


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">9 JULY 2018</p>	
<p>2017/18 CORPORATE REVENUE OUTTURN REPORT</p>	
<p>Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification - For Information</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Hitesh Jolapara – Strategic Director, Finance and Governance</p>	
<p>Report Author: Gary Ironmonger – Finance Manager Andrew Lord – Head of Strategic Planning and Monitoring</p>	<p>Contact Details: Tel: 020 8753 2109 E-mail: Gary.Ironmonger@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. Section 151 of the 1972 Local Government Act requires the Chief Financial Officer (as the responsible officer) to ensure proper administration of the Council's financial affairs. This report is the concluding part of the Council's 2017/18 budgetary control cycle. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Cabinet Members, the Chief Executive, and Directors in discharging the statutory responsibility.
- 1.2. The Councils' Accounts are closed a month ahead of the statutory deadline of 31st May 2018 and are subject to external audit. The outcome of the audit will be reported to the July Audit Committee.
- 1.3. The provisional General Fund departmental revenue outturn variance is an unfavourable £1.660 after applying unused contingency budgets. The council identified section 106 (S106) funding to mitigate the

additional pressures and costs arising from new developments, so the consolidated final position is a net break even.

- 1.4. Within this overall position there is a significant overspend in Children's Services of £3.2m and an overspend in Corporate Services of £0.5m.
- 1.5. The High Needs Block, funded through Dedicated Schools Grant, overspent by £5.5m in 2017/18. The cumulative total DSG deficit balance is now £7m with an additional £4.5m deficit anticipated in 2018/19. The need to tackle this £11.5m cumulative deficit will potentially impact on future school and council resources.
- 1.6. The provisional HRA variance is £0.052m (Table 2). The reasons for the overspend are explained in Appendix 2. Overall HRA general balances have reduced by £10.183m to £9.946m. This is attributable to the budget variance of £0.052m, the budgeted use of balances of £1.382m and the transfer of £8.749m to earmarked reserves. HRA Earmarked reserves at the year-end have increased from £25m to £42m
- 1.7. General Fund Balances have remained unchanged at £19.004m. Earmarked Reserves increased from £82.986m to £94.944m. In part this is due to a decision to capitalise invest to save costs of £5.8m and a technical adjustment relating to business rate appeals of £5.2m (which will reverse out in 2018/19). It is estimated that at least £40m of the earmarked reserves are either committed or have a restricted¹ purpose. This leaves £55m for future use.
- 1.8. Total capital expenditure for the year was £73.6m. This comprised expenditure in the General Fund of £35.6m and £38m in the HRA. A separate Report sets out the detailed capital outturn.

2. RECOMMENDATIONS

- 2.1. To note, subject to audit, the General Fund overspend of £1.660m net of unused budgeted contingency. This has reduced to a consolidated net break even position through draw down of additional section 106 resources of £1.6m.
- 2.2. To note the provisional HRA variance is £0.052m (table 2). Overall HRA general balances have reduced by £10.183m to £9.946m. This is attributable to the budget variance of £0.052m, the budgeted use of balances of £1.382m and the transfer of £8.749m to specific reserves.
- 2.3. To note that general fund earmarked reserves are £94.99m and general balances are £19.0m as at 31st March 2018, subject to audit.
- 2.4. To note the capital outturn of £73.6m.

¹ Restricted use reserves include the insurance fund, grants and section resources.

3. REASONS FOR DECISION

- 3.1. To confirm the financial position as at 31st March 2018. This report outlines the provisional revenue outturn position, income and expenditure for 2017/18, and the consequent effect on the Council's levels of balances and reserves.

4. GENERAL FUND OUTTURN

Table 1: Draft General Fund Outturn 2017/18²

Department	Revised Budget	Actual	Gross Variance
	£m	£m	£m
Adult Social Care	60.467	60.491	0.024
Centrally Managed Budgets	29.943	29.906	(0.037)
Children's Services	57.206	60.427	3.221
Controlled Parking Account	(22.511)	(23.154)	(0.643)
Corporate Services	20.173	20.725	0.552
Environmental Services	46.887	47.254	0.367
Housing & Regeneration	11.924	11.907	(0.017)
Libraries & Archives Service	2.843	2.856	0.013
Public Health	0.000	0.000	0.000 ³
Total Departmental	206.932	210.412	3.480
Remaining Contingency	1.880		(1.880)
Variance against budget	208.812	210.412	1.600
Use of additional S106 funds			(1.600)
Final Position			0.000
High Needs Block (DSG) overspend			5.551 ⁴

² Figures in brackets are underspends.

