APPENDIX A

1. Executive Summary

1.1. This report provides information and analysis on the Council’s financial performance and use of resources to the end of the financial year 2019/20, in comparison to the budget set by Council on 26 February 2019, 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. This year’s annual accounts publication has been delayed as a result of the impact of covid-19.

1.3. 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.

1.4. The key areas covered in this report are revenue, capital, core funding, debt management, reserves and savings. 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 overall revenue budget position after taking account of adjustments to and from reserves was a ‘cash deficit’ of £5.3 million.

1.6. The impact of the covid-19 pandemic and social distancing activities was late in the financial year however it did have a noticeable financial impact on the Council during the months of February and March since the previous monitoring report. Emergency expenditure was incurred in responding to the pandemic. In March significant efforts were made to prepare services such as social care and rough sleeping ahead of anticipated peak during May/June and also to source protective personal equipment and additional ICT hardware to support Council employees continue working remotely.

1.7. It also had an immediate impact on several revenue streams, particularly within parking and culture as travel into the City ceased and cultural venues closed with immediate effect.

1.8. The Capital Programme is reporting an outturn of £144.7 million, this is an overspend of £2.4 million (2%) compared to the revised programme position reported in February however an underspend of £91 million (39%) when compared to the original budget of £236 million. This is largely due to external delays and variances to schemes with spend profiles that span a number of financial years.

2. Revenue Budget Summary

General Fund Summary

2.1. 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, business rates levy grant and other funding received in year. A reconciliation is provided in the table below.

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

Table 1 – Funding Reconciliation

	£m
Original Approved Budget	**376.299**
Funding Changes	
Business Rates levy technical adjustment	(1.540)
Revised Budget	**374.759**

2.3. The net General Fund outturn is £380.1 million and in the context of the funding available / generated (£374.8 million) resulted in an overarching cash deficit of £5.3 million for the year-end.

2.4. Table 2 provides a summary of how each directorate performed against the 2019/20 budget and the primary reason for the outturn variation is outlined below the table. A more detailed financial performance by directorate is outlined in the service detail section of this report.

Table 2: General Fund Expenditure

	2019/20		
	Revised Budget	**P12 Outturn**	**Variance**
	£000s		
People			
Adult Social Care	149,021	154,980	5,959
Children and Families Services	64,722	64,722	(0)
Educational Improvement	(4,910)	(4,072)	838
Public Health - General Fund	289	38	(251)
Total People	**209,122**	**215,668**	**6,546**
Resources			
Digital Transformation	13,776	12,320	(1,455)
Legal and Democratic Services	7,130	6,462	(667)
Finance	12,959	12,959	0
HR, Workplace & Organisational Design	10,975	10,892	(83)
Policy, Strategy & Partnerships	3,062	2,642	(419)
Commercialisation & Citizens	10,937	12,918	1,980
Total Resources	**58,838**	**58,193**	**(645)**
Growth & Regeneration			
Housing & Landlord Services	11,609	11,125	(484)
Development of Place	2,022	2,003	(19)
Economy of Place	5,777	6,165	388
Management of Place	46,782	46,903	122
Total Growth & Regeneration	**66,190**	**66,197**	**7**
SERVICE NET EXPENDITURE	**334,149**	**340,058**	**5,909**
Levies	857	1,106	249
Corporate Expenditure	39,753	38,912	(842)
TOTAL REVENUE NET EXPENDITURE	**374,759**	**380,076**	**5,317**

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

People

Adult Social Care

2.6. The Outturn position for Adult Social Care on a net budget of £149.0m is £155.0m an overspend of £6.0 million. As previously reported the service did not achieve the target saving of £4.3m in the year primarily due to pressures from hospital discharges throughout the summer at unprecedented levels and insufficient supply within Home Care market (in part due to severe workforce challenges)

2.7. To address the lack of Home Care capacity the service need to make placements in higher cost Nursing and Residential Care which wasn't assumed within the savings plan.

Children's and Family Service

2.8. The outturn position for Children and Family Services is a balanced position on a net budget of £64.7 million. The implementation of the Strengthening Families programme has seen an overall reduction in placement spend between 2018/19 and 2019/20 and there has been a shift in spend from high to low cost placements. This has been achieved by a reduction in spend within the most costly placements, such as non-Bristol residential settings and independent fostering.

2.9. The major pressures in the service which have been mitigated during 2019/20 are:

- Delays in opening Bristol's first new children's home as the contractor entered liquidation without completing refurbishment work.
- Escalating contextual risk, particularly serious youth violence, resulting in the death of a child in care and court ordered remand for others.
- Extended use of Agency as South West England delays in registration of newly qualified social workers.
- Agency support costs / placement costs for children moved from St Christopher's.

Educational Improvement

2.10. The General Fund position for Education produced an overspend of £0.8 million at year-end. Home to School Transport caused the majority of this overspend finishing the year £0.6 million overspent. Demand for the service reflects the increase in SEND pupils, there was a 13% increase in SEND children eligible for transport and there continue to be an increase in Out of Area placements that cost more to transport.

2.11. Contract prices also increased during the year by more than inflation as well as above inflation pay increases for Passenger Services Escorts. The service has continued the use of Personal Travel Budgets to allow parents/carers to manage their travel package which overall is a cheaper way of delivering transport but cost have increased as more complex children are also using this method.

Resources

2.12. The Resources Directorate year-end outturn has improved by £1.3 million from the previous forecast so that its end of year position shows a (£0.6m) underspend compared to budget. This underspend is due primarily to variances in the following services:

Digital Transformation

2.13. There were underspends in historic repairs and maintenance contract costs and in Licences which are no longer required in part due to the investment in IT Transformation. During the year £2.2 million from capital receipts was spent on the IT transformation programme.

Commercialisation and Citizens

2.14. Facilities Management ended the year with a £3.8m overspend where the service were unable to achieve planned savings and also pressures on waste management costs whilst additional repairs and maintenance were needed to address urgent works

2.15. Fleet Services overachieved against its income targets and underspent on its vehicle fuel costs and on vehicle maintenance contracts. Docks, Estates & Markets over achieved fee and rental income and reduced costs across various expenditure budgets by (£0.3m) and there were reductions in the Harbour Services repairs & maintenance costs of (£0.2m).

Growth and Regeneration

2.16. The Growth and Regeneration Directorate year-end outturn position shows a balanced position against a net revenue budget of **£66.2m**. Although balanced this is an unfavourable movement from the position reported at P10 and the breakdown by Division are as follows:

Housing & Landlord Services

2.17. £0.5m underspend against a net Revenue budget of **£11.6m.** The main reasons for the variances are as follows:

- Underspend on Private Housing and Accessible Homes due to vacancies early in the year, additional support on Disabled Facilities Grant work with costs being capitalised and an additional contribution to overheads from a new discretionary licensing scheme.

Economy of Place

2.18. £0.4 million overspend against a net Revenue budget of £5.8m. The main reasons for the variances were due to a one-off compensation payments as reported at P10. The service also incurred reduction in income from museums which has been offset against use of the covid-19 emergency funding.

