

London Borough of Hammersmith & Fulham

Report to: CABINET

Date: 7 September 2020

Subject: 2019/20 GENERAL FUND REVENUE OUTTURN REPORT

Report of: Councillor Max Schmid, Cabinet Member for Finance and Commercial Services

Responsible

Director: Emily Hill – Director of Finance

Summary

Due to the Covid-19 pandemic the statutory deadline for the publication of the final, audited 2019/20 Accounts has been extended from 31 July to 30 November 2020. This extension means that the 2019/20 outturn is still provisional as the accounts are subject to audit.

The provisional 2019/20 General Fund outturn is an overspend of £6.885 million. This will be a charge against the council's earmarked reserves. The overspend represents 1.1% of the gross General Fund budget and compares to a net overspend of £1.6 million in 2018/19. The main area of overspend has arisen in Children's Services due to significant demand led growth and increase in complexity of need and associated costs. The council also experienced the early financial impacts of the Covid-19 pandemic at the end of the financial year.

The provisional Housing Revenue Account (HRA) outturn is an underspend of £1.545 million compared to a forecast overspend of £0.604 million at month 9.

Dedicated Schools Grant (DSG) High Needs Block funding has come under increased pressure in recent years and the Council had a cumulative overspend of £13.6 million at the start of the year. A 2019/20 DSG overspend of £5.5 million has increased the cumulative deficit to £19.1 million at 31 March 2020

General balances and earmarked reserves have reduced by £15.538m to £48.557m at the close of 2019/20. This largely reflects the need to fund the in-year General Fund overspend and increase the reserves set aside against the DSG deficit. After allowance for existing commitments and other risks the council has limited capacity to address the government's funding shortfall regarding the financial impacts of the Covid-19 pandemic. The reserves forecast and action plan, including a review of all commitments, are therefore being refreshed following the closure of accounts.

Recommendations

1. To note the provisional General Fund overspend of £6.885m. The overspend will be charged against corporate earmarked reserves.
2. To note the provisional Housing Revenue Account underspend of £1.545m.
3. To note the in-year Dedicated Schools grant overspend of £5.5m and increase in the cumulative offsetting earmarked reserve to £19.1m.

Wards Affected: All

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	We need to always confirm that spend fits our council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts.

Financial Impact

This report is financial in nature and those implications are contained within.

Legal Implications

There are no legal implications for this report.

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

GENERAL FUND

- As set out in Table 1 there was a year-end overspend against departmental budgets of £9.454 million. After allowing for unused contingency budgets the net overspend reduced to £6.885 million.

Table 1 – Provisional General Fund Outturn 2019/20
(underspends in brackets)

Department ¹	Revised budget	Gross variance
	£m	£m
Children's Services	54.484	8.160
The Economy Department	8.868	(0.119)
The Environment Department	66.968	0.845
Controlled Parking Account	(24.999)	(0.141)
Finance & Governance	43.484	(0.052)
Public Service Reform	4.707	1.035
Social Care	57.448	1.829
Centrally Managed Budgets	19.144	(2.103)
Total	230.104	9.454
Unused unallocated contingency	2.569	(2.569)
TOTAL	232.673	6.885
Expenditure funded from Covid-19 grant		0.188

- The main departmental variances are set out in Appendices 1 to 7. The most significant areas of overspend (above £1m) are summarised below:

Children's Services (Appendix 1)

- **Family Services £4.027 million.** Significant demand-led growth and increase in complexity of need resulting in additional costs.
- **Special Educational Needs and Disabilities £2.795 million.** Additional demand and complexity regarding travel care and support, additional staffing costs regarding the transition to the new Education and Health Care Plan and overspend on staffing and placements on Short Breaks.
- **Children's Commissioning £1.754 million.** Shortfall against budgeted

¹ The 2019/20 outturn figures are based on the departmental structures reported through the year. The new structures, such as for Finance and Governance, will be reported in the 2020/21 Monitoring Reports.

savings for family support.
Social Care (Appendix 6)
<ul style="list-style-type: none"> • Learning Disability, Mental Health and In-House Services £1.114 million. Learning disability pressures in home care support packages, direct payments and supported living. Mental health pressures regarding home care and direct payments, residential and nursing care placements, and on staffing and rental costs on Claybrook hospital.