³ Public Health is funded through ring-fenced grant. The nil variance identifies that no additional council contribution was required. The actual draw down of grant was £546k less than budgeted. The unspent grant carries forward to 2018/19..

⁴ This is the in-year deficit for the High Needs Block. The cumulative deficit on the DSG in total is £7m.

4.1. Table 1 shows the provisional departmental General Fund revenue outturn variance is an unfavourable £3.480m. After accounting for remaining contingency, the unfavourable variance (overspend) was £1.6m.

4.2. Within this overall position, significant overspends were recorded in:

- Children's Services (£3.2m) - £1.4m Family Services, £1.4m Education and £0.6m Commissioning overspends on Looked After Children/Leaving Care Placement and Staffing;
- Corporate Services (£0.5m) – £0.5m Commercial, £0.3m Legal, £0.1 Public Services Reform offset by underspends in other services
- Environmental Services (£0.3m)

A detailed explanation of the variances is provided in Appendix 1.

4.3. Additional S106 funding was used to mitigate the additional pressures and costs arising from new developments. It should be noted that the use of S106 funds as a one-off measure does not address the underlying overspend but provides short-term funding to address the in-year overspend. These pressures will continue to provide a challenge in 2018/19.

5. DEDICATED SCHOOLS GRANT

5.1. Dedicated schools grant (DSG) is paid in support of local authority schools budgets, being the main source of income for the schools' budget. This is split between central expenditure and the individual schools budget (ISB) in conjunction with the local schools' forum.

5.2. The High Needs Block funding has come under increased pressure in recent years and overspent by £5.5m in 2017-18. The Council now has a cumulative overspend on the Dedicated Schools Grant of £7m. This deficit is expected to increase by a further £4.5m to £11.5m in 2018/19. This forecast includes an agreed transfer of funds in 2018/19 of £506k from the Schools' block to the High Needs block

5.3. Children's Services are considering the actions required to fund the overspend. This includes requesting additional funding from the Education Funding Agency to address a shortfall in funding from government compared to the number of students in the borough with special educational needs. Should funding not be forthcoming the Council and schools will need to address the deficit.

6. HOUSING REVENUE ACCOUNT OUTTURN

6.1. The HRA provisional variance is £0.052m. The reasons for the overspend are reported in a separate HRA outturn report. Overall HRA

general balances have reduced by £10.183m to £9.946m. This is largely due to a transfer to specific reserves of £8.749m.

Table 2: 2017/18 Housing Revenue Account Outturn

Housing Revenue Account	£m
Balance 31 March 2017	(20.129)
Budgeted use of balances	1.382
HRA variance	0.052
Transfer to specific reserves	8.749
Balance 31st March 2018	(9.946)

7. RESERVES⁵, BALANCES AND PROVISIONS⁶

- 7.1. General Fund Balances remain at £19.004m (4% of the gross budget excluding Housing Benefit transfer payments). This is within the range of £14m to £20m agreed as part of the Council's Budget. Maintaining balances within this range is considered prudent given budget pressures and risks.
- 7.2. General Fund earmarked reserves total £94.994m at the close of 2017/18 an increase of £12m from the 2017/18 opening balance of £82.986. This increase is mainly due to:
- The Council has made use of the Government relaxation on the use of capital receipts to fund invest to save costs of £5.8m.
 - A technical adjustment of £5.2m relating to business rates. The Council has had to set aside this sum to meet the cost of appeals with funding coming from government safety net grant.
 - An increase of £2.2m in government grants and section 106 contributions carried forward.
- 7.3. Initial review indicates that at least £40m of the earmarked reserves have a restricted use (such as £6.3m for the Insurance Fund or £6.3m for grants and section contributions) or are committed (such as £9.3m for Managed Services or £5.2m for business rates). The available reserves carried forward are estimated to be less than £55m. This will be reviewed in the new financial year.
- 7.4. HRA reserves are £41.664m. Departmental analysis (the figures will be updated in line with the new departmental structures for 2018/19) is shown in table 3 and further detail in appendix 2.
- 7.5. Provisions have increased by £1.958m to £10.078m and are detailed in appendix 3.