Management of Place

2.19. £0.1m overspend against a net revenue budget of £46.8m. Parking income reduced significantly in the last three weeks of March, £0.5 million of which has been allocated against the covid-19 emergency grant funding.

3. Ring-Fenced Accounts

Housing Revenue Account

3.1. For the financial year 2019/20 the Housing Revenue Account has reported a surplus of £1.0m. This surplus will be transferred to the HRA reserves and is earmarked to fund the Moving Forward Together project. The main reasons for the surplus against budget are set out below.

3.2. Repairs and maintenance expenditure was to budget for the year which was an improvement of £0.6m from the P10 forecast. The spend accelerated in the last quarter of the year as contractors rushed to complete works due to Covid 19 and some short term contractors were procured. There has also been a pilot project focused on improving re-let turnaround times which has seen some good results whereby the 250 unit target was met and the turnaround time reduced to 34 days on average in quarter 4. There was also increased spend in this area during 2019/20 due to use of temporary contractors in advance of a new contractor starting.

3.3. The outturn position for Supervision and Management was £2.0m under initial budget mainly due to staff vacancies and difficulties in recruiting staff across the service particularly in estate management and planned programme teams. The underspend position was £0.4m greater than forecast in P10 due to reduction in spend on consultants and some additional income received.

3.4. There was a movement on the impairment provision at year end and a greater amount of bad debts were written off during the year than had been expected.

Capital

3.5. The capital programme for the HRA is a five year rolling programme within a thirty year business plan. Overall the HRA spent 99% of its capital budget for the year seeing improved contractor performance towards the year end. Although in other areas, the impact of Covid 19 slowed expenditure as the Government shutdown resulted in a lack of materials and supplies, with social distancing of operatives slowing the work in progress.

3.6. There were a number of schemes in the HRA new build programme – the most significant being the development at Ashton Rise which will deliver units for private sale as well as social housing. Nearly half of the sale units have been reserved off-plan, but there may be a risk to further sales in 2020/21 due to coronavirus impact on the market, potential mitigation is in development. The main underspend against budget was the ZedPods scheme which is now due to be delivered in 2020/21.

Dedicated Schools Grant

3.7. 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.

3.8. In 2019/20 grant income was £355.0m, when setting the budget Cabinet agreed to accelerate £2.4m of funding from 2020/21 giving a budget of £357.4m. Expenditure was £359.8m giving an in-year overspend of £2.4m, offset by brought forward balance of £1.9m, resulting in a net deficit of £0.5m. The variances in the main blocks are outlined below.

High Needs Block

3.9. The budget for 2019/20 included £2.407m of accelerated funding from 2020/21 allocation. Even with this additional budget the block overspend by £1.534m in year as had been forecast. The overspend was the result of additional demand for top-up payments and increased demand an cost of Alternative Provision.

Early Years

3.10. As in previous years the changes due to the January census information that is always received at the end of the financial year has cause a swing in the outturn compared to the forecast. There was reduction in the participation levels but not as large as had been forecast, due to the way the funding is calculated for this block the result of this was an increase in the outturn of £1.5m from the P10 forecast position. The block had a carried forward balance of £1.1m and this was spend in the year on items agreed by Schools Forum, outside of this spend the block came in on budget, with just a very small deficit to carry forward.

Schools Block

3.11. The schools block ended the year with a slight underspend caused by an underspend on the growth fund.

Public Health

3.12. During the year the service continued the financial review of all services which commenced in 2018/19 to ensure that delivery is brought within this reducing budget envelope, reflecting key priorities.

3.13. The total PH expenditure in 2019/20 was £36.4m. This has been financed by the £31.6 million in-year public health grant and +£4.6 million joint commissioned funding. In additional the Council supplemented the funding with a small drawdown of £0.1 million from the ring-fenced reserve to achieve a balanced in year position.

4. Capital Programme and Investments

4.1. 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 2019 totaled £236.4 million (including £51.8 million within HRA) and approvals were sought in subsequent budget monitoring reports to revise the 2019/20 programme to a budget of £142.8m.

4.2. Table 3***Table*** sets out the Capital Outturn position by Directorate (Full breakdown is available in Appendix A4)

Table 3: Capital Outturn Summary

Approved Budget Council £m	**Directorate**	**Revised Budget £m**	**Outturn £m**	**Outturn Variance £m**
24.796	People	19.716	19.414	(0.302)
17.046	Resources	15.823	11.877	(3.406)
126.831	Growth and Regeneration	58.306	64.207	5.901
15.865	Corporate	0.000	0.000	0.000
51.832	Housing Revenue Account	49.512	49.217	(0.295)
236.370	**Total**	**142.816**	**144.714**	**1.987**
	Financed By:			
81.232	Prudential Borrowing		23.150	
62.847	Capital Grants		48.700	
6.679	Developer Contributions		1.600	
33.226	Capital Receipts		18.000	
51.832	HRA		49.217	
0.554	Revenue Contributions		2.058	
236.370	**Total**		**144.714**	

4.3. The actual capital outturn achieved for 2019/20 is £144.7 million, which includes £49.2 million attributed to the HRA and overall indicates c.61% delivery when compared to the originally agreed programme.

4.4. 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 £23.2 million, which is £58.2 million 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. This underspend has been set aside in reserves.

4.5. At the end of the financial year the capital programme had an overall overspend of £2.0 million this was primarily due to acceleration across various projects in the programme following reprofiling in January.

Investments

4.6. The authority has commercial investments which are expected to generate both a commercial and social return. For social investments their primary purposes are to provide service benefits / social impact while the generation of yield and liquidity is secondary. These are commonly known as impact investments. The investments made in 2019/20 are summarised below:

Table 4: Investments made during 2019/20

Investment	Total Budget £m	2019/20 Investment £m	Total Investment to date £m
Avon Mutual Community Bank	0.100	0.100	0.100
Bristol Energy Company	37.700	7.742	36.500
Bristol Waste Company Loan	12.000	9.750	9.750
Goram Homes	10.000	0.799	0.799
Bristol Credit Union	0.500	0.500	0.500
City Funds LP	5.000	0.786	0.786

4.7. **Bristol Energy** – Investment in Bristol Energy in line with the approved business plan to meet service objectives including green energy and reduce fuel poverty within the City. Investment is split between ordinary and preference shares.

4.8. **Bristol Waste** – The provision of a loan to Bristol Waste to support the vehicle repayment programme. Interest rate charged PWLB + 1%. Four separate loans totalling £9.750 million have been made, repayable in full by 2027/28.

4.9. **Goram Homes –** Working capital loan of £0.8 million has been paid to Goram Homes.

4.10. **Bristol Credit Union** - A loan of £0.5 million to allow the Credit Union to lever in additional £0.350 million from Charitable and Social investors to enable a new online platform , grow membership and provide more loans to people in the most deprived wards who might otherwise borrow from high cost lenders.