3. The outturn includes departmental expenditure of £0.188 million incurred in March on the council's Covid-19 pandemic response. As set out in Table 2 this has been funded from the first tranche of the unringfenced emergency Covid-19 grant and has had no net impact on the outturn. The Covid-19 pandemic also impacted on the council's income with parking income (Appendix 3A) below trend by £0.9 million in the last weeks of March 2020.

Table 2 – Unringfenced Emergency Covid-19 grant funding

	£m
Grant received in 2019/20 (tranche 1)	6.408
Covid-19 expenditure funded in 2019/20	0.188
Funding carried forward to 2020/21	6.220
Grant received in 2020/21 (tranche 2)	5.127
Total funding available in 2020/21	11.347

4. Table 2 sets out the latest position on the emergency Covid-19 grant funding received in 2019/20 and the carry forward to 2020/21. Further funding announcements have been made during 2020/21 including two further tranches of emergency grant funding and the expectation of a scheme to partly compensate local authorities for the loss of fees and charges income. However, expectations, based on funding announcements to date, it that the council will not be fully funded for the costs of its response and lost revenues arising from the pandemic. If these costs are not met by further government funding the shortfall will need to be met from the council's reserves with a significant effect on the council's future financial planning.
5. The provisional outturn includes the use of £4.4 million of section 106 contributions (£1.1 million towards enhanced community safety arrangements and £3.3 million for other purposes where new developments have resulted in additional pressures and costs to the Council of operating services that it would

otherwise not have needed to operate). This is less than the £5m assumed in the originally approved 2019/20 budget.

HOUSING REVENUE ACCOUNT

6. The Housing Revenue Account underspend is **£1.545m**. The main variances are detailed in Appendix 8.

Table 3: Housing Revenue Account forecast outturn

Housing Revenue Account (General Reserve)	£m
Balance as at 31 March 2019	(11.891)
Less: Budgeted appropriation from balances	5.969
Add: other transfers to general reserve	(17.140)
Add: underspend	(1.545)
Balance as at 31st March 2020	(24.607)

DEDICATED SCHOOLS GRANT (DSG)

7. Dedicated schools grant (DSG) is paid in support of local authority schools' and is the main source of income for the schools' budget. It is split between central expenditure and the individual schools' budget (ISB) in conjunction with the local schools' forum.
8. Funding for the High Needs Block continues to be under pressure following reductions in government funding, and the Council had a cumulative overspend on the DSG of £13.6 million at 31 March 2019. For 2019/20 a further DSG overspend of £5.5 million has increased the cumulative deficit to £19.1 million.
9. Whilst it is expected that the magnitude of the in-year deficit will reduce in 2020/21, due to increased grant and actions taken by the council, it is expected that the deficit will increase further in 2020/21. This will be confirmed in the first 2020/21 Corporate Revenue Monitoring report.

Table 4: Dedicated Schools Grant - Deficit

	£m
DSG deficit brought forward from prior years	13.6
In-year outturn deficit	5.5
Cumulative deficit at the end of 2019/20	19.1

GENERAL FUND RESERVES

10. The latest reserves position is set out in Table 5.

Table 5 – Movement in General Fund Reserves

	2019/20 opening balance	In-year movement	2019/20 closing balance
	£'m	£'m	£'m
General balance	19.006		19.006
Earmarked reserves	45.089	(15.538)	29.551
Total general balances and earmarked reserves	64.095	(15.538)	48.557
Restricted reserves			
Covid-19 grant funding (see Table 2)	0.000	6.220	6.220
Section 106/ Community Infrastructure Levy	6.536	9.826	16.362
Insurance Fund	6.312	(0.380)	5.932
Other	4.371	(1.253)	3.118
Total restricted reserves	17.219	14.413	31.632
Total all reserves	81.314	(1.125)	80.189