⁵ Reserves in general balances are amounts set aside which are for future policy purposes or to cover contingencies. Earmarked reserves are for specific expenditure or projects only.

⁶ A provision is an amount set aside for liabilities anticipated in the future which cannot always be accurately quantified. A provision is for a present obligation as the result of a past event.

Table 3: Earmarked Reserves, Balances & Provisions at 31 March 2018

Department	31 March 2017 £m	31 March 2018 £m
Adult Social Care	3.722	3.442
Children's Services	2.342	3.850
Corporate ⁷	64.733	73.459
Environmental Services	8.548	5.499
Libraries	0.058	0.004
Housing and Regeneration	3.673	8.740
General Fund Earmarked Reserves	82.986	94.994
Housing Revenue Account Reserves	25.325	41.664
Earmarked Reserves	108.310	136.658
Provisions	8.119	10.078
General Balances	19.004	19.004
Total	135.433	165.740

8. CAPITAL PROGRAMME

- 8.1. Total capital expenditure for the financial year was £73.6m. This comprised expenditure in the General Fund of £49.8m and £23.8m in the HRA.
- 8.2. A summary of capital expenditure by department and capital financing is included below. A more detailed capital out-turn report by scheme, together with carry-forward requests and slippage adjustments, is also presented on this Agenda.

Table 8 - Capital Expenditure and Funding Summary 2017/18

Department	2017/18 £'000
Adult Social Care	393
Children's Services	17,409
Environmental Services	10,704
Finance and Corporate Services	5,790
Housing Revenue Account	23,766
Housing and Regeneration	14,148

⁷ These include £8.2m of reserves, such as insurance, that are effectively ring-fenced or, if used, expose the Council to risk

Department	2017/18 £'000
General Fund Schemes under Housing Management	1,344
Total	73,556

Capital Financing	2017/18 £'000
Capital Receipts	22,345
Increase in Capital Finance Requirement (CFR)	6,550
Capital Grants and Contributions	26,644
Major Repairs Reserve	16,261
Council and School Reserves	1,703
Housing Revenue Account	37
General Fund Revenue Account	15
Total	73,556

9. CONSULTATION

9.1. With Departments and Strategic Leadership Team.

10. EQUALITY IMPLICATIONS

10.1. Cabinet is asked to note the Corporate Revenue outturn for 2017/18. It is not asked to make any decisions nor take any action, hence there are no equality implications arising from this report.

10.2. Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

11. LEGAL IMPLICATIONS

11.1. There are no legal implications within this report.

11.2. Implications verified/completed by: Adesuwa Omoregie, Principal Solicitor, tel. 020 8753 2297.

12. FINANCIAL IMPLICATIONS

12.1. This report is of a financial nature and the financial implications are contained within, which is subject to audit review.

12.2. Implications verified/completed by: Gary Ironmonger, Finance Manager, tel. 0208 753 2109.

13. IMPLICATIONS FOR BUSINESS

13.1. There are no direct implications for local businesses.

13.2. Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583

14. COMMERCIAL IMPLICATIONS

14.1. There are no immediate commercial implications in this report.

14.2. Implications verified/completed by: Joanna Angelides on behalf of Simon Davis, tel: 020 7361 2586.

15. IT IMPLICATIONS

15.1. There are no IT implications contained within this report.

15.2. Completed by: Veronica Barella, Chief Information Officer, tel 020 8753 2927.

16. RISK MANAGEMENT

16.1. The Council operates in an increasing risk environment of reduced council funding and austerity measures imposed by national government, increasing financial pressures due to cost inflation and demographic pressures. The Council has monitored this corporate risk though the year and has adopted as one of its key priorities to be ruthlessly financially efficient so as to continue to achieve the best service for our residents from council staff and contractors in line with our corporate risk to meet our communities ongoing needs and expectations. There is a risk that pressures will continue to provide a challenge in 2018/19.

