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|---|---|
|                          | <b>London Borough of Hammersmith &amp; Fulham</b><br><br><b>CABINET</b><br><br><b>1 SEPTEMBER 2014</b>  |
| <b>CORPORATE REVENUE MONITOR 2013/14 OUTTURN</b>  |   |
| <b>Report of the Cabinet Member for Finance : Councillor Max Schmid</b>                                   |   |
| <b>Open Report.</b>   |   |
| <b>Classification - For Decision</b><br><b>Key Decision: Yes</b>  |   |
| <b>Wards Affected: All</b>  |   |
| <b>Accountable Executive Director: Jane West – Executive Director of Finance and Corporate Governance</b> |   |
| <b>Report Author: Gary Ironmonger – Finance Manager (Revenue Monitoring)</b>                              | <b>Contact Details: Gary Ironmonger</b><br>Tel: 020 (8753 2109)<br>E-mail: <a href="mailto:gary.ironmonger@lbhf.gov.uk">gary.ironmonger@lbhf.gov.uk</a> |

## 1. EXECUTIVE SUMMARY

- 1.1. The Accounts for 2013/14 are currently being reviewed by the external auditors. Following the completion of external audit the Accounts must be signed off by Audit, Pensions and Standards Committee by 30<sup>th</sup> September.
- 1.2. The General Fund provisional outturn is a favourable variance of £8.6m (excluding contingencies). £2.6m of the underspend relates to an exceptional write-off of Civica balances <sup>1</sup>
- 1.3. The £8.6m underspend is net of approved departmental carry forward budget underspends of £5.4m, into 2014/15, and contingencies of £3.0m not drawn down.

<sup>1</sup> A review of the CIVICA purchase order system indicated that since 2005 a number of purchase order invoices were paid as non-purchase order invoices. This led to a double count of revenue expenditure and an overstatement of creditors that is now corrected.

- 1.4. The performance and the outcome of the 2013/14 revenue accounts has enabled a transfer to general balances and earmarked reserves of £11.6m.
- 1.5. The HRA outturn is a £1.5m underspend with HRA general reserves at £7.5m. HRA reserves have increased by £3.2m, due to the underspend of £1.5m, and budgeted contribution to HRA general reserves of £1.7m.

## 2. RECOMMENDATIONS

- 2.1. To note the General Fund underspend of £11.5 m (including contingencies) and the HRA underspend of £1.5m.
- 2.2. To note the transfer to general reserves and earmarked reserves of £11.6m.
- 2.3. To note the increase in the HRA reserves of £3.2m.

## 3. REASONS FOR DECISION

- 3.1. The decision is required to comply with the financial regulations.

## 4. CORPORATE REVENUE MONITOR (CRM) 2013/14 GENERAL FUND OUTTURN

Table 1: General Fund Outturn 2013/14

| Department   | Revised Budget | Actual         | Variance        |
|--|----------------|----------------|-----------------|
|  | £'000          | £'000          | £'000           |
| Adult Social Care                                    | 67,522         | 66,414         | (1,108)         |
| Children's Services                                  | 75,245         | 75,214         | (31)            |
| Unaccompanied Asylum Seeking Children                | 1,521          | 1,524          | 3               |
| Environment, Leisure & Residents Services            | 31,682         | 31,680         | (2)             |
| Finance and Corporate Services                       | 22,301         | 22,239         | (62)            |
| Housing & Regeneration                               | 7,004          | 6,818          | (186)           |
| Libraries (Tri Borough Service)                      | 4,932          | 4,932          | 0               |
| Public Health Service                                | 312            | 1              | (311)           |
| Transport and Technical Services                     | 17,093         | 16,720         | (373)           |
| Controlled Parking Account                           | (21,253)       | (22,652)       | (1,399)         |
| Centrally Managed Budgets                            | 24,366         | 19,251         | (5,115)         |
| <b>Net Operating Expenditure</b>                     | <b>230,725</b> | <b>222,141</b> | <b>(8,584)</b>  |
| Contingencies Not Drawn Down                         | 3,000          | 0              | (3,000)         |
| <b>Resources Available For Reserves and Balances</b> | <b>233,725</b> | <b>222,141</b> | <b>(11,584)</b> |

\*Figures in brackets represent underspends against budget.