11. During 2019/20, general balances and earmarked reserves have reduced by £15.538 million to £48.557 million. In large part this reduction is due to the need to fund the 2019/20 General Fund overspend of £6.885m and set aside of £5.5 million for the increase in the DSG cumulative deficit.
12. The reserves forecast and action plan is being refreshed following the closure of the account to reflect the actions taken in 2019/20, budgeted contributions to reserves in 2020/21, additional commitments and a further review of historic commitments. Should no further government funding be forthcoming regarding the financial impact of Covid-19 then this may have a serious impact on the council's reserve strategy. There is limited scope to fund such any significant loss, and meet other risks and existing commitments, from the council's reserves.
13. Several reserves have restrictions placed on their use. The largest is the Community Infrastructure Levy reserve. This is anticipated to be fully utilised to fund elements of the new Civic Campus in line with the Full Council report on 29 January 2019.

REASONS FOR DECISION

14. To report the revenue expenditure position and comply with Financial Regulations.

EQUALITIES IMPLICATIONS

15. As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public-Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from the adjustments to the budgets required because of this report.
16. If any such adjustments might lead to a service change that could have a negative impact on groups with protected characteristics, then an Equality Impact Assessment will need to be carried out.

Implications completed by Fawad Bhatti, Social Inclusion Policy Manager, tel. 07500 103617.

RISK MANAGEMENT IMPLICATIONS

17. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.
18. One of the Council's significant priorities is being Ruthlessly Financially Efficient. In response to this essential priority, the Chief Executive and the then Strategic Director of Finance and Governance issued a strategic approach to all directors and managers, sharing expectations and setting out the standards that must be followed. The approach set out an Action Plan for senior management to implement to ensure the Council works in a single-minded and sovereign way to:
 - embed even tighter financial controls and disciplines;
 - squeeze more value from our assets and contracts;
 - maximise commercial and investment opportunities;
 - build financial acumen and leadership among budget holders;
 - be entrepreneurial;
 - ensure that every member of staff understands their role, responsibilities, and goal in making every penny count;
 - work in a cross-cutting way, reimagining roles.
19. We have implemented changes to meet the objectives set out in the Action Plan that include but are not limited to:
 - a thorough spend analysis undertaken each quarter; contract management training; refreshed the Contract Standing Orders and decision-making process
 - reviews undertaken of the Council's most significant contracts as part of Zero-Based Budgeting;
 - a review of income and debt management;
 - reviewing procurement opportunities for Social Value benefits;

- sampling and assessment of contracts to ensure compliance, performance monitoring and Value for Money being obtained;
- provided a checklist for Budget Managers to aid good practice and introduced Budget Managers briefings for teams;
- reviewing expenses and spend on Procurement Cards;
- reducing Agency Spend and robust monitoring of capital expenditure and section 106 monies

Implications verified/completed by: Michael Sloniowski, Risk Manager, tel 020 8753 2587, mobile 07768 252703

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APPENDIX 1: CHILDREN'S SERVICES
BUDGET REVENUE MONITORING REPORT OUTTURN

Departmental Division	Revised Budget 2019/20 £000	Year End Variance £000	Explanation of Major Variances
Family Services	29,907	4,027	The looked after children Care Leavers placements overspend of £2.690m was as a result of significant demand led growth and increase in complexity of need and resulting additional costs. This is mirrored in a significant client related non-placement overspend of £0.707m. Staffing was £0.200m underspent. There is also a significant overspend on legal (£0.590m) and assessments (£0.331m) where these budgets have not kept pace with demand.
Special Educational Needs and Disabilities	8,466	2,740	Travel Care and Support £1.063m overspend due to significant year on year demand growth with a mix of more complex needs requiring individualised offers as well as placements further out of borough resulting in higher unit costs. Education, Health and Care Plan (ECHP) case work included a £0.545m overspend in staff costs due to the use of agency caseworkers during the transition to the new staffing structure from April 2020 which is within budget. The Short Breaks and Resources overspend was primarily due to an interim structure at the Haven (£0.442m) and a short breaks overspend of £0.667m (£0.445m attributable to placement costs).
Education	1,162	(160)	The underspend is predominately due to short-term vacancies held pending recruitment.
Assets, Operations & Planning	2,243	(199)	Favourable £0.13m on insurance income from schools.
School Funding	8,394	(1)	