16.2. Implications verified by: Michael Sloniowski, Risk Manager, tel. 0208 753 2587.

17. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	None		

LIST OF APPENDICES

Appendix 1 Departmental Analysis – General Fund 2017/18 Revenue Outturn

- **Adult Social Care**
- **Centrally Managed Budgets**
- **Children’s Services**
- **Controlled Parking Account**
- **Corporate Services**
- **Environmental Services**
- **Housing & Regeneration**
- **Libraries (Shared Services)**
- **Public Health**

Appendix 2 Earmarked Reserves

Appendix 3 Provisions

APPENDIX 1:

DEPARTMENTAL ANALYSIS – GENERAL FUND 2017/18 REVENUE OUTTURN

ADULT SOCIAL CARE (ASC)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2017/18 £000	Year End Variance £000	Explanation of Major Variances (over £100k)
Integrated Care	45,541	102	<p>The main variances are:</p> <p>Better Care Fund savings shortfall of £185,000. Within the base budget is an MTFS efficiency of £2m following previous negotiations with Health over the Better Care Fund. The efficiency target had various target measures to deliver savings by the avoidance of care in placements, savings in jointly commissioned contracts and securing lower prices. The department delivered efficiencies in residential and nursing placements which resulted in a reduction in placements spend of (£1,815,000).</p> <p>Minor underspend of (£24,000) on Home Care and Direct Payments. There is an improvement in the position of (£114,000) since the month 9 forecast with the review of high cost packages in a safe & sustainable level reducing the overall costs. Throughout the year the total spend has increased compared with the previous year due to pressures as part of the out of hospital strategy to support people at home and avoid hospital admissions or to enable early discharge which has led to an increase in home care costs above that which is normally expected. The Home Care and Direct payment rates increased due to the London living wage increases which resulted in</p>

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
			<p>additional pressures.</p> <p>Mental Health Services outturn position of £447,000 overspend. The outturn position improved by (£235,000) since month 9 forecast due to management actions in reviewing placements leading to a reduction in costs. This service continued to have increasing number of placements with the full year effect of new people and increases above inflation leading to budget pressures of £264,000. In Mental Health, Home Care and Direct Payment pressures amounted to £183,000 overspend.</p> <p>Learning Disability (LD) services outturn position of (£638,000) underspend. The underspend improved by (£210,000) since the month 9 forecast due to continued management actions from the reviews leading to reduction of cost of care in LD packages and placement. The placement budget underspent by (£356,000) mainly to the continued review of the high cost placements, the supported living service underspent by (£209,000) and there was a net underspend on the Home Care / Direct Payment budgets of (£73,000) with an overall reduction of 14 service users by year end.</p> <p>In – House services overspent by £131,000. The outturn position reflected the continued to be demand pressures in Careline to fund a 24/7 service.</p>
Strategic Commissioning & Enterprise	6,022	42	

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Finance & Resources	8,338	(15)	
Executive Directorate	566	(105)	Underspend against Workforce & Development service within the Directorate and Executive Support Division.
Total	60,467	24	

CENTRALLY MANAGED BUDGETS
Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Corporate & Democratic Core	4,081	(237)	There was an underspend on Banking Charges of £216k due to the corrections of banking charges from 2015/16. This included the recognition that some of these charges were related to parking operations.
Housing Benefits and other Corporate Items	12,644	(266)	The variance on Housing Benefits payments is due to continued high performance in collecting outstanding Housing Benefits overpayments.
Levies	1,571	(36)	
Net Cost of Borrowing	32	613	The unfavourable variance on Net Cost of Borrowing is due to the low level of interest rates. These continue to be below historic levels and the increases towards normalisation were slower than anticipated.
Pensions & Redundancy	11,615	(111)	A favourable variance of £111k on the cost unfunded pensions created because of historic redundancy decisions.
Sub -Total	29,943	(37)	
Contingency	1,880	(1,880)	Unused Contingency Budgets
Total	31,823	(1,917)	