- 4.1. The £8.6m underspend in Table 1 is after departmental carry forwards of £5.4m and excludes contingencies not drawn down of £3.0m These variances are expanded on in Appendix 1.
- 4.2. The Accounts for 2013/14 are currently being reviewed by the external auditors. Following external audit the Accounts must be signed off by Audit, Pensions and Standards Committee by 30<sup>th</sup> September.

## 5. CORPORATE REVENUE MONITOR 2013/14 HOUSING REVENUE ACCOUNT

**Table 2: Housing Revenue Account Outturn 2013/14**

| Housing Revenue Account                        | £000s          |
|--|----------------|
| <b>Balance as at 31 March 2013</b>             | <b>(4,263)</b> |
| Plus: Budgeted Contribution to Balances        | (1,747)        |
| Add: In- year Underspend                       | (1,484)        |
| <b>Projected Balance as at 31st March 2014</b> | <b>(7,494)</b> |

- 5.1. The HRA underspent by £1.484m in 2013/14 as shown in Table 2. The reasons for the underspend are explained in Appendix 2.
- 5.2. At the outturn stage, the HRA balances have increased by £3.231m and it is attributable to the in- year underspend of £1.484m and the budgeted contribution to balances of £1.747m.

## 6. RESERVES, BALANCES AND PROVISIONS

- 6.1. The favourable outturn (including contingencies not drawn down) resulted in a transfer to general balances and earmarked reserves of £11.584m (Table 3). This is in addition to the previously approved carry forward of departmental budget underspends of £5.4m.

**Table 3: Transfers to Earmarked Reserves**

| Proposed Transfers to Reserves  | £'000 |
|---|-------|
| Efficiency Projects Reserve – To top up this reserve to meet future implementation costs of delivering efficiencies   | 5,000 |
| Demand Pressures Reserve – New reserve to cover demand led budget pressures such as Southwark Judgement cases. Welfare reform, etc.                           | 2,462 |
| MTFS Delivery Risk Reserve – To allow for potential shortfall in delivery of MTFS savings as a result of implementation delays or shortfalls against targets. | 1,118 |
| IT Enablers Fund – To support one off costs incurred in delivering improved ICT service.  | 1,000 |

|   |               |
|---|---------------|
| Managed Services Reserve – To allow for potential additional implementation costs.                    | 500           |
| VAT Reserve. This is to meet any potential VAT issues especially in relation to VAT exemption issues. | 500           |
| <b>Net contribution to General Fund Balance</b>   | <b>1,004</b>  |
| <b>Total Contribution to Reserves and Balances</b>  | <b>11,584</b> |

- 6.2. The proposed net contribution to General Fund Balances of £1.004m will leave them at £19.004m (4% of the gross budget). This is within the range of £14m-£20m identified as prudent in the 2014/15 Budget Report. The 2014/15 Budget Report also identified financial risks and challenges facing the Council of £17.2m in 2014/15. The increase in balances will help mitigate against such risk.
- 6.3. Earmarked reserves are projected to be £92.6m at the close of 2013/14. The departmental split is set out in Table 4 and detailed in Appendix 3. Provisions are £17.7m as set out in table 4 and expanded on in appendix 4.

