1. Executive Summary

1.1. This outturn report provides information and analysis on the Council's financial performance and use of resources to the end of the financial year 2018/19, in comparison to the budget set by Council on 20 February 2018, whereas prior reports have focussed on the movements since the previous report.

1.2. It is a management report which precedes the production of the Council's formal Statement of Accounts, of which the draft was published and submitted for external audit and inspection on the 31 May. As is the case with every year-end report there are a number of changes that result as balance sheet activities are reviewed and finalised and although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is formed and accounting regulations drives some of the final movements reported.

1.3. The key areas covered in this report are revenue, capital, core funding, debt management, reserves and savings.

1.4. The overall revenue budget position after taking account of adjustments to and from reserves was a 'cash surplus' of -£3.2m (-0.9%). This is a movement of -£2.5m on the forecast reported as at the end of January with many services reporting small favourable movements with the predominate exception of Adult Social Care, Economy of Place and Commercialisation and Citizens (Facilities Management). For the purpose of this report, an 'underspend' is the difference when comparing budgeted allowance to actual expenditure incurred and a 'cash surplus' is additional cash in-flows to which no budgeted expenditure has yet been agreed.

1.5. The Capital Programme is reporting an outturn of £129.5m, this is an underspend of -£30.8m (-19%) compared to the revised programme position reported in January and -53% (-£114.8.m) when compared to the original budget of £244.3m. This is largely due to the change in accounting treatment for expenditure incurred for Temple Island, external delays and variances to schemes with spend profiles that span a number of financial years.

2. Revenue Budget Summary

2.1. The Council's overall annual revenue spend during 2018/19 has been managed across a number of areas:

a. The General Fund with a net budget of £372.4m, providing revenue funding for the majority of the Council's services;
b. The Dedicated Schools Grant (DSG) of £347.9m, which is ring-fenced for schools funding, overseen by the Schools' Forum, and surplus / deficit in 2018/19 has been managed within the fund;
c. Public Health, a ring-fenced grant of £32.5m, focused on the delivery of the Public Health Outcomes Framework and surplus / deficit in 2018/19 is managed within the fund;
d. The Housing Revenue Account (HRA) of £101.6m gross spend is a ring-fenced fund which the council's housing revenue (e.g. tenants rent) are kept and reported separately from the general fund. Any surplus / deficit in

2018/19 is managed within the fund.

General Fund Summary

2.2. The net expenditure budget varies from the original budget agreed by Council due to the final adjustments to the Local Government Finance Settlement, accounting for budgeted collection fund deficit transactions, additional business rates levy grant and other funding received in year. A reconciliation is provided in the table below.

2.3. A full reconciliation of the expenditure budget to the approved Council budget is provided in Appendix A3.

Table 1 – Funding Reconciliation

	£m	
Original Budget	**356.262**	
Funding Changes		**Allocated To**
Adult Social Care Grant	2.028	People
Additional Business Rates s31 Grants	5.339	People/Corporate Expenditure
Collection Fund Adjustment	7.279	Corporate Expenditure
Business Rates Levy Grant	1.540	Corporate Expenditure
Revised Budget	**372.448**	

2.4. The net General Fund outturn is £370.0m and in the context of the funding available / generated (£373.3m) resulted in an overarching cash surplus of £3.2m (0.9%) for the year-end.

2.5. Table 2 provides a summary of how each directorate performed against the 2018/19 budget and the primary reason for the outturn variation is outlined below the table. The movement from the forecast position in January is shown in Appendix A1 and more detailed financial performance by directorate is outlined in the service detail section of this report.

Table 2: General Fund Outturn Budget Position

	Revised Budget	Outturn	Variance
	£000s		
People			
Adult Social Care	149,881	151,008	1,127
Children and Families Services	63,883	63,054	(829)
Educational Improvement	1,526	963	(563)
Public Health	1,517	1,500	(17)
Public Health - General Fund	470	33	(437)
Total People	**217,277**	**216,558**	**(719)**
Resources			
Digital Transformation	12,563	12,352	(211)
Legal and Democratic Services	6,360	6,323	(37)
Finance	10,993	10,278	(715)
HR, Workplace & Organisational Design	11,598	11,112	(486)
Policy, Strategy & Partnerships	2,616	2,581	(35)
Commercialisation & Citizens	7,807	8,121	314
Total Resources	**51,937**	**50,767**	**(1,170)**
Growth & Regeneration			
Housing & Landlord Services	10,893	10,556	(337)
Development of Place	1,524	1,390	(134)
Economy of Place	15,082	15,763	681
Management of Place	42,980	41,299	(1,681)
Total Growth & Regeneration	**70,479**	**69,008**	**(1,471)**
SERVICE NET EXPENDITURE	**339,693**	**336,333**	**(3,360)**
Corporate Expenditure	39,817	40,768	951
Dedicated Schools Grant	(7,062)	(7,062)	0
TOTAL REVENUE NET EXPENDITURE*	**372,448**	**370,039**	**(2,409)**
Corporate Revenue Funding	(372,448)	(373,258)	(810)
TOTAL	**(0)**	**(3,219)**	**(3,219)**

2.6. The primary explanations for the outturn variations are identified below.

People

- Adult Social Care +£1.1m (+0.8%) overspend is being reported at year-end.

  The outturn position for Adult Social Care shows an overspend of £1.127m against a budget revised to £149.9m in period 7 as a result of a supplementary estimate. Further pressures materialised as a result of reduced savings and additional costs in Disabled Facilities Grant (DFG) and adverse changes in the apportionment in costs between BCC and BNSSG CCG for those service users eligible for s117 funding income.

- Children and Families Services -£0.829m (-1.3%) surplus is being reported at year-end.

The main basis for the surplus is the troubled families back-dated performance related funding, which exceeded the expectation at budget setting by £0.600m for 2018/19 and £0.500m arises through improvements and the number of Children's placements and some expected placements for which implementation was delayed.

- *Educational Improvement -* £543k (-36.1%) underspend is being reported at year-end.

  The budget pressures forecasted earlier in the financial year were addressed through a supplementary estimate of £1.600m in Period 7. Improvements to the financial position in relation to Additional Learning Needs and Education Management have resulted in an underspend.

- *Public Health - General Fund-* £436k (-92.8%) underspend is being reported at year-end.

  The large changes to the year-end budget and actuals arise from technical accounting requirements on the Hengrove Leisure Centre Private Finance Initiative contract which was subject to refinancing.

Resources

- *Finance-* £715k (-6.5%) surplus is being reported at year end.

  Housing Benefit - A "Local Authority Error Overpayment" is caused by a mistake by the Council or an administrative delay and there is a risk that the council cannot claim back the whole amount. If following audit our error rate is less than 0.48% of the total amount of our claim we can receive 100% subsidy back. Between 0.48% and 0.54%, 40% is paid back to us and if the error rate is rate is 0.54% or above, no subsidy is paid on any of the overpayments.

  Due to increase monitoring of accuracy and response times the audited error level was below the threshold and 100% subsidy could be claimed.