CHILDREN'S SERVICES DEPARTMENT (CHS)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Family Services	28,418	1,407	<p>The overspend is a combination of Looked After Children/Leaving Care Placement and Staffing overspends. An increase in more complex higher cost cases were placed during the latter part of the year. The forecast was ratified by a detailed line by line financial review to validate all placement lines which identified some process improvement issues which are being put in train in 2018/19.</p> <p>The final year end variance for placements was offset by higher than expected grant income and a placements underspend in fostering and adoption.</p> <p>There are staffing pressures in the Family Support and Child protection service due to an increase in activity and caseloads resulting in a need to recruit additional agency workers to cover unallocated cases. Staffing pressures are also evident in the Contact and Assessment service.</p>
Education	7,699	1,441	<p>The main variances are:</p> <ul style="list-style-type: none"> • Staffing overspends £592k (Asset strategy £52k, Moving On SLT costs £31k, Disabilities £60k and SEND £449k). • Short breaks placements, including The Haven £372k. • SEN transport £100k and recoupment shortfall £202k. • Traded income targets fell short of £150k. • Other minor variances £25k.

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Commissioning	5,081	620	Staffing overspend due to use of interims and supernumerary staff delivering department wide projects which were outside of the Commissioning baseline capacity. Additionally, there was a baseline budget pressure because of the 2016 restructure.
Safeguarding, Review and Quality Assurance	1,757	(26)	
Finance and Resources	5,842	(221)	Staffing pressures budget held in Finance & Resources and partially mitigating pressures across the service. Will be dispersed across the department in 2018/19 as part of a post level budgeting exercise to ensure 2018/19 budgets reflect 'Moving On' agreed structures.
Schools Funding	8,409	0	
Total	57,206	3,221	

CONTROLLED PARKING ACCOUNT (CPA)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Pay & Display (P&D)	(12,145)	(2,093)	The Council has seen increased receipts from the roll-out of cashless phone parking. The number of people using phone parking has continued to increase significantly since the roll out commenced October 2016 and was completed in February 2018. The take up of phone parking is now more than 80% . Of the remaining income coming from the new pay and display machines, 71% is by card. This has led to a reduction of cash receipts and the risk of theft on-street.
Permits	(4,496)	(87)	
Penalty Charge Notices (PCNs)	(14,386)	(543)	Better income recovery of PCN debt during the first half of this financial year has increased income. This is a one-off occurrence in this financial year due to the successful clearing of a backlog of registering cases and warrants from the previous year due to IT problems with the Traffic Enforcement Centre (TEC) which must approve council applications for registration of debt and issuance of warrants. Following a major recruitment exercise during the summer 2017, 11 Civil Enforcement Officers were recruited to return the service to a full establishment (58 FTEs).
Parking Bay Suspensions	(3,223)	898	The number of Parking Suspension requests has significantly dropped this year. Outside factors dictate this such as property development levels, house moves, utility works etc.
Towaways and Removals	(325)	56	

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
Expenditure and Other Receipts	12,064	1,126	<p>There have been significant additional costs of approximately £900K arising from the roll out of phone parking. These include contract costs, maintenance, and credit/debit card processing costs. Cash collection expenditure rose due to the delay in procurement of the pay and display machine replacement project.</p> <p>There was an additional spend of £112K on staff under section S113 from Royal Borough of Kensington and Chelsea for work on the pay and display machine replacement procurement and implementation. This was originally to be charged to the appropriate capital fund but was ultimately charged to revenue.</p>
Total	(22,511)	(643)	

CORPORATE SERVICES

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
H&F Direct	15,782	(27)	
Human Resources & Electoral Services	1,396	(143)	Underspends relating to employee costs.
Finance & Audit	238	(89)	
Delivery & Value	2,037	62	
Executive Services	523	(61)	
Commercial Director	465	468	£379k undelivered income against target for external business intelligence work/ sales (budget £633k, outturn £254k); £89k other overspends.
Legal Services	(437)	304	Under recovery of income on the trading account.
ICT Services	160	(96)	
Public Service Reform	10	134	Unfunded staffing costs incurred in advance of the formal establishment of the new department from 1 April 2018.
Total	20,173	552	