**Table 4: Earmarked Reserves, Balances and Provisions at 31 March 2013.**

|   | <b>Balance at 31 March 2014</b> |
|---|---------------------------------|
|   | <b>£'m</b>                      |
| Adult Social Care                           | 6.177                           |
| Children's Services                         | 2.503                           |
| Environment, Leisure and Residents Services | 1.381                           |
| Libraries                                   | 0.038                           |
| Housing and Regeneration                    | 4.754                           |
| Transport and Technical Services            | 5.940                           |
| Corporate                                   | 60.817                          |
| <b>General Fund Earmarked Reserves</b>      | <b>81.610</b>                   |
| Housing Revenue Account Reserves            | 10.978                          |
| <b>Earmarked Reserves*</b>                  | <b>92.588</b>                   |
| <b>Provisions**</b>                         | <b>17.734</b>                   |
| <b>General Balance</b>                      | <b>19.004</b>                   |
| <b>Total</b>                                | <b>129.326</b>                  |

\* Reserves are specific amounts set aside for future policy purposes or to cover contingencies.

\*\* A provision is in essence a liability of uncertain timing or amount

## 7. VIREMENTS

- 7.1. In order to produce the final accounts to statutory deadline of 30<sup>th</sup> June, a number of actions are required that normally need Cabinet approval (final budget carry forwards, use of reserves, budget virements, level of bad debt provision etc.). In order to meet the deadline, Cabinet delegated

decision making in relation to these issues to the Executive Director of Finance and Corporate Governance in consultation with the Council Leader.

## **8. CARRY FORWARD PROPOSALS**

- 8.1. Departments have presented justifications to carry forward underspend budgets of £5.4m into 2014/15 (Table 5). These have been previously approved and noted here for information only.

**Table 4: Departmental Budget Carry Forward to 2014/15**

| <b>Department</b>                          | <b>Approved<br/>Budget Carry<br/>Forward</b> |
|--|--|
|  | <b>£000s</b>                                 |
| Adult Social Care                          | 1,570  |
| Children's Services                        | 220  |
| Environment Leisure and Residents Services | 719  |
| Finance and Corporate Services             | 458  |
| Housing and Regeneration Department        | 685  |
| Libraries and Archives                     | 37   |
| Parking                                    | 525  |
| Public Health                              | 0  |
| Transport and Technical Services           | 1,214  |
| <b>Total</b>                               | <b>5,428</b>                                 |

## **9. CONSULTATION**

- 9.1. Not applicable.

## **10. EQUALITY IMPLICATIONS**

- 10.1. It is not considered that the adjustments to budgets will have an impact on one or more protected group so an EIA is not required.

## **11. LEGAL IMPLICATIONS**

- 11.1. Not applicable.

## **12. FINANCIAL AND RESOURCES IMPLICATIONS**

- 12.1. These are covered in the paragraphs above.

- 12.2. Implications verified/completed by: Gary Ironmonger.

### **13. RISK MANAGEMENT**

- 13.1. The 2014/15 Budget Report identified financial risks and challenges facing the Council of £17.2m. These risks will be monitored and actions to lessen their impacts will be taken to ensure that identified risks do not crystallise into overspends.

### **14. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

- 14.1. Not applicable.

#### **LOCAL GOVERNMENT ACT 2000** **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

| <b>No.</b> | <b>Description of Background Papers</b> | <b>Name/Ext of holder of file/copy</b> | <b>Department/ Location</b> |
|------------|---|--|-----------------------------|
|            | 2-13/14 accounts                        | Gary Ironmonger \Tel.                  |                             |

#### **List of Appendices**

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| Appendix 1 | Departmental Analysis – General Fund 2013/14 Revenue Outturn |
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| Appendix 3 | Movement in Earmarked Reserves                               |
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**APPENDIX 1:**