- *HR, Workplace & Organisational Design* - £486k (-4.2%) underspend is being reported at year-end.

  At year end additional project management costs were charged directly to projects and other sources of funding than was assumed within the budget decreasing the overall cost to the net general fund of these project costs.

- *Commercialisation & Citizens* + £314k (+4%) overspend is being reported at year-end.

  This overspend is primarily due to Facilities Management overspend due to the delayed delivery of planned savings.

Growth & Regeneration

- *Housing & Landlord Services* -£336k (-3.1%) underspend is being reported at year-end.

  Underspend primarily due to additional capitalisation of staffing time to capital projects.

- *Economy of Place* £681k (+4.5%) overspend is being reported at year-end.

  The overspend is due to enabling costs and advanced scheme design costs incurred to facilitate future capital pipeline, future capital receipts and consultancy work to enable funding from partners. These additional costs are contained within the directorate cash limit.

- *Management of Place* - £1.6m (-3.9%) surplus is being reported at year-end

  This is predominantly due to areas where Income has exceeded expectation. The prime example of this is parking and leveraging of additional external income and funding for core activity. This reflects the efforts made by the organisation to promote economic development and growth.

- *Corporate Expenditure* + £0.951 (+-2.4%) is being reported at year-end.

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

Grants notified late in the financial year

2.7. Additional grant funding was announced late in March which didn't give sufficient time to plan and spend the money on the aims of the grant. These grants are permissible for carry forward and in line with accounting requirements these grants are allocated to specific earmarked reserves to be spent in 2019/20 and are not included in the outturn surplus in table 2. A breakdown of these grants is shown in Table 3. It is requested to move these into specific earmarked reserves.

Table 3: Grants received subsequent to previous monitoring report

	£m
FGM Grant	0.010
Flexible Homelessness grant	0.385
Rogue landlords grants	0.154
Homelessness Reduction Act new burdens grant	0.058
Rough Sleepers Grant	0.032
Neighbourhood Development Plan	0.074
Flood and Water Management	0.192
	0.905

3. Housing Revenue Account (HRA) Summary

3.1. For the financial year 2018/19 the Housing Revenue Account has reported a underspend of -£8.3m (-8.1%) on the gross budget of £101.3m. This must be retained within the ring fenced HRA for which there is a long term business plan subject to regular review.

3.2. The primary explanations for the outturn variations are identified below:

- Contractor and other delays in Repairs and Maintenance £3.2m
- Revenue funded capital account (CERA), underspend due to: slippage of the capital programme into future years - £1m
- Rent income greater than budgeted due to pace of relets at target rents -£1m.
- A range of other variances resulting from areas such as; Staff turnover / vacancies, a reduction in the Fleet charge due to the fleet replacement programme not being completed and a reduction in the recharges from the general fund.

3.3. A summary of the HRA movement from the forecast position in January is shown in Appendix A1 and more detailed financial performance by directorate is outlined in the service detail section of this report.

4. Dedicated Schools Grant (DSG) Summary

4.1. The DSG is a ring-fenced grant which is allocated in four blocks. The Schools Block funds the Individual Schools' Budgets of Academies and Authority schools. The Early Years Block funds the provision of education for children from age 3 up to age 5 and for qualifying two year olds. The High Needs Block funds the place budgets at special schools, Enhanced Resource schools and Pupil Referral Units within the Council's geographical boundary and other expenditure required to support children and young people with additional educational needs. The Central School Services Block funds limited central expenditure on behalf of all schools and academies plus historic commitments that have been agreed by the Schools Forum.

4.2. In 2018-19 expenditure was £344.9m compared with in year grant income of £347.9m, offset by brought forward spend of £1.0m as agreed with Schools Forum (net £346.9m), resulting in a net surplus of -£1.9m. The service section of this report shows the analysis of this variance by area and the later paragraphs provide narrative on the reasons for the variances.

4.3. The primary explanations for the outturn variations are identified below:

- The High Needs budget started the year with a brought forward historic deficit of £2.1m and in year budget of £55.5m. The outturn for 2018/19 was £54.5m, £910k underspend against the available in-year funding, leaving a cumulative deficit of £1.1m (1.6%). A separate report to May Schools Forum: https://www.bristol.gov.uk/resources-

professionals/schools-forum-papers-and-minutes provides more detail about the components of this block.

Whilst each block is discreet, in the context of the overarching DSG the high needs pressure is offset by the following:

- The Council was successful in securing reimbursement of schools funding in March from the Education Skills Funding Agency of -£1.4m in relation to excess recoupment identified, dating back to 2016.

- The Early Years Block has a surplus of -£1.1m (3%) due to lower number of childcare hours provided in comparison to that provisionally anticipated in the census and allocated funding by the Department for Education (DfE). The DfE do not have a claw back mechanism aligned to this funding and it is therefore a surplus to the DSG.

- The residual underspend of -£554k is attributed to the growth fund, unspent monies from previous years attributed to areas such as schools in financial difficulty, trades union services and other minor underspends within the blocks.

4.4. Much of the surplus has resulted from a windfall and support was given by the Schools Forum to transfer £1.5m to the High Needs Block. To carry forward £414k earmarked for Schools in Financial Difficulties and Trade Union activities for LA maintained schools and £517k previously agreed for Maintained Nursery School supplement 2019/20, plus £208k to allow increase on SEN rates as agreed following recent consultation.

4.5. This leaves a residual £390k of the early years surplus which will be transferred to the School Reserves pending a wider strategic discussion in 2019/20 of the competing pressures to which this surplus funding should be applied. Targeted work is required to increase take up of places for those that most need them, and continuing High Needs pressure. The forecasted 2019/20 high needs pressure following the transfer proposed reduces from £3.6m overspend (forecast 2019/20 Budget approved by council) to £1.6m forecasted overspend.

4.6. The changes above have no impact on the overall general fund position as all changes are between blocks. 4 schools with deficit balances have become academies in 2018/19 and as such their accumulated deficits totaling £1.5m remains with the Local Authority (not the DSG) when they become sponsored. At the end of 2018/19 these deficits have been written off against the Council's general fund budget.

5. Public Health (PH) Summary

5.1. The PH services has been subject to an end to end review in 2018/19 to right size and ensure it has the skills and capacity to support a system leadership approach across the city; and meet the requirements of the Public Health Outcomes Framework within a reducing funding stream.

5.2. The total PH expenditure in 2018/19 is £34m. This has been financed by the £32.5m in-year public health grant and a further +£1.5m planned draw down from the earmarked PH ring-fenced reserve to achieve a balanced in year position.

5.3. In addition to the above the Council allocated £470k of general fund budget to public health further supplementing the national ring-fenced grant.

6. Capital Programme

6.1. The capital programme changed during the year as the phasing of schemes was reviewed and approvals for additional schemes and resourcing were agreed. The original capital programme set in February 2018 totaled £244.3m (including £47.0m HRA) and approvals were sought in subsequent budget monitoring reports to revise the 2018/19 programme to a budget of £160.4m.