ENVIRONMENTAL SERVICES (ES)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Transport and Highways,	14,652	320	£203k - unachievable savings targets £120k - lower than anticipated staffing costs recharged to projects
Parks & Leisure	4,607	(51)	
Environmental Health, Community Safety & Emergency Planning	7,440	(151)	£115k - New commercial income targets for deployable CCTV (£100k) and Professional Witnesses (£15k) not delivered. (£241k) Registrars salary underspend (£117k) due to staff retention difficulties and recruitment delays (caused by delays in regrading posts) and Registrars income overachievement (£124k). This is not expected to continue given the planned refurbishment of Hammersmith Town Hall and the uncertainty this is causing for future bookings. (£25k) – other smaller net variances.
Cleaner, Greener & Cultural Services	9,145	(94)	£100k - New commercial income target for Parks and Markets Events not delivered £149k - Forecast shortfall on filming income partly due to the delay in the opening of the Location Library – shortfall against new savings target. (£387k) - Forecast underspend on waste disposal due to continuation of reduced rate for processing recycling.
Other LBHF Commercial Services	(223)	106	£135k – Income shortfall on the non-guaranteed income element of the ducting contract. (£36k) – Business Improvement staffing underspend due to posts held vacant, pending review of service.

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
Executive Support and Finance	1,322	(97)	
ES Managed Sub-Total	36,943	33	
Waste and Street Enforcement (Corporate Services – Commercial Director managed)	11,711	(32)	
Building and Property Management (Corporate Services – Commercial Director managed)	(1,767)	366	<p>£1,114k - Shortfall in advertising hoarding income on the Two Towers, L'Oréal and Benworth sites and unachievable income target on new sites, Lyric Square and Fulham Palace Road, which did not proceed.</p> <p>£106k - Unachievable Building Control income due to the current economic environment.</p> <p>£84k - Unachievable rental income on Galena Road site and repairs liability for Lyric Theatre.</p> <p>(£290k) - Civic Accommodation. Although there was a shortfall in rental income on Lila Hussett, the effect was more than offset by an NNDR refund for Fulham Town Hall and Hammersmith Town Hall.</p> <p>(£311k) - Underspend on Total Facilities Management contractor's costs.</p> <p>(£364k) - Mainly underspends from Valuation Services on Laser energy rebates, staff recharges and underspends on contractors' costs.</p>
ES Total	46,887	367	

HOUSING & REGENERATION - GENERAL FUND

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2017/18 £000	Year End Variance £000	Explanation of Major Variances (over £100k)
Housing Solutions	5,984	(32)	<p><u>Temporary Accommodation</u></p> <p>Temporary accommodation pressures have been offset by the Flexible Homelessness Support Grant as detailed below.</p> <p>Inflationary pressure on temporary accommodation (TA) rents from private landlords has resulted in an over spend of £1,217k. This is comprised of:</p> <ul style="list-style-type: none"> • £261k direct inflationary pressure compared to 16/17 prices mostly on properties acquired through the West London managing agents' framework agreement where agents are demanding rent rises on homes in their portfolio already occupied by households in temporary accommodation (£143k of the £261k). This overspend has been reduced in recent months because of mitigating action taken reducing expensive properties in the portfolio. • £956k of savings on the net rental cost assumed in the budget that are not being realised despite pursuing more longer-term leases. <p>There has also been an increase in average client numbers, from a budget of 782 units to an outturn of 939 (930 at CRM 10), that has resulted in an over spend of £496k.</p> <p>The impact of the loss of the management fee has resulted in an over spend of £1,934k, although this is offset in this year by the grant received below.</p>

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
			<p>There is an underspend of (£107k) (reduced from £232k overspend in CRM10 mostly because of the application of Discretionary Housing Benefit) on the bad debt provision despite continuing pressures on income collection resulting from the implementation of Universal Credit.</p> <p>Incentive payments to private sector landlords have exceeded the budget by £103k. Major landlords have threatened to withdraw their homes from us within a month unless we pay them additional sums, again this is happening a lot on properties acquired through the West London managing agents' framework agreement. For example, we are having to pay £1,000 per property to retain 31 TA units that are currently occupied provided by one of these agents. Officers are working on plans to procure alternative accommodation.</p> <p>Flexible Homelessness Support Grant provided by CLG (£3.417m) to cushion the impact of the removal of the management fee for Temporary Accommodation (after deducting £110,000 which we expect Registered Providers to claim). CLG have stated the aim is to 'empower LAs with the freedom to support the full range of homelessness services they deliver' and plan their provisions with more certainty. It should be noted that so far this is only promised for 17/18, reducing in 18/19 to (£3.381m) and further reducing in 19/20 to (£2.805m) so there is a risk of budget pressure in these years and even more so immediately thereafter.</p> <p><u>Bed and Breakfast</u> Increases in Bed and Breakfast accommodation net costs due to continuing increasing</p>