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
	£000	£000	
Children's Commissioning	2,312	1,754	£2.16m overspend on Family Support primarily due to delayed delivery of savings set out in the original business case. £0.227m underspend on Child and Adolescent Mental Health Services (CAMHS) due to an over accrual from 2019-20 providing a one-off benefit.
Total	54,484	8,160	
Covid-19 Note			There were no material costs or loss of income incurred due to Covid-19 in Children's Services in 2019-20. Costs are expected from April 2020.

APPENDIX 2: THE ECONOMY DEPARTMENT
BUDGET REVENUE MONITORING REPORT OUTTURN

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
	£000	£000	
Housing Solutions	9,075	(713)	<p>The net underspend is made up of:</p> <ul style="list-style-type: none"> • an (£0.801m) underspend on Private Sector Leased (PSL) temporary accommodation bad debt provision due to better collection rate (budget 8.50% vs. outturn 1.7%). • a (£0.273m) underspend on PSL landlord rents due to a reduction in average rents and a reduction in average client numbers (budget 986 vs. outturn of 896). • a (£0.220m) underspend on Bed and Breakfast (B&B) bad debt provision due to better collection rate (budget 14.50% vs. outturn of 0.7%). • reduction in client numbers (budget 133 vs outturn 73) has produced a (£0.231m) underspend on Bed and Breakfast (B&B) net rental payment to hoteliers. • underspend of (£0.116m) on Flexible Homelessness Support Grant (FHSG). • overspend on cost avoidance payments of £0.637m made to procure Direct Letting units for homelessness prevention. • an overspend on legal costs for complex cases of £0.106m. • overspend on rough sleeping and other homelessness prevention initiatives of £0.185m.
Growth	7,053	(64)	
Economic Development, Skills Service	1,731	0	
Planning	(9,154)	634	A shortfall on planning applications income of £1.140m is due mainly to economic factors such as the impact on planning activity of Brexit, an overspend of £0.170m relates to

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
	£000	£000	
			exceptional costs for advice on specific applications and other minor variances of £0.063m are partially offset by underspends on staffing vacancies due to delays in the recruitment process (£0.564m) and following a review of activities eligible for Section 106 funding (£0.175m).
Operations	83	(12)	
Property Services & Compliance	0	0	
Direct Delivery	80	36	
Total	8,868	(119)	
Covid-19 Note	Covid-19 spend and lost income was low for 2019-20. Costs, particularly in relation to Housing Solutions, and lost income in relation to Planning income, are expected from April 2020.		

APPENDIX 3: THE ENVIRONMENT DEPARTMENT
BUDGET REVENUE MONITORING REPORT OUTTURN

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
	£000	£000	
Public Realm	37,003	376	Overspend was as a result of unfunded waste contract inflation (£0.399m), delayed waste contract savings (£0.242m) and commercial waste net income shortfall (£0.176m). These were partially offset by unbudgeted prior year electric vehicle charging income (-£0.162m), waste disposal underspend due to the continuation of the reduced recycle processing rate (-£0.102m) and planned underspend on highways general planned maintenance (-£0.100m). Other smaller net underspends (-£0.077m).
Community Safety and Regulatory Services	6,889	111	Overspend primarily explained by building control income shortfall (£0.187m), partially offset by other smaller net underspends (-£0.076m). The Building Control service is being reviewed to assess potential for income growth and closer income and expenditure alignment.
Leisure, Sport and Culture	7,217	29	Small overall overspend a result of events in parks income shortfall due to delayed prior year saving and member preference to restrict the number of large events in parks (£0.185m). Filming income shortfall due mostly to unachieved prior year saving and lack of filming venues (£0.123m). These were partially offset by increased income from the new leisure contract (-£0.225m) and other smaller net underspends (-£0.054m).