6.2. Table 4 sets out the Capital Outturn position by Directorate (Full breakdown is available in Appendix A4)

Table 4: Capital Outturn Summary

Approved Budget Council (Feb 18)* £m	**Directorate**	**Revised Budget £m**	**Outturn £m**	**Outturn Variance £m**
33.150	People	25.848	21.806	(4.042)
7.220	Resources	8.885	4.507	(4.378)
138.383	Growth and Regeneration	69.368	49.686	(19.682)
18.595	Corporate**	16.742	16.797	0.055
47.000	Housing Revenue Account	39.544	36.746	(2.798)
244.348	**Total**	**160.387**	**129.542**	**(30.846)**
	Financed By:			
111.365	Prudential Borrowing		32.675	
68.674	Capital Grants		41.767	
10.484	Developer Contributions		1.539	
4.915	Capital Receipts		6.606	
47.000	HRA		36.746	
1.910	Revenue Contributions		10.209	
244.348	**Total**		**129.542**	

**Restate to reflect revised management structure*
***Includes schemes pending business case development*

6.3. The actual capital outturn achieved for 2018/19 is £129.5m, which includes £36.7m attributed to the HRA and overall indicates c.53% delivery when compared to the originally agreed programme.

6.4. The slippage/ delays can be attributed to a range of factors both internal such as capacity and external such as planning and environmental factors. The level of actual prudential borrowing required to finance this reduced programme is £32.6m, which is £78.7m lower than when the budget was agreed. This has had an impact on the revenue accounts with a reduction in the capital financing costs associated to the debt for the programme,

6.5. At the end of the financial year the capital programme had an overall underspend of £30.8m (19%), this was primarily due to delays, slippage across various projects in the programme and costs reduction.

6.6. Of the £30.8m underspend approval is sought to re-profile £26.6m general fund and £2.8m HRA into future years due to delays to various schemes, £1.4m is considered an underspend on various projects and will be removed from the programme. Full detail is provided in appendix A5.

7. Core Local Income

Council Tax and Non Domestic Rate Collection

7.1. Table 5 below shows the level of Council Tax and Non Domestic rates collected by the Council as at 31st March 2019 and the comparable performance for 2017/18.

Table 5 **-** Council Tax and Non Domestic Rate Collection

	Council Tax			**Business Rates**		
	2018/19	2017/18	Trend	2018/19	2017/18	Trend
Collectable Debit	241.4	239.1	↑	229.8	228.7	↑
Collected*	233.7	231.5	↑	225.9	223.9	↑
Percentage	**96.82%**	**96.79%**	↑	**98.31%**	**97.93%**	↑

7.2. It should be noted that the financial value increased year-on-year for both Council Tax and Non Domestic Rates. In addition, the proportion collected also increased for both Non Domestic Rates and Council Tax collected.

7.3. This has been assisted by the tapered introduction of Universal Credit, the growth incentivised by the Business Rates Pool and 100% business rates retention pilot. These elements have the ability to reduce the levy and retain the growth for distribution to the pool authorities. For Bristol 5% is transferred to West of England Combined Authority, 1% to the Avon Fire and 94% retained by BCC.

7.4. On Council Tax, the collection surplus for the year of £2.192m, of which £1.884m, is BCC's Share. Similarly for Non-Domestic Rates a deficit of

£1.288m has been recorded, of which £1.210m is BCC's 94% share. Both these figures have improved since the estimates included within the 2018/19 budget.

7.5. The actual growth achieved is greater than stated above. This figure is now masked by reductions being off-set by an increase in Section 31 grant to compensate for the cumulative impact on Locally Retained Business Rates of the various policy changes to the business rates multiplier that have been introduced by Central Government. The example of this for 2018/19 is captured by the increase in budgets and funding reconciliation in section 2.3.

8. Debt Management

8.1. During the year the Council collects core locally retained funding and income from various areas to fund the services provided. A breakdown of the main sources of debt outstanding at 31 March 2019 is outlined in the table below.

Table 1: Opening and closing balances of outstanding debt

Type of Debt	Opening Balance (01/04/2018) £m	Movement £m	Closing Balance (31/03/2019) £m
Sundry Debt	31.437	8.852	40.289
Council Tax Arrears	11.974	(0.434)	11.540
Business Rates Arrears	5.439	(1.347)	4.092
HRA Housing Arrears	11.155	0.273	11.428

8.2. There is an increase in sundry debt, which is predominantly due to a number of invoices raised towards the end of the financial year such as those for Better Care Fund contributions and West of England Waste Partnership payments. These payments were still outstanding as at 31 March, slightly distorting the outturn. Excluding areas such as these the sundry debt position would have been £34.4m.

8.3. Despite the overall increase in sundry debt, long term debt position, that is debt over a year old has decreased by £0.900m during the year.

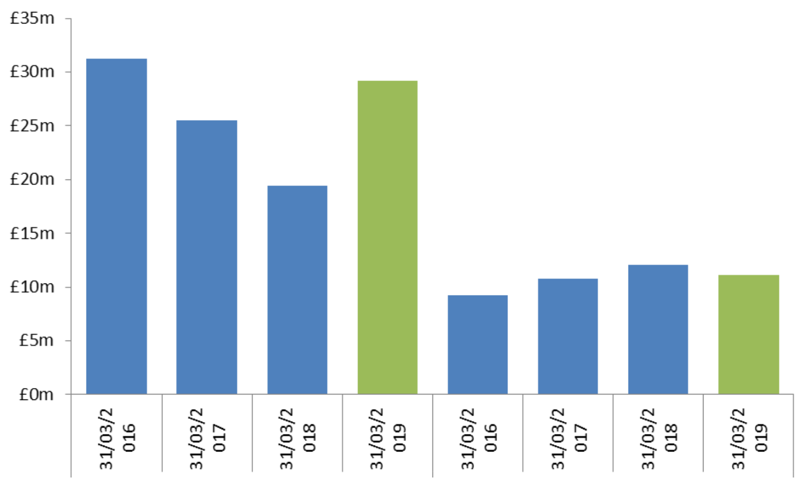


Figure 1: Comparison of debt <1 year old and debt >1 year old over last four years

9. Movement on Reserves

9.1. The following section sets out the impact of the outturn on the earmarked reserves held by the Council.

<u>Movement on General Reserve</u>

9.2. The opening balance on general reserve is £20.0m. The £3.2m surplus for 2018/19 is transferred to the general reserve. Table 7 below details the impact of the outturn position on the balances of the Council. The level of general reserve ends the year at £23.2m (6.2%) and is marginally higher than the recommended balance of 5% - 6% as stated in the Medium Term Financial Plan and Budget agreed by Council.

9.3. The Council (in common with other public bodies) continues to face a difficult financial climate; therefore, it is prudent to retain robust balances to smooth the potential effect to the tax payer of further cuts in central government funding as the funding amount and methodology for financing local government changes and this must be balanced with emerging pressures and priority spend in 2019/20.