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
			<p>inflationary pressures on rents has resulted in an adverse variance of £61k.</p> <p>Higher average client numbers (165 at outturn vs 134 in the budget) has resulted in an adverse variance of £49k. The overspend on the bad debt provision is £110k (£92k at CRM 10). This is due to continuing pressures on income collection due to the implementation of Universal Credit.</p> <p>Other</p> <p>Repair costs on PSL properties have exceeded the budget by £140k, and legal costs relating to disrepair and complex cases have overspent by £120k.</p> <p>A detailed review of salary apportionments, which included looking at practices elsewhere, has resulted in an additional salary recharge to HRA for the Assessment teams in Housing Solutions of (£53k).</p> <p>Vacancies on TA procurement team resulted in an underspend of (£58k) as did lower than expected Rent Deposit Scheme Damage Claim (£14k).</p> <p>In addition, a number of grants from Government have produced additional income this year (£381k). Also, funds received from the developer to contribute to decant costs associated with the sale of Lavender Court have produced a favourable variance (£234k).</p>
Housing Strategy	396	0	
Economic Development,	1,454	22	

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Learning & Skills			
Development & Regeneration	92	0	
Housing Services	988	(14)	
Planning	2,409	0	<p>Development Management - A shortfall in planning fee income of £329k has been partially offset by reductions in staff costs of (£126k). In addition, there are overspends on supplies and services £141k, as well as, £105k on legal costs.</p> <p>Planning Regeneration - Higher than budgeted staffing costs of £255k are offset by additional planning fee income of (£598k). In addition, the division has overspent by £80k on non-staff running costs and legal costs.</p> <p>Planning Director's Office – the (£117k) variance relates primarily to the vacant Director of Planning role.</p> <p>Policy – this relates to underspends on staffing (£26k) and legal costs (£43k).</p>
Finance & Resources	601	7	
Total	11,924	(17)	

LIBRARIES & ARCHIVES (SHARED SERVICE)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Shared Service - Libraries & Archives	2,843	13	None to report
Total	2,843	13	

PUBLIC HEALTH

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2017/18	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Public Health Grant Income	(22,338)	0	N/A
Sexual Health	5,554	248	Increased demand for sexual health screening tests resulted in overspend.
Substance Misuse	4,570	(958)	Performance incentives were not triggered in core contracts due to decreased service demand. Additional funding for demand-risk were also not required in year.
Behaviour Change	2,411	(187)	Health Trainers contract ended in-year, leading to a contract saving.
Intelligence and Social Determinants	33	(6)	N/A
Families and Children's Services	6,215	(88)	N/A
Public Health Investment Fund	4,162	(75)	N/A
Salaries and Overheads	1,208	520	Increased recharges from support services and increased use of agency staff prior to restructure.
Contribution to or from (-) Public Health balances	(1,811)	546	Use of prior years' grant receipts in advance which is ringfenced for use on Public Health expenditure.
Total	0	0	