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
Resident Services	15,859	329	Overspend is a result of delayed savings to be delivered through the Resident Experience and Access Programme and service restructures (£0.741m). In addition, court cost recovery was £0.128m. These were partially offset by unbudgeted prior year income (-£0.142m), concessionary fares prior year rebate and in year underspend (-£0.207m), local support payments less than budgeted (-£0.050m), printing and postage underspends (-£0.078m) with other smaller net underspends (-£0.063m)
Executive and Support	0	0	Fully recharged to services.
Total	66,968	845	
Covid-19 Note			There have been minimal Covid-19 related pressures in 2019-20. Included in the figures above are an estimated £20,000 unfunded income losses and £22,000 additional spend which has been funded from the emergency grant (so no net impact). There are significant Covid-19 related financial pressures for the department in 2020-21. These will be reported as part of the 2020-21 monitoring process.

APPENDIX 3A: CONTROLLED PARKING ACCOUNT
BUDGET REVENUE MONITORING REPORT OUTTURN

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
	£000	£000	
Controlled parking income	(38,954)	102	The income variance before Covid-19 was -£1m and the swing to £102k was due to the complete reduction in parking and travel in the last few weeks of March as a result of the pandemic. The main two areas of income affected were a drop of £342k in Pay & Display and a £257k drop in Penalty Charge Notice (PCN) payments. The second aspect of income effected is the PCN accrual, as most people pay their PCNs a few weeks after receiving them, the drop in issuance in the last few weeks of March affected the PCN accrual more than the payments leading to a £433k drop in the accrual.
Controlled Parking Account expenditure	13,955	(243)	The variance was largely due to an issue with uploading PCN debts to the Traffic Enforcement Centre (TEC) which led to an underspend of -£129k on the expected budget. -£75k is an underspend on budgeted security costs for the Bagley's Lane building. -£39k relating to various other expenditure items. None of the underspend relates to Covid-19.
TOTAL	(24,999)	(141)	
Covid-19 Note			See variance analysis above. Significant parking income losses are expected in 2020/21 due to the impact of Covid-19 and lockdown.

APPENDIX 4: FINANCE & GOVERNANCE
BUDGET REVENUE MONITORING REPORT OUTTURN

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
	£000	£000	
Properties and Facilities Management	24,128	190	Overall unfavourable variance in income mainly due to unachieved savings related to rental income, plus one-off settlement costs for prior year works.
Legal and Democratic Services	1,305	(228)	Overspend due to the overachievement of legal income for historical one-off conveyancing work paid on completion in 2019-20 offset by underspends on staffing due to vacancies.
Digital Services	12,631	(13)	
Finance	5,712	(197)	Underspends on staffing budgets due to vacancies.
Audit, Fraud and Insurance	1,025	(189)	Underspend on staffing budgets and fees payable on internal audit contract.
Contracts and Commercial Services	(3,953)	385	Overspend arising from delayed contracts management savings (£1.500m), partially mitigated as a result of a one-off benefit released from the bad debt provision related to a legal challenge (-£1.250m). There were also overspends due to lower than budgeted profit shares from digital advertising sites plus other small overspends (£0.145m).
Total	43,848	(52)	
Covid-19 Note			Additional Covid-19 expenditure of £0.039m was incurred and funded from Covid-19 grants relating to additional Facilities Management costs.

