long term sustainability of the High Need budget is being discussed with Schools Forum. The underspent areas include £0.3m for de-delegated funds which are treated as ring-fenced for maintained schools. The largest underspend is in the Early Years Block, based on pupil numbers as at May 2018, though the final financial position will only be known once the details of the October 2018 and January 2019 pupil censuses are known.

Public Health

2.4. 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.

2.5. 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 £8.7m 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 4 provides a breakdown of the realisation of the planned 2018/19 savings by directorate.

Table 4: 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, Children's and Education	11.520	4.577	6.943	60.3
Resources	12.511	11.823	0.688	5.5
Communities	6.001	5.143	0.858	14.3
Growth and Regeneration	3.908	3.706	0.202	5.2
Total	33.940	25.249	8.691	25.6

- 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. The budgets have been realigned from £244m to £163m for 2018/19 to reflect new funding and the re-profiled delivery of projects as approved by Cabinet in December. The Arena decision accounts for over £30m of this reduction, with details of further re-profiling provided in Directorate Appendices.

Table 5: Capital Forecast Outturn position for 2018/19 by Directorate

Approved Budget £m	Directorate	Revised Budget £m	Forecast Outturn £m	Variance £m
33.200	Adults, Children's and Education	27.470	27.470	0
8.600	Communities	16.175	16.174	(0.001)
133.500	Growth and Regeneration	71.792	71.792	0
3.500	Resources	5.428	5.428	0
178.800	Sub-total	120.865	120.864	(0.001)
18.600	Corporate	2.500	2.500	0
47.000	Housing Revenue Account	39.209	39.209	0
244.400	Total	162.574	162.573	(0.001)

6. Debt Management

6.1. As at 31/10/2018, there was £18.2m 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 an improvement of £2.9m on the previous month's level mainly due to reductions in ACE (£2.1m) and Communities (£0.7m). There are still over 24,000 invoices outstanding, of which two thirds relate to individuals for provision of Adult 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 £21.6m and if the current forecast underspend of £0.4m materialises at the year-end then this could be transferred to reserves as shown in Table 6.

Table 6: Summary of movement in revenue reserves

	Opening balance	Forecast Net Drawdown	Transfer	Forecast Underspend	Closing Balance
Earmarked Reserves	(87.420)	21.621	(5.021)	-	-60.778
General Reserves	(20.000)	-	5.021	(0.435)	-25.456
	(107.420)	21.621	-	(0.435)	-86.234

7.2. Following a review of earmarked reserves £5m has been identified for which the original purpose has been fulfilled and the reserve is no longer required, this enables these reserves to be moved to general reserves for consideration on planned use. Table 7 shows the reserves that have been identified.

Table 7: Earmarked reserves to be released into general reserves

Directorate	Descriptions	Reason	£000
ACE	ACE Operational Reserves e.g. Care Act Implementation	Residual balances following implementation.	209
Communities	Communities Operational Reserves e.g. Citizen Services projects, Pest control	Residual balances following implementation.	245
Growth and Regeneration	Operational Project Reserves e.g. Events - Tour of Britain	Residual balances following implementation.	423
Growth and Regeneration	Transport	Residual balances following implementation.	714
Resources	Local Tax – Interactive Voice Recording System for Universal Credit	Residual balance following implementation of system.	240
Resources	Housing Benefits Subsidy – Volatility	Improvements have reduced risk of charges for errors.	1,000
Corporate	Operational Risk Reserve	Legacy operational risk reserve for which the risk has significantly reduced.	1,000
Corporate	Grants with fulfilled conditions	Residual grants where all conditions have been met.	1,100
			5,021

Earmarked Reserves

7.3. The current forecast contributions to reserves 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.

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

Table 8: Summary of Forecast year end position

	Opening balance	Forecast Net Drawdown	Closing Balance
Capital Investment	(22.479)	8.345	(14.134)
Risk Management	(21.239)	6.461	(14.778)
Ring-Fenced	(14.642)	1.670	(12.972)
Financing/Technical	(13.600)	3.025	(10.575)
Service Specific	(15.460)	2.120	(13.340)
	(87.420)	21.621	(65.799)