4.11. **City Funds LP** – The fund of £10 million, of which £5 million is invested by the Council for a minimum duration of 10 years to support the provision of loans to local communities. During 2019/20 £0.786 million has been invested by the Council.

5. Core Local Income

Council Tax and Non Domestic Rate Income Collection

5.1. Table 5 below shows the level of Council Tax and Non Domestic rates collected by the Council as at 31 March 2020 and the comparable performance for 2018/19.

Table 5 - Council Tax and Non Domestic Rate Collection

	Council Tax				Business Rates		
	2019/20	2018/19	Trend		2019/20	2018/19	Trend
Collectable Debit	256.1	241.4			232.4	229.8	
Collected	247.8	233.7	↑		228.6	225.9	↑
Percentage	96.76%	96.82%	↓		98.34%	98.31%	↑

5.2. Forecast collection in early March was on course to hit a record collection rates but normal year end activities to maximise collection was curtailed as a result of the outset of the pandemic.

5.3. The number of cases being sent to Enforcement Agents again dropped further and now is 4,000 cases (33%) fewer than the 2016 benchmark.

5.4. On Council Tax, the collection fund deficit for the year of £1.4 million, of which £1.1 million, is BCC's Share. This has deteriorated since the estimate approved at Full Council, primarily as a result of increase in the provision for bad debt as a result of anticipated impact of covid-19 on collection.

6. Debt Management

6.1. 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 2020 is outlined in the table below.

Table 6: Opening and closing balances of outstanding debt

Type of Debt	Opening Balance (01/04/2019) £m	Movement £m	Closing Balance (31/03/2020) £m
Sundry Debt	40.289	9.395	49.684
Council Tax Arrears	12.678	0.768	13.446
Business Rates Arrears	3.973	0.043	4.016
HRA Housing Arrears	11.428	1.057	12.485

6.2. There has been an increase in debt less than a year old, the majority of this relates to invoices less than 30 days overdue as debt management activities were cut back during March as a result of covid-19 restrictions.

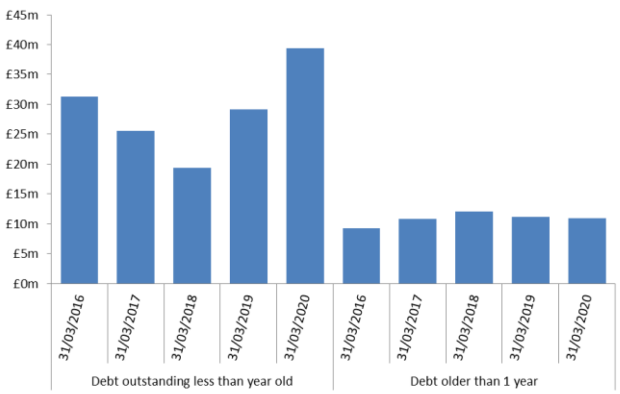


Figure 1: Comparison of sundry debt <1 year old and debt >1 year old over last four years

6.3. During the year £0.663 million of aged debt was written off, of which £0.460 million relates to legacy Adult Social Care debt.

7. Reserves

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

General Reserve

7.2. The opening balance on general reserve is £23.2million; this included a £3.2 million surplus from 2018/19. At Cabinet on 3 September 2019, £3.2m of this reserve was allocated as set out in the table below and redirected to earmarked reserves:

Table 7: Reallocation of £3.2million from General Reserve during 2019/20

	£'m
Serious violence, contextual safeguarding and community tension	0.875
Clean Streets	0.845
Ethical Debt Collection	0.600
Carbon Neutrality	0.250
Bristol Family Cycling Centre	0.155
Clean Air	0.150
Avon Mutual Community Bank	0.150
Bristol Pound	0.050
Thrive – mental health and wellbeing programme	0.050
Holiday Hunger Appeal	0.025
Going for Gold	0.025
Fair Saturday – Arts and Culture Festival	0.025
Period Poverty	0.025
	3.225

7.3. Table 8 below details the impact of the outturn position on the balances of the Council. The level of general reserve ends the year at £13.4 million (6.2%). This is in line with forecast position when setting the 2020/21 budget and whilst lower than the recommended balance of 5% - 6% as stated in the Medium Term Financial Plan and Budget agreed by Council, funding was identified in the 2020/21 budget to restore this reserve to £20 million.

7.4. 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.

7.5. In February as part of setting the 2020/21 budget Full Council approved drawdown of up to £6.1 million from the general reserve to balance the 2019/20 position, this would reduce the general reserve to £13.9 million. The overall outturn is a £5.3 million overspend within the amount approved by Full Council and leaves a year end balance of £14.7million

Earmarked Reserves

7.6. The 2019/20 opening balance of Earmarked Reserve was £81.2m. 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.

7.7. In addition to the £3.2 million redirected from general reserve during the year there were contributions to reserves of £20.5 million and drawdowns from reserves of £20.0 million resulting in a net increase in earmarked reserves for the year of £3.8 million and the table below sets out those reserves with movement during the year. The net planned decrease in earmarked reserves for 2019/20 was £16.0 million.

7.8. 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.

7.9. Due to the delay in the Ministry of Housing, Communities and Local Government publishing the final business rates return, the final outturn on business rates section 31 isn't known. Any unplanned surplus or deficit on this account is managed through an ear-marked risk reserve and delegation to Director of Finance is sought to make these final adjustments to reserves.

HRA Reserves

7.10. The 2019/20 opening balance on the HRA Reserve was £90.2 million. The -£1 million underspend for 2019/20, gives a year end balance of £91.2 million. 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.

School Reserves

7.11. The 2019/20 opening balance on schools reserves is £14.5 million. £0.4 million was drawn down to fund improvements in SEND service and £0.2 million has been drawn down for redundancy costs and maternity / absence insurance scheme for schools. Overall schools specific balances have improved by £0.5 million on revenue and reduced by £1.2 million on capital, however it should be noted that this is a net position as 14 maintained schools have ended the year with deficit balances that will be carried forward into 2020/21.

7.12. The opening balance on the DSG reserve was £2.0 million. The £2.4 million in-year overspend together with £2.4 million accelerated funding results in £4.9 million drawdown from reserves, resulting in a carry forward deficit balance of £2.9 million.