APPENDIX 5: PUBLIC SERVICES REFORM (PSR)
BUDGET REVENUE MONITORING REPORT OUTTURN

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
	£000	£000	
Zero Based Budgeting	609	(83)	
People and Talent	2,379	543	There was an increase in management costs at start of the year, plus high cost agency staff to ensure service resilience. Following mid-year review of the service, these agency roles were converted to cheaper permanent/fixed term roles and the service will see the full cost benefit in 2020-21. There was an overspend on legal costs.
Assurance, Programmes and Analytics	1,646	171	Overspend due to unfunded staffing costs in Business Intelligence, partially mitigated by underspends from vacancies in Programme Management Office and Chief Executive's Office. The Business Intelligence overspend has arisen from: an initial shortfall in staffing budget when service was established; removal of invest to save funding due to a change in focus, but the need to retain capacity to meet existing demand especially on statutory returns; unachieved savings; and increased organisational demand particularly to support Social Care and Children's Services and the Ofsted inspection. A funding model for BI is to be addressed in 2020/21.
Strategy and Community Engagement	532	266	Overspend due to unfunded staffing costs to provide support to key administration priorities.
Other	655	138	Overspend due to historic income budget pressure and declining print commissions due to digital alternatives partly offset by underspend on staffing costs.
Recharge Recovery	(1,114)	0	
Total	4,707	1,035	
Covid-19 Note	Additional Covid-19 expenditure of £21,000 was incurred which was		

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
	£000	£000	
			funded from Covid-19 grants relating to Covid-19 director costs and communications costs.

APPENDIX 6: SOCIAL CARE
BUDGET REVENUE MONITORING REPORT OUTTURN

Departmental Division	Revised Budget 2019/20 £000	Year End Variance £000	Explanation of Major Variances
Operation	21,533	343	<p>Overspends due to the increasing number of home care support packages of £688,000 and direct payments of £265,000 with the pressures from the increase in the London Living Wage. This is partly offset by reductions in placements and the block nursing homes contract of (£610,000) with lower number of residents going into placements.</p> <p>A plan is in place to address the overspend and to bring in the budget in line in 2020/21.</p>
Learning Disability, Mental Health and In-House Services	22,349	1,114	<p>The overspend is split into the following areas:</p> <p>Learning Disabilities overspend comprises of pressures in home care support packages of £508,000, direct payments of £306,000 and supported living of £183,000. This was offset by improvement of Learning Disabilities placements with lower costs than estimated of (£292,000), improved residential contributions of (£83,000) and underspend in Individual Services Fund due to improved contracting arrangements of (£94,000).</p> <p>Mental Health overspend of £234,000 in home care and direct payments and £83,000 in residential and nursing care placements. There was an overspend of £269,000 on staffing and rental costs based in the Claybrook hospital.</p> <p>There are on-going budgetary pressures and robust mitigation plans and very tight budgetary controls have commenced for the new year to address this overspend.</p>
Commissioning (Transferred in year from PSR)	4,918	359	<p>The Commissioning overspend was in three main services:</p> <p>The third sector grants budget was overspent by £216,000. The outturn has improved by (£192,000) due to the implementation of the migration action plan on transfer into Social Care in September 2019.</p> <p>2. Commissioning staffing costs overspend of £111,000 are due to agency costs -</p>

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
	£000	£000	
			Commissioning service plans are in place to manage within the existing budget from April 2020. 3. The meals provision service provided by Harrow was an overspend of £32,000 due to increased number of residents utilising the service.
Public Health Service (Transferred in year from PSR)	21	(2)	To arrive at this outturn position for Public Health, all of £2,025,000 Ringfenced grant unspent and carried forward from previous years was utilised. For the next financial year, the service will need to be managed with the 2020/21 grant funding available.
Resources	8,076	34	
Social Care Directorate	551	(19)	
Total	57,448	1,829	The outturn of £1,829,000 is an improvement of (£148,000) from the position reported in the month 9 forecast. Having balanced its budget in the two previous years, the financial pressures in 2019/20 resulted from of a combination of demand, market pressures, people living longer (a good thing!), people being discharged from hospital with a greater acuity of need and people having greater expectations. In this outturn position the department still achieved £1,831,000 of the budgeted savings.
Covid-19 Note			The department incurred additional Covid-19 costs of £105,000 which is funded by the first tranche of the emergency Covid-19 grant. The additional market management measures the department has implemented and greater hospital discharge costs will be reflected in the new financial year.