**DEPARTMENTAL ANALYSIS – GENERAL FUND 2013/14 REVENUE  
OUTTURN**

**ADULT SOCIAL CARE (ASC)**

**Variance Analysis by Departmental Division**

| <b>Departmental<br/>Division</b> | <b>Revised<br/>Budget<br/>2013-14</b> | <b>Year End<br/>Variance</b> | <b>Explanation of Variance</b>  |
|----------------------------------|---------------------------------------|------------------------------|---|
|                                  | <b>£000s</b>                          | <b>£000s</b>                 |   |
| Operations                       | 41,603                                | 439                          | <p>The outturn variance in the Operations Division is mainly due to an underspend of (£586,000) in the Older People and Physical Disabilities Placements budget, due to an ongoing reduction in client numbers. Between April 2012 and March 2014 there was a net decrease of 24 clients. This has been a welcomed early achievement contributing towards the MTFs savings, assisting the Council in meeting future savings targets and has been factored into the financial savings plan with a budget reduction of £1,346,000 in 2014-15.</p> <p>The Tri-Borough ASC strategy is to support clients at home. However, there are pressures on the Home Care Packages and Direct Payments budgets. For Older People and Physical Disabilities Services, there is a net overspend of £36,000 in these areas.</p> <p>Following the transfer of the Meals Service to the new service provider from the 1<sup>st</sup> July 2013, there is an overspend of £174,000. Over the life of the contract the savings anticipated are £1,214,000 which is revised to account for the delay in the commencement of the contract.</p> <p>Within the Learning Disability (LD) Service, there is a net underspend of (£82,000). The main reason for the underspend relates to lower activity levels in the LD Placements of (£228,000), a reduction of 3 placements since April 2013 and the de-registration of an</p> |

| <b>Departmental Division</b>                        | <b>Revised Budget 2013-14</b> | <b>Year End Variance</b> | <b>Explanation of Variance</b>  |
|---|-------------------------------|--------------------------|---|
|   | <b>£000s</b>                  | <b>£000s</b>             |   |
|   |                               |                          | LD service, saving (£258,000) which is an early MTFs savings for 2014-15. The underspend is offset by continued pressures of £155,000 in Day Care and a pressure of £249,000 for LD clients supported at home.<br><br>The outturn variance includes £895,000 carry forward to fund various ASC initiatives and budget pressures   |
| Provided Service and Mental Health (MH) Partnership | 12,290                        | (764)                    | There is an underspend of (£320,000) in MH Placements, which is in line with the Departmental strategy with a focus on recovery and Community Care Support.<br><br>Another underspend is staff savings of (£286,000) which will assist in achieving the MTFs proposed savings from 2014-15.<br><br>The No Resource to Public Funds clients were lower than anticipated, with resultant savings of (£98,000).  |
| Commissioning                                       | 12,138                        | (612)                    | There is an underspend of (£882,000) in Commissioning, which is mainly due to Supporting People savings on new contracts from the West London Framework agreement and variations on existing contracts. In total 24 contracts have been varied and there has been a reduction in subsidy payments in one particular contract. The early achievement of these savings will contribute to the total savings target of £875,000 proposed for 2014-15.<br>The other main area of underspend was with the Mental Capacity, voluntary sector and Carers grants budgets of (£253,000).<br>The outturn variance includes £639,000 carry forward to fund various ASC initiatives and budget pressures. |
| Procurement and Business Intelligence               | 298                           | (28)                     | The workforce development training budgets are underspent by (£28,000).   |
| Finance   | 519                           | (133)                    | The underspend relates to lower redundancy payments of (£136,000).  |
| Directorate   | 674                           | (10)                     |   |
| <b>Total</b>  | <b>67,522</b>                 | <b>(1,108)</b>           |   |