<u>Movement on Earmarked Reserve</u>

9.4. The 2018/19 opening balance on Earmarked Reserve is £87.4m. The normal operation of council business includes movements on earmarked reserves, including spending existing reserves or placing new funding aside for use in future years.

9.5. During the year there were contributions to reserves of £17.0m and drawdowns from reserves of £23.3m, resulting in a net decrease in earmarked reserves for the year of £6.2m and table 7 below sets out those reserves with movement during the year. The net planned decrease in earmarked reserves for 2018/19 was £11.6m.

9.6. It has not been necessary to draw on the capital receipts to fund transformation in 2018/19 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.

9.7. The level of earmarked reserves further supports the forward planning of the organisation. This approach to financial management will help to deliver our corporate priorities during the short to medium term whilst mitigating / managing risks.

Movement on Other Reserves

HRA Reserves

9.8. The 2018/19 opening balance on the HRA Reserve is -£79.8m. The -£8.3m underspend for 2018/19, and planned contributions related to CCTV replacement and energy efficiency work as well as £0.9m drawdown to fund new housing management system gives a combined total of £10.3m. This underspend is ring-fenced and must be retained within the ring fenced HRA for which there is a long term business plan, subject to regular review. The main reasons for the movement of £1.4m from the P10 forecast are set out below.

School Reserves

9.9. The 2018/19 opening balance on schools Reserve is £6.7m. Overall schools specific balances have improved by £2.9m on revenue and £1m on capital, however it should be noted that this is a net position as 15 maintained schools have ended the year with deficit balances that will be carried forward into 2019/20. Also the £2.9m in-year underspend on the DSG results in £5.9m additional contribution to reserve. £240k has been drawn down for redundancy costs and maternity / absence insurance scheme for schools leaving a closing balance of £12.5m.

Table 7: Summary of Movement of Revenue Reserves during 2018/19

Earmarked Reserve Type	**Opening Balance 31.03.18**	**Contributions to**	**Drawdown**	**Closing Balance 31.03.2019**
Capital Investment Reserves	(16.795)	(7.500)	10.065	(14.230)
Transformation Reserves	(5.684)	0.000	1.322	(4.362)
Risk Management Reserves	(21.239)	(4.622)	7.253	(18.609)
Ring-Fenced Reserves (Including Public Health)	(14.642)	(1.685)	1.502	(14.825)
Financing Reserves	(13.600)	(1.242)	3.107	(11.735)

Service Specific Reserves	(15.462)	(1.997)	0.038	(17.419)
Total Earmarked Reserve	**(87.421)**	**(17.045)**	**23.286**	**(81.179)**
General Reserve	**(20.000)**	**(3.258)**	**0**	**(23.258)**
HRA	**(79.838)**	**0**	**(10.337)**	**(90.176)**
Schools	**(6.761)**	**(5.972)**	**0.240**	**(12.493)**

9.10. £0.9m 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.

Table 8: Summary of Contributions to revenue reserves during 2018/19

Source	**£**	**Contributions For**
MRP Clawback	7.500	Capital investment reserve, which includes Energy Initiatives
Corporate Budget	2.062	Insurance Fund
Business rates pool	1.636	Technical City Deal pooling reserve
MHCLG Levy rebate for 2019/20	1.539	2019/20 Budget Setting
WECA – Gain/Levy 2018/19	1.019	WECA levy variations / pressures
Business rates income	1.000	Streetscene - BWC
Specific grants	0.905	Grants received in advance
PFI credits	0.604	PFI Sinking Fund
Business rates income	0.500	Bristol Credit Union
Budgeted project invest to save	0.230	Strengthening families
Downs Budget	0.048	Downs
	17.045	**Total**

9.11. During the year there was £23.3m drawdown from ear-marked reserves. At budget setting drawdown of £19.9m was planned drawdown from reserves.

Table 9: Summary of drawdowns from revenue reserves during 2018/19

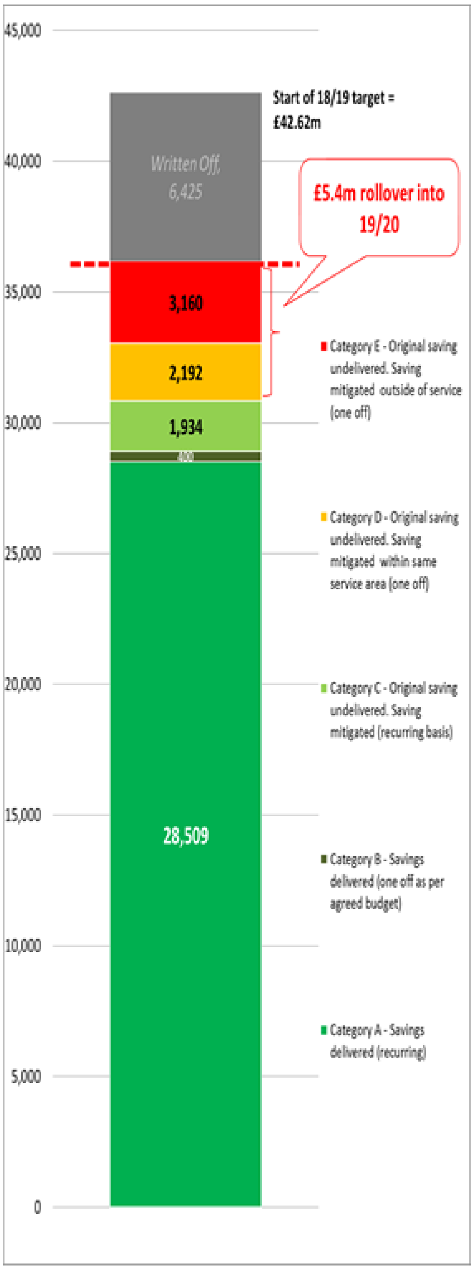
Use	**£**
Arena Revenue Reversion	11.822
Bristol Energy Approved Business Plan Investment	6.500
Waste Operation	3.000
Public Health	1.486
Planned Capital Spend (incl. Education Management System)	0.371
Hengrove PFI Sinking Fund	0.107
Total	**23.286**

10. Performance against Savings Programme

10.1. To balance the 18/19 budget, savings totalling £34.5m were approved by Full Council. £29.1m of these have been confirmed as delivered on an on-going basis. £5.4m 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. In addition there was £8.1m of savings planned in 17/18 which hadn't been delivered on an on-going basis, totalling £46.2m savings required for 2018/19.

10.2. As shown in Figure 2, of the total £46.2m savings requirement for 18/19 £6.4m have been written off as undelivered. Of the residual £39.8m, £5.4m remains undelivered and is carried forward into 2019/20.

Figure 2: End of Year Savings Tracker



One-off mitigations for 2018/19

- **Category E: £3.2m required mitigations from alternative sources such as wider Directorate** budgets or contributions from other sources. The savings will still be required to be delivered in 19/20. The status of plans for delivering these savings in 18/19 is varied.
- **Category D: £2.2m was mitigated in year via one-off approaches within the same services,** but the original approach still stands and will roll into 18/19.