Table 8: Summary of Movement of Reserves during 2019/20

Reserve Type	Opening Balance 31.03.19	Redirection	Contributions	Drawdown	Closing Balance 31.03.2020
Statutory/Ring-Fenced	(14.825)	(0.260)	(0.078)	0.092	**(15.072)**
Capital Investment	(14.230)	0.000	(14.450)	9.514	**(19.166)**
Business Transformation	(4.362)	0.000	1.015	0.216	**(3.131)**
Financing	(11.735)	0.321	0.519	1.676	**(9.218)**
Risk Management & Legal	(17.609)	(1.099)	(9.371)	7.604	**(20.475)**
Consultation reserve	(1.000)	0.391	0.000	0.380	**(0.229)**
Service	(17.419)	(2.611)	1.811	5.909	**(12.310)**
Total Earmarked Reserves	**(81.179)**	**(3.258)**	**(20.554)**	**25.391**	**(79.600)**
General Reserve	**(23.258)**	**3.258**	**0.000**	**5.317**	**(14.683)**
Housing Revenue Account	**(90.176)**	**0.000**	**(1.041)**	**0.000**	**(91.217)**
Schools					
Trading with Schools	**(2.166)**	0.000	0.000	0.881	**(1.284)**
Schools Balances	**(8.365)**	0.000	(0.554)	0.000	**(8.919)**
Capital Reserves	**(3.919)**	0.000	0.000	1.234	**(2.684)**
Total Schools Reserves	**(14.450)**	**0.000**	**(0.554)**	**2.115**	**(12.887)**
Schools & De-delegated	**(0.414)**	0.000	(0.223)	0.000	**(0.637)**
Early Year	**(1.115)**	0.000	0.000	1.135	**0.020**
High Needs Block	**(0.432)**	0.000	0.000	3.941	**3.509**
Total DSG Reserves	**(1.961)**	**0.000**	**(0.223)**	**4.853**	**2.892**

7.13. Contributions to earmarked reserves are from a mixture of sources, they are either planned as part of the budget setting process, or from an underspend on a ring-fenced grant or budget where expenditure has slipped into a future year.

7.14. Due to a slippage in the capital programme there was a £6 million delay in financing costs for this spend. This underspend has been transferred to reserve earmarked for when the slipped capital expenditure is incurred and the financing is required.

Table 9: Summary of Contributions to revenue reserves during 2019/20

Source	£	Contributions For
Budgeted MRP Clawback	5.000	Risk Reserves
	1.000	Commercialisation Reserve
Capital Financing Budget	6.000	Risk for future capital financing costs
Budgeted Contribution	2.800	Risk Reserves
Budgeted Contribution	5.000	City Fund
PFI Credits	0.563	PFI sinking fund
Budgeted Contribution	0.095	Docks Dredging reserve
Ringfenced Grants underspend	0.096	Ringfenced reserves
	20.554	**Total**

7.15. During the year there was £20.0 million drawdown from ear-marked reserves as outlined in the table above. At budget setting drawdown of £26.4 million was planned drawdown from reserves this is mainly due to delays in various projects requiring a reduced in year drawdown.

7.16. Due to changes in financial accounting standards through the implementation of IFRS9, a technical accounting adjustment is required relating to the parent company guarantees the Council has in place that underwrites our subsidiary trading activity. An adjustment is required to be made through reserves that are held against this risk as set out in the 2020/21 budget report.

Table 10: Summary of drawdowns from revenue reserves during 2019/20

Use	**£**
Bristol Energy Approved Business Plan Investment	7.742
Accounting adjustment for guarantees relating to investments	5.379
City Leap Innovation	1.187
2019/20 Business Rates Levy income	1.540
Waste Streetscene	1.000
Troubled Families Programme	0.948
Special Education Needs & Disabilities Service Improvements	0.678
Other drawdowns <£0.5 million	6.916
Total	**25.391**

Flexible use of Capital Receipts for Transformation

7.17. During the year £2.8 million of capital receipts were used to fund costs related to the delivering the savings and transformation programme including IT Transformation Programme and Strengthening Families in line with strategy set by Full Council.

8. Savings Programme

8.1. The savings programme agreed by Council in 2018 included savings totalling £11.7m for 2019/20. In addition, £6.1m of savings were carried forward from 2018/19 to 2019/20 which still requires recurrent delivery and mitigation in 2019/20. Therefore the total savings delivery target for 2019/20 is £17.8m.

8.2. At outturn £7.05m of £17.8m savings were reported as undelivered of which £4.3m relates to the Adult Social Care Better Lives Programme and the remainder relates to Council-wide cross-cutting savings initiatives and schemes. Delivery Executive Board will continue to monitor these savings targets as they are carried forward into 2020/21.

Table 11: Summary of Delivery of Savings by Directorate

Directorate	**Target 2019/20 Savings £m**	**2019/20 Savings reported as delivered (or mitigated recurring basis)**	**2019/20 Savings reported as undelivered & mitigated on one-off basis**	
		£m	**£m**	**%**
People	8.98	4.60	4.39	49%
Resources & Cross-Cutting	4.77	3.18	1.60	33%
Growth and Regeneration	4.03	2.96	1.07	27%
Total	**17.79**	**10.74**	**7.05**	**40%**

9. Service Detail

People

Revised Budget	Outturn	Outturn Variance
£209.1m	£215.6m	£6.5m overspend

Adult Social Care

9.1. The Outturn position for Adult Social Care on a net budget of £149.0m is £154.980m an overspend of £5.980m (3.8%).

9.2. As previously reported the service did not achieve the target saving of £4.3m in the year primarily due to:

- Pressures from hospital discharges throughout the summer at unprecedented levels
- Lack of Home Care supply (severe workforce challenges)

9.3. To address the lack of Home Care capacity it has been necessary to make placements in higher cost Nursing and Residential Care.

Outturn 2018/19 £'000s	Financial Year 2019/20	Revised Budget 2019/20 £'000s	2019/20 Outturn £'000s	Variance £'000s
72,705	Older Adults 65+[1]	65,681	74,177	8,496
66,054	Working Age Adults 18 - 64	63,533	69,713	6,180
8,954	Preparing for Adulthood 0 - 25	8,228	9,743	1,515
2,487	Social Care Support	1,877	2,525	648
30,118	Staffing & other costs	35,091	31,372	-3,719
-29,542	Income	-25,389	-31,910	-6,521
-	iBCF Inflation Provision	-	-640	-640
150,776	**Totals per budget report**	**149,021**	**154,980**	**5,959**

Note:
1 Outturn for Older Adults of £74.1m includes the effect of the saving target of £4.3m not being delivered in the year

Major Overspends in 2019/20:

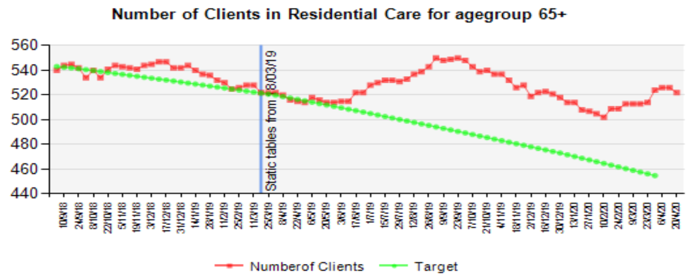
9.4. Purchase of Placements and Packages of Care – Activity, Rates and Cost

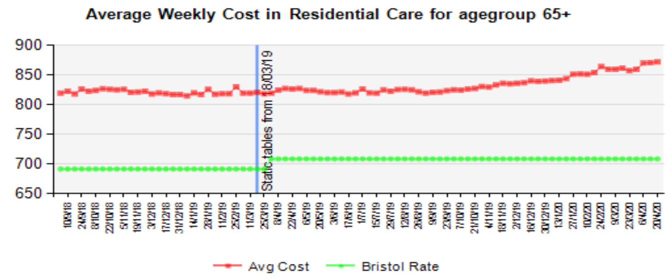
9.5. The Trajectories charts below provide a comparison of the trend over the last 2 years in actual activity (Red trend line) compared against the plan (Green line) on the left and contrast that with the underlying trend in weekly rates:

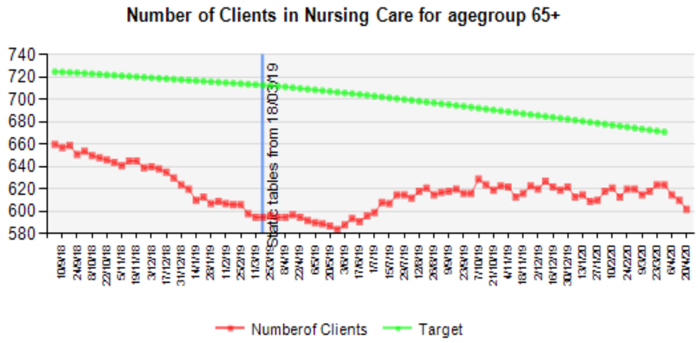
i. The Trajectories for **Residential and Nursing Care support to Older People** follow a similar pattern in the year. Following a continued reduction during 2018/19 and first quarter of 2019/20 both the number and rates begin to climb as the Home Care service experiences a lack of capacity in the market.

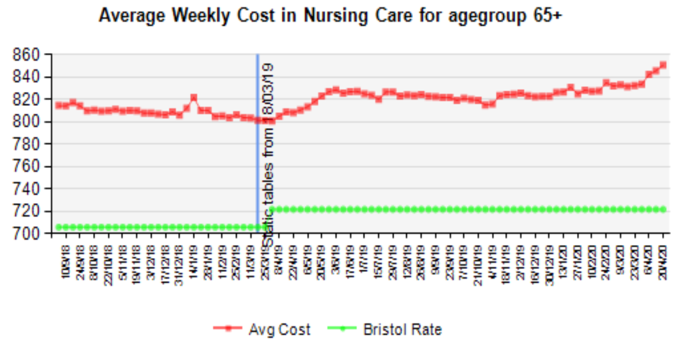
ii. By contrast the Better Lives plan to promote greater independence and quality of life through growing more **Home and Community Care capacity** has been more difficult to sustain and started to increase during the latter part of the year. During the period Home Care average weekly costs rose steadily across the year, this is in part due to increasingly complex packages required greater number of support hours.

Residential & Nursing Care - Older People Aged 65+

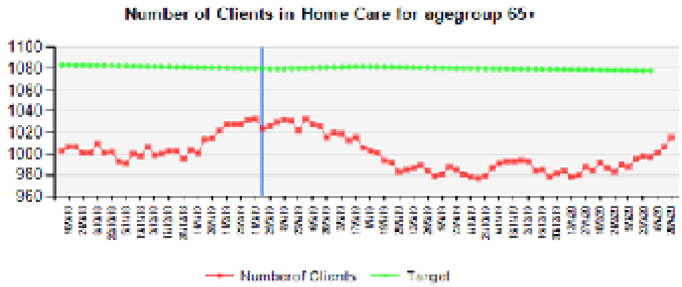


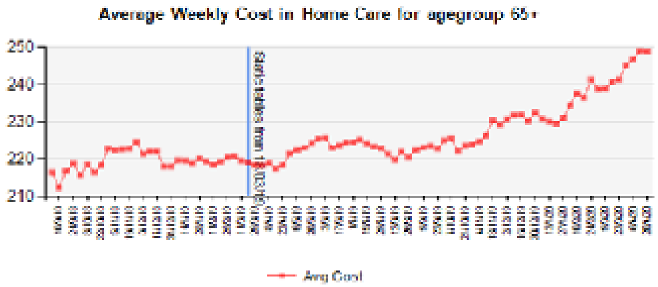


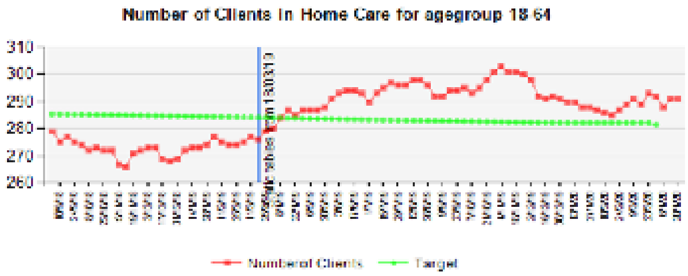


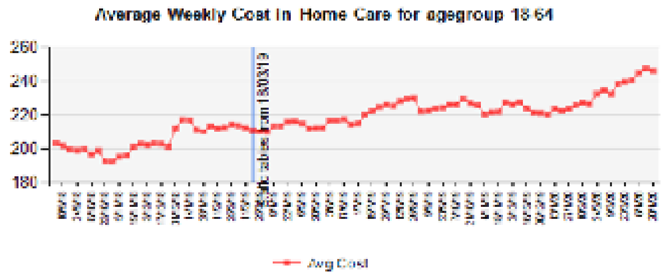


Home Care – Older People & Working Age Adults



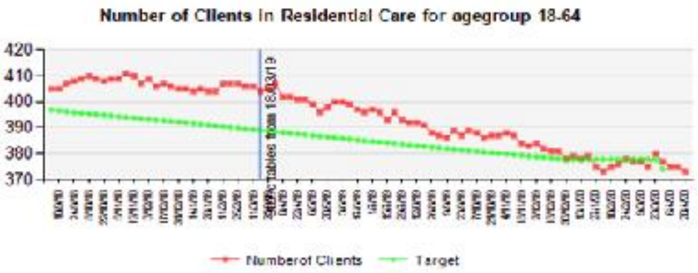






Working Age Adults:

9.6. The numbers of placements have reduced by over 11% but this has been offset by an increase in rates and costs due to growing complexity of support by over 20.7%. The trends confirm that this is not a consequence of high inherited cost pressure but due to pressures which have emerged and grown in recent years.



Underspend on Salary:

9.7. The underspend on Staffing & Other costs includes over £2.5m on Staff Salaries. The Table below highlights the most significant service areas which struggled to recruit staff during the year.

- The Home First and Discharge Services underwent restructure during the year as part of joint work with the CCG
- As a time limited programme, Better Lives is supported by interim resource and the underspend is due primarily to the planned completion and closure of the projects.
- The underspend of £3.7m in staffing and other costs contributed to offsetting the gross overspend within placement budgets. If this scale of underspend were to continue in 2020/21 it would add further to the budget pressures.