## CHILDREN'S SERVICES DEPARTMENT (CHS)

### Variance Analysis by Departmental Division

| Departmental Division                    | Revised Budget 2013-14 | Year End Variance | Explanation of Variance   |
|--|------------------------|-------------------|---|
|  | £000s                  | £000s             |   |
| Tri Borough Education Service            | 6,738                  | (1,012)           | Underspends across the service, particularly relating to Special Education Needs transport due to better route planning, and staff vacancies.   |
| Family Services                          | 33,672                 | 757               | Increased number of permanency arrangements as well as child in need support provided to children and families. Semi-independent accommodation over spends have occurred as a result of increased number of 16/17 year olds requiring accommodation and an increase in the numbers of young people qualifying for care leavers support post 21. Increase in families and young people with no recourse to public funds. |
| Children's Commissioning                 | 7,143                  | (88)              | Underspends in Youth Commissioning  |
| Finance & Resources                      | 28,792                 | 313               | 1 <sup>st</sup> Year costs pertaining to 3BM contract, offset by additional rent income and lower than budgeted maintenance costs.  |
| Dedicated School Grant & Schools Funding | (1,100)                | (1)               |   |
| <b>Total</b>                             | <b>75,245</b>          | <b>(31)</b>       |   |

## UNACCOMPANIED ASYLUM SEEKING CHILDREN

### Variance Analysis by Departmental Division

| <b>Departmental Division</b>          | <b>Revised Budget 2013-14</b> | <b>Year End Variance</b> | <b>Explanation of Variance</b> |
|---------------------------------------|-------------------------------|--------------------------|--------------------------------|
|                                       | <b>£000s</b>                  | <b>£000s</b>             |                                |
| Unaccompanied Asylum Seeking Children | 1,521                         | 3                        |                                |
| <b>Total</b>                          | <b>1,521</b>                  | <b>3</b>                 |                                |

## ENVIRONMENT LEISURE AND RESIDENT'S SERVICES

### Variance Analysis by Departmental Division

| Departmental Division                | Revised Budget 2013-14 | Year End Variance | Explanation of Variance   |
|--------------------------------------|------------------------|-------------------|---|
|                                      | £000s                  | £000s             |   |
| Customer & Business Development      | 1,001                  | (114)             | <p><b>(£156k) Commercial Waste</b> – £254k underspend on waste disposal, partly offset by £25k income shortfall. Income has increased by £122k (4%) since last year.</p> <p><b>£59k Markets &amp; Street Trading</b> – £50k income shortfall. Income has increased by £14k (4%) from 2013/14 and is the highest level achieved for many years. Income shortfall largely related to a more robust focus on debt management (licenses were not renewed for traders with large debts).</p> <p><b>£7k - Business Improvement</b> - £50k carry forward approved at CRM10, offset by staffing underspends.</p> <p><b>(£24k) Other</b></p> |
| Cleaner, Greener & Cultural Services | 20,743                 | (428)             | <p><b>(£394k) Waste Disposal</b> – One off waste rebates from Western Riverside Waste Authority (£978k), partially offset by £449k carry forwards approved at CRM10. Contamination has varied between 12%-20% in year, with average contamination at 16%. Contamination costs were £95k more than the £150k growth approved in the MTFS. General waste tonnages were slightly more than expected (£40k).</p> <p><b>(£33k) Other</b></p>   |
| Safer Neighbourhoods                 | 9,926                  | 540               | <p><b>£196k Transport</b> – The outturn includes a £111k one off credit from an old accrual, so the underlying net overspend is £297k. This has resulted from the continued reduction of the council's fleet over a number of years as services have been outsourced. Budget growth will be requested in 2014/15 to permanently recalibrate the budgets in line with current demand.</p>  |

| Departmental Division            | Revised Budget 2013-14 | Year End Variance | Explanation of Variance  |
|----------------------------------|------------------------|-------------------|--|
| Safer Neighbourhoods (continued) |                        |                   | <p><b>£128k CCTV</b> – savings from the bi-borough service were less than budgeted in the MTFS. Mostly this is an ongoing pressure that will be addressed in 2014/15.</p> <p><b>£109k Coroners and Mortuary</b> – A reduction in corporate overheads has led to a reduction in the recharge income from partner boroughs. A paper quantifying the ongoing impact will request budget growth to permanently realign the recharge income budget. £20k one off inquest.</p> <p><b>£70k Parks and Open Spaces</b> – Increased utility spend due mostly to significant backdated water bills</p> <p><b>£105k Cemeteries</b> - £50k increased utility spend on backdated bills. £50k income shortfall due to quarter 4 being worse than expected. Income overall is 10% up on the previous year. <b>(£68k) Other</b></p> |
| Director & Resources             | 12                     | 0                 | <p>£34k shortfall on <b>People Portfolio savings</b> (£53k of £86k target achieved). Offset by one off contingency from 2013/14. Ongoing risk as the People Portfolio savings target increases to £124k in 2014/15.</p>  |
| <b>Total</b>                     | <b>31,682</b>          | <b>(2)</b>        |  |