Recurring Mitigations

- **Category C: £1.9m was mitigated in year via recurring approaches within the same services.** These were each reviewed and approved by Delivery Executive.

Delivered as Planned

- **Category B: £0.4m delivered** as per the original agreed method and signed-off as closed. These were always planned as one-off savings.
- **Category A: £28.5m delivered** as per the original agreed method and signed-off as closed. These are recurring savings.

10.3. For various reasons a saving may not deliver the original budgeted amount. Once all possible mitigations have been exhausted to deliver the saving, the last course of action is to write off the saving. This is the last step as doing this will increase the future savings requirement.

10.4. The following agreed savings have been written off. The impact of not delivering these have been fully reflected in the budget setting process for 2019/20 so does not have a further impact on the on-going financial position of the authority.

Table 10: Breakdown of written off savings

Directorate	Saving Description	£m
People	BE8 – Best Value Contracts	0.325
People	FP22 – Increase Supported Living Provision	0.198
People	FP03 – Implementing a new model of care	1.204
People	RS08 – Respite Policy Review	0.454
People	FP04 – Recommission Community Support Services	2.106
People	FP05 - Education Services Grant	0.465
Growth & Regeneration	RS04 – Libraries	1.040
Growth & Regeneration	FP11 - Single city-wide Information, Advice and Guidance Service	0.090
Growth & Regeneration	BE22 - Centralised events	0.038
Resources	FP14 - In-house enforcement	0.347
Resources	RS15 - Reduce Discretionary Rate Relief for business rates	0.158
	Total	**6.425**

10.5. Appendix A2 gives additional detail regarding mitigation to delivery of savings.

11. Service Detail

People

Revised Budget	Outturn	Outturn Variance	Movement from P10
£223.1m in P10	£232.6m in P10	(£0.6m) in P10	
P12 **£215.8m**	**£215.1m** ⇩	**(£0.7m)** ⇩	**(£0.1)m**

Education

11.1. The General Fund position for Education produced an underspend of (£0.6m) at year-end. This was an increase of (£0.2m) on the forecast (£0.4m) from Period 10.

11.2. The components are explained as follows. -£0.107m underspend within Early Years, which is part of a reduction reflected in the budget setting for 2019/20. -£0.146m underspend on Education Management is a combination of one-off savings and reductions that have already been anticipated for 2019/20. -£0.275m underspend on Additional Educational Needs was known at Period 10 and has been applied in 2019/20 to the pressures within Home-School Transport. The final -£35k underspend is in Employment and Skills and includes minor variances on staffing which will not recur.

Children and Family Services

11.3. The Children and Families position has ended the year with an underspend of £0.829m, which is an improvement on the £17k forecast overspend reported in Period 10.

The main changes since previous forecast is -£0.6m underspend arises because the basis of the troubled families reward grant during 2018/19. Previously, Bristol was one of the authorities granted Earned Autonomy which provided guaranteed funding, plus the back-dated performance related funding for 2017/18, which exceeded the expectation about grant income at budget setting for 2018/19.

11.4. -£0.5m arises through improvements within Children's placements, including some expensive reductions in the last two months, some expected placements that whose implementation was delayed beyond the year-end and some additional income.

Table 11: Breakdown of Children and Families

Placement Category		Financials				
Placement Category	**Cost Centre name**	**AVERAGE APR TO MARCH**	**ANNUAL BUDGET £000**	**ANNUAL FORECAST £000**	**FORECAST VARIATION £000**	**ACTUAL AVERAGE WEEKLY COST (£)**
Bristol Residential	Inhouse Supported Accom - Looked after (Pre 18)	7	85	238	153	132
	Inhouse Supported Accom - (Post 18)	28				

	Childrens Residential Homes	11	3,037	2,536	-502	4,578
Bristol Residential Total		45	3,122	2,773	-349	4,710
Foster Care	In house Fostercare - Looked after (Pre 18) In house Fostercare - (Post 18)	395 39	6,091	5,819	-272	258
	Independent Fostering Agencies - Looked After (Pre 18) Independent Fostering Agencies - (Post 18)	157 26	7,072	6,200	-872	653
	Adoption - Looked after (pre 18) Adoption - (Post 18)	63 4	651	491	-161	140
Foster Care Total		684	13,814	12,509	-1,305	1,051
Non-Bristol Residential	Out of Authority	36	5,345	5,767	422	3,102
	Parent & Baby Unit	5	704	608	-95	2,160
	ESA - Looked after (Pre 18) ESA- (Post 18)	8 2	750	1,313	563	2,424
Non-Bristol Residential Total		52	6,798	7,689	890	7,687
Other	Secure Unit	1	160	182	22	4,661
Other Total		1	160	182	22	4,661
Permenancy	SGO/RO/CAO - (Pre 18) RO/SGO/CAO (Post 18)	523 2	3,628	4,750	1,122	174
Permenancy Total		525	3,628	4,750	1,122	174
Grand Total of all placements	**Grand Total**	**1,306**	**27,523**	**27,903**	**380**	
Total for Teams and Other Serivces			**36,360**	**35,151**	**-1,209**	
Childrens Totals			**63,883**	**63,054**	**-829**	

*ESA = External Supported Accommodation
**SGO = Special Guardianship Order, RO = Resident Order, CAO = Child Arrangement Order

Adult Social Care

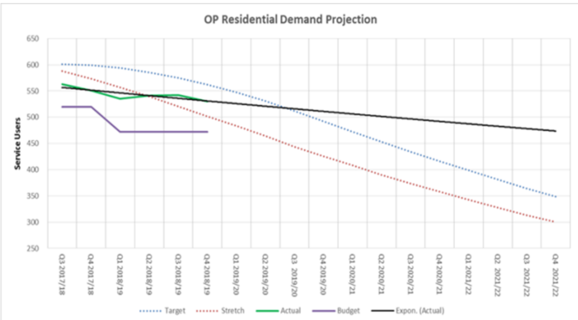
11.5. The outturn position for Adult Social Care shows an overspend of £1.127m against a revised budget of £149.65m. This is an adverse movement when compared to the forecast position at P10 of £1.127m.