Service Salaries for:	Revised Budget £m	Outturn £m	Variance £m
Better Lives Infrastructure	0.771	0.171	(0.600)
Deprivation of Liberty	1.145	0.725	(0.420)
Home First	1.128	0.770	(0.358)
Bristol Community Links	2.680	2.446	(0.234)
MI North A Team	0.873	0.707	(0.167)
Discharge to Assess	2.665	2.501	(0.164)
Independent Living Service	1.114	0.955	(0.159)
MI North B Team	0.900	0.744	(0.156)
Reablement Team - North	1.486	1.349	(0.137)
MI South D Team	0.795	0.688	(0.106)
	13.557	**11.056**	**(2.501)**

<u>Children's & Family Service</u>

9.8. The service have achieved an overall balanced budget position however there are variances within the service as and overspend of £0.6 million in placements budgets has been offset by underspend of £0.6 million elsewhere in the service.

9.9. Within the budget there were savings of £1.6 million which have been delivered. Of this 1.1m was directly attributable to the placement budgets. The implementation of the Strengthening Families programme has seen an overall reduction in placement spend between 18/19 and 19/20 of £0.8m. There has been a shift in spend from high to low cost placements; this has been achieved by a reduction in spend within the most costly placements, such as non Bristol residential settings & Independent fostering, of £1.2m; alongside an increase in the least expensive placements, such as permanency & in-house fostering, of £0.4m.

9.10. The overall number of young people in paid placements in 19/20 reduced by 2 however as mentioned above there was a shift between the types of placements used, for example: Out of authority placements reduced by 8 at an average annual cost of £196k per placement and permanency placements increased by 16 at an average annual cost per placement of £9k.

9.11. The non-placement budgets within the service underspent by £0.6m this was due to additional draw down on reserves of £0.1m and a combination of reduced spend and use of one off savings.

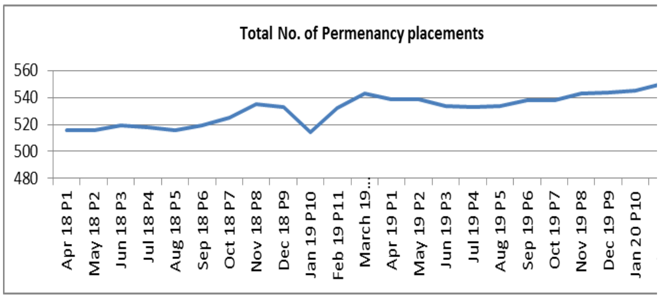
9.12. The major pressures in the service during 19/20 which have impacted on the outturn are;

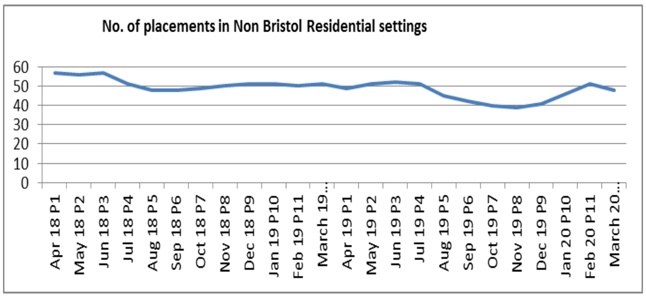
i. Delays in opening Bristol's first new children's home as the arranged contractor entered liquidation without completing refurbishment work. This meant a delay in opening of two months.

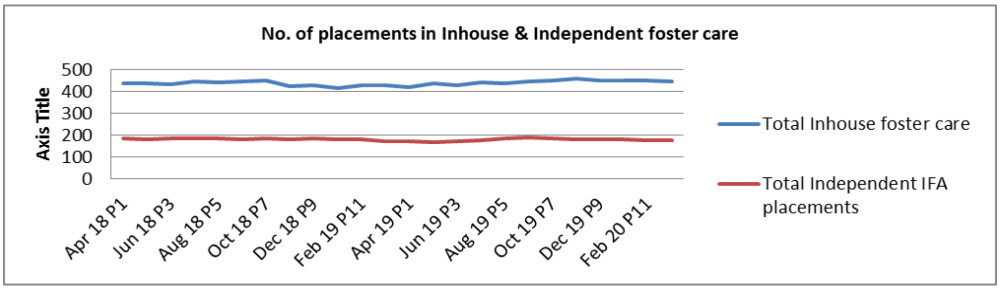
ii. Escalating contextual risk, particularly serious youth violence, resulting in the death of a child in care and court ordered remand for others.

iii. Extended use of Agency as South West England delays registration of newly qualified social workers.

iv. Agency support costs / placement costs for children moved from St Christopher's.







CHILDREN & FAMILY SERVICES							
Placement Category			Financials				
Placement Category	Cost Centre name	AVERAGE APR TO MAR:	Annual Budget £000	Outturn £000	Outturn Variance £000	Average Weekly Cost £
Bristol Residential	Inhouse Supported Accom - Looked after (Pre 18)	6	84	230	146	135
	Inhouse Supported Accom - (Post 18)	27				
	Childrens Residential Homes	11	3,093	2,670	-423	4,465
Sub Total		42	44	3,177	2,900	-277
Foster Care	In house Fostercare - Looked after (Pre 18)	401	6,226	5,980	-246	260
	In house Fostercare - (Post 18)	41				
	Independent Fostering Agencies - Looked After (Pre 18)	158	5,522	5,627	105	605
	Independent Fostering Agencies - (Post 18)	21				
	Adoption - Looked after (pre 18)	51	482	388	-94	144
	Adoption - (Post 18)	1				
Sub Total		672	12,230	11,995	-236	1,010
Non-Bristol Residential	Out of Authority	28	5,032	5,407	376	3,770
	Parent & Baby Unit	5	505	403	-101	1,454
	ESA - Looked after (Pre 18)	10	1,237	1,326	89	1,912
	ESA- (Post 18)	3				
Sub Total		46	6,773	7,136	363	7,136
Other	Secure Unit	0	151	14	-136	
Sub Total		0	151	14	-136	
Permanency	SGO/RO/CAO - (Pre 18)	539	4,121	5,087	967	181
	RO/SGO/CAO (Post 18)	2				
Sub Total		541	4,121	5,087	967	181
Grand Total of all placements		**1,299**	**1,304**	**26,452**	**27,133**	**681**
Total for Teams and Other Services				**37,933**	**37,359**	**-574**
Total			**64,385**	**64,729**	**107**	

Educational Improvement

9.13. The General Fund position for Education produced an overspend of £0.8 million at year-end, this is a small increase from the period 10 forecast.

9.14. Home to School Transport caused the majority of this overspend finishing the year £0.631 million overspent. Demand for the service reflects the increase in SEND pupils, there was a 13% increase in SEND children eligible for transport. Contract prices increased during the year by more than inflation as well as above inflation pay increases for Passenger Services Escorts, leading to a £0.2 million increase in costs, Service Level Agreements with 2 Special Schools also increased by £0.1 million. The service has continued the use of Personal Travel Budgets to allow parents/carers to manage their travel package which overall is a cheaper way of delivering transport but cost have increased as more complex children are using this method.

9.15. Elsewhere in the division there was an overspend of £0.2 million. The main cause of this was additional staffing costs, particularly in Education Psychology and the SEN team, along with a shortfall in income received from trading services to schools.