## FINANCE AND CORPORATE SERVICES

### Variance Analysis by Departmental Division

| Departmental Division                   | Revised Budget 2013-14 | Year End Variance | Explanation of Variance  |
|---|------------------------|-------------------|--|
|   | £000s                  | £000s             |  |
| H&F Direct                              | 21,895                 | 182               | Higher use of agency staff to manage benefit claims.                                 |
| Innovation & Change Management          | (317)                  | (203)             | Difficulties in recruiting staff.  |
| Legal Democratic Services               | (836)                  | (119)             | Salary and Supplies & Services underspend in both Councillor's & Electoral Services. |
| Third Sector, Strategy & Communications | 929                    | (58)              | Small trading surplus on the new bi borough graphic design trading account.          |
| Finance & Audit                         | 1,079                  | (215)             | Posts held vacant, pending 'Managed Services'.                                       |
| Procurement & IT Strategy               | 101                    | 80                | Small shortfall on the Hammersmith and Fulham Bridge Partnership trading account     |
| Executive Services                      | (483)                  | (64)              | Salary & Supplies & Services underspend  |
| Human Resources                         | (67)                   | (291)             | Posts held vacant, pending 'Managed Services'.                                       |
| Other                                   | 0                      | 626               | £558k relates to underspends stated above, carried forward into 2014/15.             |
| <b>Total</b>                            | <b>22,301</b>          | <b>(62)</b>       |  |

## Housing & Regeneration - General Fund

### Variance Analysis by Departmental Division

| Departmental Division                          | Revised Budget 2013-14 | Year End Variance | Explanation of Variance   |
|--|------------------------|-------------------|---|
|  | £000s                  | £000s             |   |
| Housing Options, Skills & Economic Development | 6,549                  | (197)             | <p>This relates mainly to lower than expected void rates on private sector leased (PSL) properties (£371k), lower than expected rent and subsidy loss costs relating to the Housing Association Leasing Scheme (HALS) (£343k) and a reduction in net costs of Bed &amp; Breakfast (B&amp;B) accommodation of (£178k) due to a reduction in average client numbers. This is offset by the impact of the overall benefit cap which has resulted in a need to increase the bad debt provision on Temporary Accommodation properties overall resulting in an adverse variance of £124k. There are favourable variances on staffing vacancies (£193k) and other minor variances of £79k. The overall underspend has been offset by a carry forward of £160k for HB Assist Plus, £400k for Incentive payments to private sector landlords (Direct Lettings), £70k for Universal Credit – project management and preparation of a local support framework, and £55k for initial project management costs to support service transformation in order to secure the preliminary MTFS savings targets of £1.97m from 2015/16 rising to £6.52m from 2018/19 onwards.</p> |
| Housing Strategy & Regeneration                | 429                    | 53                |   |
| Housing Services                               | 40                     | (7)               |   |

| Departmental Division | Revised Budget 2013-14 | Year End Variance | Explanation of Variance |
|-----------------------|------------------------|-------------------|-------------------------|
|                       | £000s                  | £000s             |                         |
| Finance & Resources   | (14)                   | (35)              |                         |
| <b>Total</b>          | <b>7,004</b>           | <b>(186)</b>      |                         |