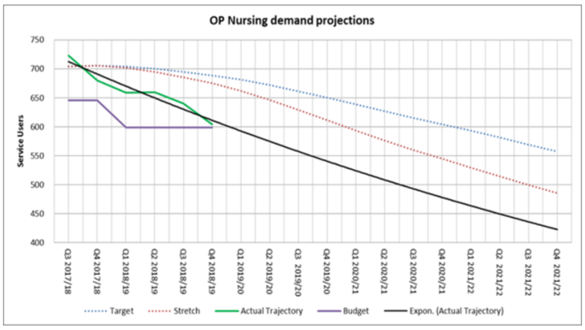
11.6. The main elements of the variance and movement from P10 are as follows, it had been forecast that further savings of £1.084m would be delivered between P10 and Outturn but actual savings amounted to £0.666m a shortfall of £0.418m; planned use of Disabled Facilities Grant (DFG) was £0.851m at P10 at P12 it was only possible to use £0.602m a shortfall of £0.249m; due to changes in the apportionment in costs between BCC and BNSSG CCG for those service users eligible for s117 funding income at P12 was £0.177m lower than forecast at P10; the level of debt write offs for bad debts was £0.171m worse than forecast at P10 and the net value of prior year underspends associated with the Better Care Fund was £0.202m higher than forecast at P10

11.7. The budget for 2018/19 included savings totalling £6.648m. During the course of 2018/19 a number of key projects commenced or changes were made that started to make an impact on the way services are delivered to Adults who need support, these are outlined as follows:

- Bristol Rate set for placement of frail elderly in care homes from July 2018
- Implemented a range of practise changes that includes improvement to the front door and emphasising community solutions as opposed to a residential placement
- Set out new strategy for Home Care commissioning to secure market capacity that reset the price paid for homecare from September 2018 onwards
- Implemented from November 2018 new Homefirst/Reablement service to improve hospital discharge flows and support a return to home with a smaller care package than without reablement.

11.8. The graphs below demonstrate that placement levels are reducing for both residential and nursing service users aged 65+ and they are projected to continue over the next two years.





The Bristol Rate is being achieved on 89% of occasions. Where the rate is not being achieved it is where the provider/home does not accept the rate and there are no alternative homes available.

Public Health (GF)

11.9. Public Health underspent by (£0.436m). Healthwatch underspent by (£0.157m), Safer Bristol underspent by (£72k), Substance Misuse Service identified an underspend of £0.197m. The large changes to the year-end budget and actuals arise from technical accounting requirements on the Hengrove Leisure Centre Private Finance Initiative contract.

Capital

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£25.m in P10	£25.5m in P10	(£0.3m) in P10	
£25.8m	**£21.8m**	**(£4.0m)**	**(£3.7m)**

11.10. Most of the £4m underspend is slippage, with £3.1m in the schools programme and underspends across the rest of the programme.

Growth and Regeneration

Revised Budget	Outturn	Outturn Variance	Movement from P10
£57.3m in P10	£57.1m in P10	(£0.2m) in P10	
P12 **£70.5m** ⇩	**£69.0m** ⇩	**(£1.5m)** ⇨	**(£1.3m)**

11.1. The Growth and Regeneration Directorate had an overall net Revenue budget of **£70.42m**. The reported year end position is **£1.47m** underspend. This was higher than anticipated and is due to the following variations:

11.2. **Housing & Landlord Services £336k net underspend** – Underspend due to additional capitalisation staffing time on disabled facilities grant. The service has improved 1,290 private rented properties and helped over 2,500 disabled residents during 2018-19.

11.3. **Economy of Place £681k net overspends** – The main reason are the enabling costs incurred to facilitate future capital receipts (£287k) and consultancy work to enable funding from partners. Property services savings shortfall (£675k), Historical buildings income shortfall (£500k), offset by capital receipts contributions to revenue (£201k), savings in repairs and maintenance budget (£75k), additional income view rent reviews (£300k) & Street numbering (£210k), bottle yard (£93k) and staffing salary underspends, underspends against flood budget due to management review (£200k), as well as Redundancy compensation payment (£250k).

11.4. **Management of Place £1.68m net underspend** - Additional income following the introduction of Sunday/evening parking (£348k), New Bus Lane enforcement (£300k), Residents parking permit (£537k) , and better debt recovery via new bailiff contract (£240k). There were also reduced expenditure as a result of staff vacancies (£352k). These were partially offset by shortfall in Car park income (£370k), and one-off spend on Bridges (£240k).

Capital

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£81.5m in P10	£71.4m in P10	(£10.1m) in P10	
£69.4m	**£49.7m**	**(£19.7m)**	**(£9.5m)**

11.5. The Growth and Regeneration Directorate had an overall Capital budget of **£69.37m**. The reported year end position is **£19.68m** underspend also representing a 72% delivery against target. The underspends are mainly due to project slippage in the following areas:

11.6. Sustainable Transport – Additional First Bus retrofits have been re-scoped due to delayed decisions regarding technical specifications. Long Ashton Park and Ride Land Purchase delayed as dispute continues over land value. Go Ultra Low City Scheme delayed due to complications in the tender process, re-design requirements due to electrical capacity issues and staffing resource issues. The fleet conversion is delayed as the vehicles cannot be brought in until charge points are in place, and these have been delayed due to issues with tenders.

11.7. Housing Strategy and Commissioning – Slippage in the delivery programme partly due to the schemes dependence on registered providers to facilitate the work in a time and manner that fits BCC profile.

11.8. Passenger Transport – Slippage due to reprioritisation of grant funding on some of the projects, delays in obtaining the necessary permissions to progress work

11.9. Cattle Market Road site re-development – Slippage due to the complicated site conditions discovered through surveys etc. Demolition work (which was delayed) has now started and will be completed in 19/20.

11.10. Innovation & Sustainability - OPCR 2 – Due to changes in the profile of spend which required a change request being submitted to WECA, the revised Grant offer was only issued after consideration and approval by the relevant committee. This has affected delivery in 18/19.

11.11. Energy services - Renewable energy investment scheme – Delays mainly due to service restructure which meant that a number of projects were put on hold. Also one project was delayed due to a change in specification.

11.12. Investment in parks and green spaces – Mainly due to staffing/capacity issues in year, as well as Some projects being delayed to the adverse public reaction to works and issues with the contactor – i.e. Stoke Park

11.13. Strategic Transport – Mainly due to Local Enterprise Zone (LEZ) slippage resulting from unforeseen ground conditions, clashes with uncharted services, integration of District Heating Main, design revisions required during bridge fabrication, and Revisions to lighting desgin

11.14. Colston Hall - Delays in preparing and executing the building contract with the main contractor has meant that the actual expenditure at year end did not meet forecast.

11.15. Bristol Operations Centre - Phase 2 - The key reason for the budget slippage in 2018-19 was due to an early closure of the SMART City Initiative that was led by Deloitte.

Gross expenditure by Programme		Budget	Outturn	Variance
PL05	Sustainable Transport	12,739	8,009	**(4,730)**
PL30	Housing Strategy and Commissioning	9,454	6,105	**(3,349)**
PL02	Passenger Transport	2,131	385	**(1,747)**
PL11A	Cattle Market Road site re-development	11,021	9,490	**(1,531)**
GR06	Innovation & Sustainability - OPCR 2	1,500	71	**(1,429)**
PL18	Energy services - Renewable energy investment scheme	2,772	1,634	**(1,138)**
NH02	Investment in parks and green spaces	1,902	788	**(1,114)**
PL04	Strategic Transport	9,250	8,570	**(680)**
PL24	Colston Hall	3,325	2,715	**(610)**
NH06A	Bristol Operations Centre - Phase 2	905	392	**(513)**
		54,998	**38,157**	**(16,841)**
	Other schemes	**14,370**	**11,529**	**(2,841)**
Total - Growth and Regeneration		**69,368**	**49,686**	**(19,682)**

Resources

Revised Budget	Outturn	Outturn Variance	Movement from P10
£50.3m in P10	£51.1m in P10	£0.7m in P10	
P12 **£51.9m** ⇩	**£50.8m** ⇩	**(£1.2m)** ⇨	**(£1.9m)**

11.16. Resources directorate underspent their budget was £1.2m at year end, this was a movement from the previous forecast of just under £2m, this was driven by additional income during the final quarter of the year and also a reduction in prudential borrowing charges. During the year the overall Directorate budget was also reduced by £0.6m to support the pressures within People directorate.