9.16. During the year £0.670 million was spent on improvements in SEND which was funded from reserves.

Growth and Regeneration

Revised Budget	Outturn	Outturn Variance
£66.2m	**£66.2m**	**£-**

9.17. The Growth & Regeneration Directorate reported a breakeven position against a net expenditure budget of £66.2m. This is a £0.7 million adverse movement from P10. Income across growth and regeneration was impacted at the end of the financial year by the impact of covid-19 particularly within parking and culture services such as museums.

Housing & Landlord Services

9.18. £0.5m underspend at year end which is a movement of £0.1m from P10 forecast. The main areas contributing to the underspend on Private Housing and Accessible Homes due to vacancies early in the year, additional support on Disabled Facilities Grant work with costs being capitalised and an additional contribution to overheads from a new discretionary licensing scheme.

Economy of Place

9.19. £0.4 million overspend at P12 which is a £0.5 million adverse movement from P10. Key factors contributing to the overspend include:

- slight reduction in rental income in commercial property,
- reactive maintenance caused by winter and our aging infrastructure including boiler failure and air handling, and CCTV upgrade
- additional staffing required in strategic transport mitigated by savings elsewhere in the directorate.

Management of Place

9.20. £0.1 million overspend at P12 which represents a £0.7 million adverse movement from P10. Key factors contributing to the overspend include:

- Bristol Operations Centre - Underachievement of savings as well as non-achievement of new bus lane enforcement income £0.2m
- Parks - Additional charge for waste collection and loss of income (Golf, Catering, and Nurseries) from the impact of CV19.
- Highways – Additional contribution from street works response maintenance charges.
- Sustainable Transport - Lower concessionary travel and supported bus service expenditure, along with income improvements such as, bus shelter advertising.
- Energy – Additional City Leap expenditure, as well as shortfall in solar energy income
- Regulatory Services – Additional revenue.

Capital

Approved Budget	Revised Budget	Outturn	Outturn Variance
£133.5m	**£58.3m**	**£64.2m**	**£5.9m overspend**

9.21. The Growth and Regeneration Directorate year-end outturn position shows a £5.9m overspend against a net Revenue budget of **£58.3m**. This reflects a 10% of spend and is in line with the position reported at P10.

9.22. The original approved budget of £133.5m was reprofiled in following November monitoring to reflect a revised level of project delivery given the capacity within the respective teams. This position was reviewed updated in February. The overspend is acceleration of some of the completion of works following the reprofiled programme in November and some projects require funding accelerated, however due to the overall slippage in the capital programme this does not impact on the in-year revenue financing budget.

9.23. There was one material movement since previously reporting, demolition works at Colston Hall uncovered fragile structural and the need to reinforce temporary structure. Also additional asbestos was discovered as the building layer where stripped back to the original building shell.

Resources

9.24. The year-end total outturn has improved by £1.3 million from the previous forecast so that end of year position shows a (£0.6m) underspend compared to budget for 19/20 financial year. The (£1.4m) net move from the P10 forecast is due to:

Digital Transformation (£1.2m)

9.25. There was an underspend in contract costs of (£0.9m) in the following expenditure areas

- Repairs & Maintenance – (£0.5m)
- Maintenance Payments – (£0.2m)
- Licences – (£0.2m)

9.26. In addition, further underspends arose from reduction in use of agency staff.

Legal and Democratic Services

9.27. A (£0.3m) underspend in Legal Services, due to an increase in charging income and a reduction in agency fees was partly offset by £0.1m reduction in income from other local authorities under the Mortuary Service.

Policy, Strategy & Partnerships

9.28. This was due predominantly tan o External Communications & Consultation underspends arising from design income being higher than forecast and print costs being lower than forecast.

Commercialisation and Citizens Services

9.29. Fleet Services overachieved income by (£0.2m) and reduced costs in fuel & vehicle maintenance contracts by (£0.2m). Docks, Estates & Markets overachieved fee and rental income and reduced costs across various expenditure budgets by (£0.2m) and there was a reduction of (£0.1m) in department response, repairs & maintenance costs under Harbour Services.

9.30. In addition Mail Services postal costs reduced by (£0.2m) compared to the P10 forecast & the Customer Service Centre reduced costs in staffing and agency fees by (£0.1m) and in the purchase of hardware (£0.1m).

9.31. Offsetting these underspends, Trading with Schools were unable to meet the additional income target of £0.3m set at P9. Events income fell by £0.2m, there was an increase in waste management charges of £0.2m, in Facilities Management internal trading recharges of £0.2m and an increase of £0.1m Security Services costs.

Capital

Approved Budget	Revised Budget	Outturn	Outturn Variance
£18.7m	**£15.3m**	**£11.9m**	**£3.4m underspend**
		78% of Revised Budget 84% of P10 Forecast	

9.32. PL21 - The Building Practice essential H&S capital programme outturn increased spend by a total of £0.2m across various projects on comparison with the P10 Forecast, resulting in a total year-end underspend compared to budget of £0.5m.

9.33. PL27 - Vehicle Replacement Programme Outturn was £0.2m less than previously forecast due to a delay until 20/21 in the purchase of vehicles as planned.

9.34. RE01 - The ICT Refresh Programme – there have been delays in the provision and support of a Storage Area Network (SAN) using Server/Storage Solutions. Delivery and installation was expected towards the end of March 2020 but most of the equipment was manufactured in China and was therefore delayed due to Covid-19 and was subsequently received by BCC at the end of April 2020.

9.35. RE03 - There was a delay in delivery of some of the February & March milestones for the IT Transformation Programme resulting in a reduced Outturn compared to P10 Forecast of £0.7m and a Budget 19/20 underspend of £0.9m.

RE05 - This project was consolidated into the project RE01 ICT Refresh Programme and the budget re-profiled into financial year 20/21.

Dedicated Schools Grant

Summary of DSF Position

Summary DSG position 2019/20 Period 12 (all figures in £000s)

	b/f	DSG funding/ budget 2019/20	Outturn Period 12 2019/20	In-year variance	Cumulative c/f	Forecast Period 10 c/f	Movement since Period 10
Schools Block	0	259,445	259,271	(174)	(174)	(240)	66
De-delegation	(414)	0	(49)	(49)	(463)	(414)	(49)
Schools Central Block	0	2,329	2,329	0	0	0	0
Early Years	(1,115)	36,771	37,907	1,136	21	(1,222)	1,243
High Needs Block	(433)	58,904	60,438	1,534	1,101	1,022	79
Funding		(355,043)	(355,043)	0	0	0	0
Total	**(1,962)**	**2,407**	**4,853**	**2,447**	**485**	**(854)**	**1,339**

Schools Block (-£0.174m cumulative underspend).

9.36. The Growth Fund underspent by £181k, this was offset by expenditure on historic NNDR commitments.

De-delegation (-£0.463m cumulative underspend). The majority of this underspend is attributable to Schools in Financial Difficulty, this balance hasn't moved as no new funding was de-delegated and there were no financial commitments, this balance is held to provide additional support to schools if required. The in-year movement is attributable to underspends on the trades union services. The balances are set out in the table below.