APPENDIX 7: CENTRALLY MANAGED BUDGETS
BUDGET REVENUE MONITORING REPORT OUTURN

Departmental Division	Revised Budget 2019/20	Year End Variance	Explanation of Major Variances
	£000	£000	
Corporate & Democratic Core	339	42	
Housing Benefits	(525)	(395)	Good performance on Housing Benefit overpayment collection and maximisation of subsidy has resulted in better than budgeted performance.
Levies	1,545	(22)	
Net Cost of Borrowing	485	(387)	A higher than budgeted return on investments has resulted in the outturn position being better than budget.
Other Corporate Items	8,698	(1,336)	A shortfall of £131,000 on Land Charges income is offset by an underspend of £407,000 on the business rates inflation contingency, a favourable variance due to Service Level Agreement recharges to the HRA as a result of staffing movements and the insourcing of repairs services (£802,000), a one-off favourable variance on the provision for managed service programme costs (£149,000) and other minor favourable variances.
Pensions & Redundancy	8,602	(5)	
Sub -Total	(1,279)	(2,103)	
Contingency		(2,569)	Unused contingency budgets
Total		(4,672)	
Covid-19 Note	There were no material variances in 2019-20 due to the Covid-19 pandemic.		

**APPENDIX 8: HOUSING REVENUE ACCOUNT
BUDGET REVENUE MONITORING REPORT OUTURN**

Departmental Division	Revised Budget 2019/20 £000	Year End Variance £000	Explanation of Major Variances
Housing Income	(76,601)	(708)	The favourable position is made up of: <ul style="list-style-type: none"> • an underspend of (£1.3m) on the bad debt provision for rental income for Council homes due to effective rent collection of 100.35% and a slower roll out of Universal Credit than expected • loss of rental income on the Council's homes of £0.316m due to higher than expected void numbers during the year • loss of garage, parking and commercial property income of £0.176m mainly due to the garage refurbishment programme • a shortfall against budget of leasehold service charges of £0.100m.
Property Services & Compliance	9,715	835	Additional resourcing has been necessary to maintain a service which meets the health and safety compliance needs of our residents.
Housing Repairs & Voids	11,450	190	The overspend relates to transitional costs arising from the implementation of the interim repairs and maintenance delivery model.
Place	9,665	329	The overspend is a result of the remit of the in-house customer service centre has expanded to include complaints and resolution handling.
Housing Management	6,104	(284)	The favourable position is md up of: <ul style="list-style-type: none"> • a staffing underspend of (£0.500m) due to delays in recruitment following a recent restructure • lower spend on downsizing incentives (£0.133m) and minor variances (£0.041m) • an overspend on decanting costs of £0.390m caused by an increase in activity levels resulting in an increased need for temporary accommodation.
Operations	3,231	11	
Direct Delivery	708	(153)	The underspend mainly due to recruitment delays and higher than expected capitalisation of staffing costs.

Departmental Division	Revised Budget 2019/20 £000	Year End Variance £000	Explanation of Major Variances
Safer Neighbourhoods	664	(29)	
Growth	327	27	
Adult Social Care	48	0	
SLA recharges	7,666	768	The overspend is due to a corporate review and update of the corporate service level agreement (SLA) recharges model resulting in additional charges to the HRA.
Finance and Resources	8,088	(1,036)	The underspend comprises: <ul style="list-style-type: none"> • an underspend on a provision for risk of (£0.827m) • a delay in an incentive scheme to increase direct debit take up (£0.138m) • staffing vacancies (£0.133m) and other minor variances (£0.089m) • an overspend on utility costs of £0.154m • other minor variances.
Capital Charges	24,902	(1,495)	<ul style="list-style-type: none"> • The actual depreciation charge is lower due to stock valuation (£0.518m) and review of the ratio of the value of land to buildings (£0.730m). • Higher interest earned on HRA balances (£0.247m) due to an increase in the interest rate (budget 0.45% vs. actual 0.93%) and change in level of internal borrowing.
Revenue Contribution to Capital	0	0	
(Contribution to)/appropriation from HRA General Reserve	5,967	(1,545)	
Covid-19 Note			Covid-19 spend and lost income immaterial for 2019-20.