11.17. Digital Transformation - underspend is being reported at year-end.

11.18. Finance - Housing Benefit - “Local Authority Error Overpayment” is caused by a mistake by the Council or an administrative delay and there is a risk that the council cannot claim back the whole amount. If following audit our error rate is less than 0.48% of the total amount of our claim we can receive 100% subsidy back. Between 0.48% and 0.54%, 40% is paid back to us and if the error rate is rate is 0.54% or above, no subsidy is paid on any of the overpayments. Due to increase monitoring of accuracy and response times the audited error level was below the threshold and 100% subsidy could be claimed.

11.19. The above is offset by overspends within Facilities Management relating to delayed delivery of planned savings were offset by underspends across other areas within Resources.

Capital

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£8.9m in P10	£6.7m in P10	(£2.1m) in P10	
£8.9m	**£4.5m**	**(£4.4m)**	**(£2.2m)**

Other Budgets

11.20. 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.

11.21. 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.

11.22. The Council received an additional £5.0m in section 31 grants to compensate for loss of business rates from mandatory business rates relief awarded during the year. Confirmation of the errors, and their impact on the Council's income, was notified too late for budget setting, with arrangements for final adjustments confirmed in April 2018. This was reported to Cabinet in conjunction with the first monitoring report of the financial year in September.

Ring-fenced Accounts

Housing Revenue Account

Revised Budget	Outturn Expenditure	Outturn Variance	Movement from P10
£0.0m in P10	(£9.7m) in P10	(£9.7m) in P10	
P12 **£0.0m** ⇨	**(£8.3m)** ⇩	**(£8.3m)** ⇩	**£1.4m**

11.23. For the financial year 2018/19 the Housing Revenue Account has reported a surplus of £8.3m which must be retained within the ring fenced HRA for which there is a long term business plan subject to regular review. The main reasons for the movement of £1.4m from the P10 forecast are set out below.

Income

11.24. The rent income received was greater than budgeted by £1m due to more properties being successfully relet at target rents. This was partially offset by the number of voids being higher than budgeted, although void days were still lower than in the previous year.

Repairs and Maintenance

11.25. Repairs and maintenance were underspent by almost £3m, this was due to: the poor performance by a contractor whose contract was subsequently terminated contributing to an underspend in response repairs of £1.1m; underspends in the internal work force due to staff turnover, and a reduction in the Fleet charge due to the fleet replacement programme not being completed. The movement from the P10 forecast position was due to more relet repairs being treated as revenue than forecast previously, and higher exit costs arising from terminating the contract than forecast.

Supervision and Management

11.26. The outturn position for Supervision and Management was £1m under initial budget mainly due to a review of recharges from the General Fund. The budgets were greater than the charges received.

Rent, rates and other charges

11.27. There was a saving on the budget relating to council tax on voids budget. This was due to reduced number of voids and an improved way of Housing working with Council Tax to review these costs.

Depreciation, revenue funded capital (CERA), interest payable and bad debt provision

11.28. The CERA budget shows an underspend due to: slippage of the capital programme into future years the funding of the capital programme changed from the original plan and CERA was used rather than using right to buy receipts or reserves.

11.29. The level of bad debt write offs were less than budgeted as it had been anticipated that Universal Credits system was to be rolled out quicker than it actually did.

Capital

Revised Budget £39.5m in P10	Outturn Expenditure £36.6m in P10	Outturn Variance (£2.9) in P10	Movement from P10
£39.5m	**£36.7m**	**(£2.8m)**	**(£0.1)**

11.30. The capital programme for the HRA is a five year rolling programme within a thirty year business plan – hence if projects are delayed then the work will still be required to take place in the following year. The capital expenditure was lower than originally planned due to: a tender return for investment in blocks being less than envisaged; delays in the tendering process for several projects due to: procurement delays, legal delays in preparing contract documents, resourcing issues, and changes to procurement processes. Savings were achieved on procurement of some contracts and tenders whilst the Blocks Rewire tender was slow to market due to procurement resource issues and new electrical engineer. There were also some further contract start dates delayed; capitalised works reclassified as New Build costs; and the New Build programme was ahead of schedule (but not planned to be over the total scheme budget).

Dedicated Schools' Grant (DSG)

Table 12: Summary DSG position 2018/19 Period 12 (All figures in £000s)

	b/f	Funding 2018/19	Actual Period 12 (Outturn) 2018/19	In-year variance	Cumul-ative Carry-forward 2018/19	P10 Carry-forward 2018/19	Movement since Period 10
Schools Block		253,423	251,862	-1,561	**-1,561**	-1,438	-123
De-delegation	-357		-57	-57	**-414**	-357	-57
Schools Central Block		2,262	2,245	-17	**-17**	-14	-3
Early Years	-500	36,802	36,187	-615	**-1,115**	-953	-162
High Needs Block	2,055	55,454	54,544	-910	**1,145**	1,265	-120
Funding	-182	-347,941	-347,759	182			
Total	**1,016**		**-2,978**	**-2,978**	**-1,962**	**-1,497**	**-465**

NB, to be consistent with the figures reported to Schools Forum, this summary includes £165m for mainstream academies and £9m for High Needs recouped by the ESFA.

11.31. **Schools Block (-£1.561m cumulative underspend).** Combination of excess recoupment, dating back to 2016, reimbursed (-£1.438m), an underspend on the Growth Fund of -£98k and some modest variances arising from recoupment calculations of -£25k.

11.32. **De-delegation (-£0.414m cumulative underspend).** The majority of this underspend is attributable to Schools In Financial Difficulty, which has not had any new funding added to it for 2019/20 because of the availability of unspent monies from previous years. The remainder is minor underspends on the trades union services. This is set out in Table 13.

Table 13: Outturn for de-delegated items 2018/19

	Brought forward 1.4.18 £'000	In-year movement £'000	Carry forward 31.3.19 £'000
Schools In Financial Difficulty	(290)	(44)	(334)
TU Facility Time	(72)	(12)	(84)
Health & Safety Roving Reps.	5	(1)	4
De-delegated Services	**(357)**	**(57)**	**(414)**

11.33. **School Central Block (-£17k cumulative underspend**). A modest underspend of £14k in the Schools Forum budget with the balance (£3k) in Combined Services.

11.34. **Early Years (£1.115m cumulative underspend).** The final analysis of the January 2019 pupil census was not available until very late in the financial year. It confirmed expectations that participation levels were at least at the level of January 2018; in the end participation overall was up by 1.5%.