Outturn for de-delegated items 2019/20

	Brought forward 1/4/2019 **£'000**	**In-year movement** **£'000**	**Carry forward 31/3/2020** **£'000**
Schools In Financial Difficulty	-335	0	-335
TU Facility Time	-83	-46	-129
Health & Safety Roving Reps.	4	-3	1
De-delegated Services	**-414**	**-49**	**-463**

School Central Services Block (balanced budget). This block ended the year in a balanced position.

Early Years Block (£0.021m cumulative overspend).

9.37. The final analysis of the January 2020 pupil census was not available until very late in the financial year and accounts for the swing from the previous forecast as it generates 7/12ths of the income for this block.

9.38. For 2 year olds, we had been forecasting a 19% reduction in numbers but the final figure was only a 6% reduction. Whilst this reduced our income into the block by less than we were forecasting it also reduced expenditure, but by a lesser extent, as the January census is only used to calculate 1/3rd of the expenditure. This led to an increase from the previous forecast of £493k.

9.39. For 3 and 4 year olds we had seen an increase in payments in the Autumn term of around £1m and if participation levels had continued to increase into the spring term the increased census would have generated more income and compensated for the expenditure increase. The actual census figures only showed a very slight increase to numbers overall so the Autumn term spike has resulted in an increase in expenditure from forecast of £1.059m.

9.40. Carry forward balance of £1.1m at the start of the year on this block and Schools Forum agreed for this to be spent during the year on a number of items, including topping up the Maintained Nursery Supplement and a top up of SEN rates. This was all spent during the year so the block has ended up with a very small deficit carry forward, the actual position ignoring this use of carry forward is that the block had a balanced in-year position.

High Needs Block (£1.101m cumulative overspend).

9.41. The outturn for 2019/20 was broadly in line with the forecast position (£79k worse than at Period 10), ending with an in-year overspend against budget of £1.534m. The main areas of pressure in the block continue to be top-ups, which have seen an increase in number of pupils receiving them of 14%, equating to an increase in expenditure of £2.7m, as well as costs of Alternative Provision.

9.42. The underlying position in High Needs is worse than the reported position as £2.407m of funding was accelerated from 2020/21 and added to the budget. Nationally the pressures in this area have been recognised by government and we have seen an increase in funding for 2020/21 of 13%.

Funding/overall

9.43. The outturn figure for funding has moved slightly as it has taken account of final recoupment figures as well an estimate of the change to the Early Years Block of the January census. The total funding of £355.043m is £0.311m less than previously forecast.

9.44. The overall in-year position for the DSG was a £2.447m overspend against budget but the advanced funding of £2.407m into the High Needs Block means the true position against funding was a £4.853m overspend. Adding this to the brought forward balance means the total carry forward balance is a £2.892m deficit as shown in table below.

DSG balances 2019/20

£'000	b/f	2019/20 movement	c/f
Schools Block	0	(174)	(174)
De-Del	(414)	(49)	(464)
CSSB	0	0	0
EYB	(1,115)	1,135	20
HNB	(432)	1,534	1,102
Sub-total	**(1,962)**	**2,446**	**485**
Accelerated funding from 2020/21	0	2,407	2,407
TOTAL	**(1,962)**	**4,853**	**2,892**

Note: Schools Forum will consider redistribution of the schools block balance.

School balances

9.45. Overall schools balances have improved by £0.544m on revenue and reduced by £1.234m on capital. These balances are summarised in the table below.

Maintained School (and Children's Centres) balances 2019/20

	Revenue b/f 1/4/2019 £'000	**Revenue Movement 2019/20 £'000**	**Revenue c/f 31/3/2020 £'000**	**Capital b/f 1/4/2019 £'000**	**Capital Movement 2019/20 £'000**	**Capital c/f 31/3/2020 £'000**
Nursery	1,295	314	1,609	-304	66	-238
Primary	-6,741	-48	-6,789	-2,686	776	-1,909
Secondary	-592	74	-518	4	-4	0
Special	-1,478	-934	-2,412	-1,411	376	-1,035
Hospital	-263	-130	-393	-13	15	2
Children's Centres	-69	179	110	-26	5	-21
Total	**-7,848**	**-544**	**-8,392**	**-4,436**	**1,234**	**-3,202**

9.46. 13 out of 72 LA maintained schools started the year with a revenue deficit. By the end of the year, 14 out of 69 had deficits to carry forward into 2020/21. The summary is outlined in the following table.

Numbers of schools with revenue b/f and c/f surpluses and deficits for 2019/20.

	Deficit April 2019	Surplus April 2019	Total	Deficit March 2020	Surplus March 2020	Total	Change in deficit	Change in surplus	Change in total
Nursery	8	4	**12**	9	3	**12**	1	-1	**0**
Primary	4	45	**49**	4	42	**46**	0	-3	**-3**
Secondary	0	2	**2**	0	2	**2**	0	0	**0**
Special	1	6	**7**	1	6	**7**	0	0	**0**
Hospital	0	2	**2**	0	2	**2**	0	0	**0**
Total	**13**	**59**	**72**	**14**	**55**	**69**	**1**	**-4**	**-3**
Children's Centre (amalgamated total)	0	1	**1**	1	0	**1**	1	-1	**0**

9.47. The reduction in the number of schools is a result of 3 primary schools becoming academies during the year. These schools had surplus balances totalling £0.337 million at the start of the year and these, along with any in-year movement, were transferred to the academy after conversion.

9.48. The improvement in the size of the school revenue balances is evidence that many individual schools and governing bodies have successfully improved their financial positions.

Public Health

9.49. Public Health (PH) Grant of £31.6 million was awarded for 2019/20. The PH grant was reduced by 2.6% in this financial year.

9.50. During the year the service continued the financial review of all services which commenced in 2018/19 to ensure that delivery is brought within this reducing budget envelope, reflecting key priorities.

9.51. The outturn includes a one-off drawdown of £0.078 million. This is due to a break in transferring the IDVAS service from the current provider, University Hospitals Bristol to Next Link. The estimated total for the transfer has reduced by £0.114 million from the Period 10 Forecast.

Summary of Spend

Outturn 2018/19	Budget Projection	2019/20 Budget	Outturn	Variance from Budget	Previous Forecast P10	Change from Period 10
£'m		£'m	£'m	£'m	£'m	£'m
3,038	Salaries	2,882	2,426	-456	2,447	-21
1,082	Running Costs & Overheads	1,150	1,280	131	1,181	99
5,948	Internal Commissioned Services	5,948	6,159	211	6,159	0
27,454	External Commissioned Services	27,162	26,521	-641	26,706	-185
37,522	**Gross Cost**	**37,142**	**36,386**	**-756**	**36,493**	**-107**
	Funding:					
-32,486	Public Health Grant	-31,628	-31,628	0	-31,628	0
-4,305	Joint Partnership Funding	-4,694	-4,679	15	-4,673	-6
-731	Use of Reserve	-820	-78	741	-192	114
-37,522	**Total Funding**	**-37,142**	**-36,386**	**756**	**-36,493**	**107**