APPENDIX 2: EARMARKED RESERVES

		Balance at 31 March 2017	Transfers Out 2017/18	Transfers In 2017/18	Movement Between Reserves 2017/18	Balance at 31 March 2018
		£000	£000	£000	£000	£000
	General Fund					
1	Insurance Fund	(6,342)	665	(635)	-	(6,312)
2	Controlled Parking Fund	(1,054)	228	(521)	-	(1,347)
3	Computer Replacement Fund	(1,182)	-	-	1,182	-
4	IT Infrastructure	(2,388)	-	(800)	3,188	-
5	Efficiency Projects Reserve	(15,749)	-	(3,785)	1,897	(17,637)
6	Corporate Demand Pressures	(7,531)	571	-	(4,516)	(11,476)
7	Dilapidations/Office Moves	(3,327)	552	(138)	2,913	-
8	Housing Benefit	(2,248)	-	-	2,248	-
9	Planning Inquiries	-	-	-	-	-
10	LPFA Sub Fund	(1,272)	-	(128)	-	(1,400)
11	Imperial Wharf	-	-	-	-	-
12	Temporary Accommodation	(3,506)	582	(286)	-	(3,210)
13	ASC Pressures & Demands	(1,878)	-	-	-	(1,878)
14	Human Resources Reserve	(920)	-	-	920	-
15	Capital Reserves	(1,946)	1,010	-	-	(936)
16	Supporting People Programme	(1,509)	300	-	-	(1,209)
17	CHS Shared Service Integration	-	-	-	-	-
18	MTFS Delivery Risk	(5,625)	-	-	5,470	(155)
19	Legal Fees Reserve	-	-	-	-	-
20	VAT Reserve	(2,500)	-	-	2,500	-
21	Business Board Reserve	(1,080)	-	-	1,080	-
22	TFM Reserve	(853)	500	(1,153)	-	(1,506)
23	3SIF Grant Reserve	(1,008)	280	-	8	(720)
24	Troubled Families	(817)	-	(258)	-	(1,075)
25	NDR Deficit Support	(3,208)	-	(5,255)	3,209	(5,254)
26	Stock Options Appraisal	(1,009)	-	-	1,009	-
27	Partners in Practice	(852)	-	(695)	-	(1,547)
28	Redundancy Reserves	(3,747)	-	-	3,747	-
29	King Street West	(516)	154	-	(994)	(1,356)
30	Managed Services	(279)	2,714	(3,891)	(7,835)	(9,291)
31	Corporate People Reserve	-	364	-	(4,000)	(3,636)
32	Corporate Technology & IT	-	-	-	(6,950)	(6,950)
33	Corporate Financial Resilience Reserve	-	-	-	(3,000)	(3,000)

		Balance at 31 March 2017	Transfers Out 2017/18	Transfers In 2017/18	Movement Between Reserves 2017/18	Balance at 31 March 2018
		£000	£000	£000	£000	£000
34	Corporate Property Reserve	-	280	-	(4,076)	(3,796)
35	Other Funds	(6,234)	404	(860)	1,675	(5,015)
	General Fund Reserves	(78,580)	8,604	(18,405)	(324)	(88,705)
	General Fund Revenue Grants					
36	S106 - Revenue Schemes	(3,784)	606	(2,158)	-	(5,336)
37	Other Revenue Grants	(622)	-	(655)	324	(953)
	Revenue Grants Sub-Total	(4,406)	606	(2,813)	324	(6,289)
	General Fund Total	(82,986)	9,210	(21,218)	-	(94,994)
	HRA Reserves					
38	HRA Efficiency Reserve	(500)	-	-	(792)	(1,292)
39	HRA Non-dwellings Impairment Reserve	(7,262)	-	72	-	(7,190)
40	HRA Strategic Regeneration and Housing Development	(4,208)	1,197	(3,402)	-	(6,413)
41	HRA Utilities Reserve	(9,382)	-	(1,368)	-	(10,750)
42	Welfare Reform Reserve	(1,500)	-	-	-	(1,500)
43	Parking Charges Review Reserve	(606)	-	-	-	(606)
44	Fire Safety Plus	-	-	(12,845)	-	(12,845)
45	Other HRA Funds	(1,867)	125	(118)	792	(1,068)
	HRA Sub-Total	(25,325)	1,322	(17,661)	-	(41,664)
	Total	(108,311)	10,532	(38,879)	-	(136,658)

APPENDIX 3: PROVISIONS

	Insurance £000	Non-Domestic Rates (NDR) - Losses on Appeals £000	Other Provisions⁸ £000	Total £000
Balance at 31 March 2017	(2,656)	(4,717)	(0,747)	(8,120)
Additional provisions		(12,259)	(226)	(12,485)
Amounts used		9,892		
Unused amounts reversed	626			
Balance at 31 March 2018	(2,030)	(7,084)	(964)	(10,078)

⁸ Other Provisions of £0.964m are to cover Housing Revenue Account legal fees, disrepair cases and disputed capital works, school meals contract pension liability and Sen transport litigation