11.35. **High Needs Block (£1.145m cumulative overspend).** The outturn for 2018/19 was £0.120m better than that reported at Period 10 and the service underspent against the available in-year funding by £0.910m. The cumulative deficit is an improvement on the position at the end of 2017/18 because of that in-year underspend.

11.36. **Funding (Nil variance)** The funding for 2018/19 includes £4.1m from the General Fund as a one-off contribution to support the PFI Affordability Gap. It includes the impact of the final Early Years DSG adjustment for 2017/18 and the notified entitlements to DSG for 2018/19 plus the estimated amount of additional 2018/19 Early Years DSG to be received in summer 2019.

11.37. **Attribution of Year-end balances** At Schools Forum on 15th May 2019, the proposed reattribution of balances set out in Table 14 was agreed.

Table 14 Proposed amendments to DSG year-end balances 2018/19 agreed by Schools Forum (15th May 2019)

	Carry-forward 2018/19 £m	**Transfer £m**	**Amended balance £m**	**Comment**
Schools Block	(1.561)	1.561	0	Much of the £1.561m arose from a windfall reimbursement where the ESFA had recouped too much from the Local Authority. Transfer the unspent balance to the High Needs Block.
De-delegation	(0.414)	0	(0.414)	Earmarked for Schools in Financial Difficulties and Trade Union activities for LA maintained schools, so leave it where it is.
Schools Central Block	(0.017)	0.017	0	Minor underspend not required in the Central School Services Block. Transfer to High Needs Block.
Early Years	(1.115)	0	(1.115)	No transfer of Early Years balances. £0.517m for already agreed for Maintained Nursery School Supplement 2019/20, plus £0.208m to allow increase on SEN rates as agreed following consultation (as a one-off, pending outcomes of top-up review – see separate Early Years report) plus £0.390m unallocated.
High Needs Block	1.145	(1.578)	(0.433)	Start the year with a £0.4m surplus balance through transfers from other blocks, reducing the forecast for 2019/20 from £3.6m overspend to £1.6m overspend.
Total	**(1.962)**	**0**	**(1.962)**	No impact on the overall position; all changes are between blocks.

11.38. The high level strategy for dealing with the funding pressures in the High Needs Block, reported in the January 2019 meeting of Schools Forum is:

- Lobbying central government for more High Needs funding;
- Transforming the High Needs service through the High Needs Transformation Programme via stakeholder engagement and public consultation; and

- Transfers of funding from different blocks or funds to support the High Needs budget.

11.39. The proposed reallocation of balances would acknowledge existing commitments and transfer the rest to the High Needs Block. Schools Forum may take a different view and if this can be articulated it can be taken into account in the proposals on this to be considered by Cabinet on 4th June 2019

School Balances

11.40. Overall schools balances have improved by £3m on revenue and £1m on capital. Table 15 has the summary position. Part of this improvement has been because of the efforts made by schools to keep their budgets under control.

Table 15: Maintained School (and Children's Centre) balances 2018/19

	Revenue b/f 2018/19 £'000	**Revenue Movement 2018/19 £'000**	**Revenue c/f 2018/19 £'000**	**Capital b/f 2018/19 £'000**	**Capital Movement 2018/19 £'000**	**Capital c/f 2018/19 £'000**
Nursery	1,544	-249	1,295	-321	17	-304
Primary	-5,732	-1,009	-6,741	-2,035	-651	-2,686
Secondary	-260	-332	-592	-50	54	4
Special	-682	-796	-1,478	-1,126	-285	-1,411
Hospital	3	-266	-263	-1	-13	-13
Children's Centre	274	-344	-70	11	-37	-26
Total	**-4,853**	**-2,996**	**-7,849**	**-3,522**	**-914**	**-4,436**

11.41. 17 out of 87 LA maintained schools and academies started the year with a revenue deficit. By the end of the year, 15 out of 78 LA maintained schools had deficits to carry forward into 2019/20. Table 6 has the summary position.

Table 16 Numbers of schools with revenue b/f and c/f surpluses and deficits for 2018/19

	Deficit April 2018	**Surplus April 2018**	**Total**	**Deficit March 2019**	**Surplus March 2019**	**Total**	**Change in deficit**	**Change in surplus es**	**Change in total**
Nursery	7	5	**12**	8	4	**12**	1	-1	**0**
Primary	5	52	**57**	4	45	**49**	-1	-7	**-8**
Secondary	1	2	**3**	0	2	**2**	-1	0	**-1**
Special	1	6	**7**	1	6	**7**	0	0	**0**
Hospital	1	1	**2**	0	2	**2**	-1	+1	**0**
Children's Centre	2	4	**6**	2	4	**6**	0	0	**0**
Total	**17**	**70**	**87**	**15**	**63**	**78**	**-2**	**-7**	**-9**

11.42. Part of this improvement has been the result of a small number of schools becoming academies where their accumulated deficit remains with the Local Authority when they become sponsored. In those circumstances, the Local Authority has no option but to write-off the resulting deficit. At the end of 2018/19 there are deficits to be written off against the Council's budget (i.e. non-DSG funds) of £1.523m.

11.43. Maintained schools can apply to become academies (optional conversion) or they can be instructed to become academies by the Secretary of State (sponsored conversion).

11.44. **Optional Conversion** - Where a school chooses to convert to an Academy, the LA receives written notification from the ESFA. The ESFA issue an instruction to prepare a closing balance at the point of conversion, agree with the school and transfer to the school. Where there is a deficit on conversion, the school may request that this is recouped through the GAG (General Annual Grant) funding, in which case the LA advise the ESFA, who in turn pay the LA. The ESFA require the closing balances to be agreed and transferred within 4 months of conversion.

11.45. **Sponsored Conversion** - Where a school is considered vulnerable, the ESFA can enforce an Academy Order, the LA will prepare a closing balance at the point of conversion. A surplus balance will be transferred to the school, and a deficit balance will be retained by the LA.

11.46. During 2018/19 there were 6 optional conversions. 5 of these converting schools had surplus balances amounting to £0.475m in aggregate. 1 of the converting schools had a deficit balance of £0.129m which the academy inherited. There were 3 sponsored conversions (plus one from the previous year which had not been fully resolved by year-end). The four sponsored conversions each had deficit balances amounting to £1.523m in aggregate.

11.47. The improvement in the numbers and size of school balances is not entirely due to academy conversions. It is evident that many individual schools and governing bodies have successfully improved their financial positions.

Public Health

11.48. In 2018/19 the public heath grant was reduced by 2.6% compared to 17/18. In setting the budget there was an assumed drawdown from reserves of £1.8m.

11.49. During the year the service undertook a thorough financial review of all services to ensure that delivery is brought within this reducing budget envelope, reflecting key priorities. A restructure has been completed and costs have reduced during the year which are reflected in the year end drawdown of £1.5m from the ring-fenced reserve.

	Budget £m	**Outturn £m**	**Variance £m**
Public Health	32.5	34.0	(1.5)