**Libraries (Tri Borough Service)**

**Variance Analysis by Departmental Division**

| <b>Departmental Division</b>     | <b>Revised Budget 2013-14</b> | <b>Year End Variance</b> | <b>Explanation of Variance</b> |
|----------------------------------|-------------------------------|--------------------------|--------------------------------|
|                                  | <b>£000s</b>                  | <b>£000s</b>             |                                |
| Tri-borough Libraries & Archives | 4,932                         | 0                        |                                |
| <b>Total</b>                     | <b>4,932</b>                  | <b>0</b>                 |                                |



## Public Health Service

### Variance Analysis by Departmental Division

| Departmental Division                            | Revised Budget 2013-14<br>£000s | Year End Variance<br>£000s | Explanation of Variance  |
|--|---------------------------------|----------------------------|--|
| Sexual Health                                    | 6,950                           | (208)                      | The majority of this variance was due to an under spend on Chlamydia screening. The funding came over from the Primary Care Trust (PCT) as a budget (rather than a contract) however additional screening was not commissioned.                                |
| Substance Misuse                                 | 5,568                           | 141                        | There was over spend on the community based drugs and alcohol treatment as well as detox places. Both of these are activity based. However, savings were achieved in the Drug Intervention Programme/offenders service as well as various other minor savings. |
| Behaviour Change                                 | 2,182                           | (245)                      | Behaviour Change saw savings in all areas; <ul style="list-style-type: none"> <li>• Community/Diabetic Champions £36K</li> <li>• Health Checks £82K</li> <li>• Stop Smoking £63K</li> <li>• Health Trainers £64K</li> </ul>                                    |
| Intelligence and Social Determinants             | -                               | 17                         | The £17k spend relates to libraries work.  |
| Families and Children Services                   | 2,484                           | (32)                       | Savings in Family and Children were due to lower than budgeted spend on dental projects.   |
| Substance Misuse – Grant, Salaries and Overheads | (5,314)                         | (286)                      | Variance due to additional PCT funds carried forward and applied before use of the Public Health Grant.  |
| Public Health – Grant, Salaries and Overheads    | (11,558)                        | 302                        | Net reduction in Public Health Grant drawn-down, due to; <ul style="list-style-type: none"> <li>• Savings on contracts</li> <li>• PCT Funds applied</li> <li>• Salary savings</li> <li>• Reduction of net cost to the General Fund</li> </ul>                  |
| <b>Total</b>                                     | <b>312</b>                      | <b>(311)</b>               |  |

## TRANSPORT & TECHNICAL SERVICES DEPARTMENT

### Variance Analysis by Departmental Division

| Departmental Division                | Revised Budget 2013-14 | Year End Variance | Explanation of Variance   |
|--------------------------------------|------------------------|-------------------|---|
|                                      | £000s                  | £000s             |   |
| Building & Property Management (BPM) | (1,876)                | (238)             | <p>Overall, the underspend of (£238k) resulted from the following main factors.</p> <ul style="list-style-type: none"> <li>• Additional external income in building control (£60k), advertising hoardings income (£225k), together with significant underspends on Utilities (£222k) and Carbon Reduction costs (£129k).</li> <li>• There was a one off Change Control Notice contribution of (£144k) relating to the de-commissioning of systems from the Total Facilities Management contract.</li> <li>• The Technical Support section under spent its salaries and supplies &amp; services budgets by (£130k).</li> </ul> <p>These underspends were offset by the following:</p> <ul style="list-style-type: none"> <li>• Architecture, Surveying, Engineering section adverse variance was £249k. This was due to overheads retained in TTS after the transfer of Building Technical Services into Housing Department. This has been resolved through the MTFS process for 2014/15.</li> <li>• £446k of the overall underspend has been transferred into reserves to address any adverse consequences arising from the reassessment of the share of the cost of Total Facilities Management between the three boroughs, to fund any unbudgeted variable works, and to cover additional costs occurring such as strategic space planners, revisions to the service matrix.</li> </ul> |
| Transport & Highways                 | 13,094                 | 90                | The unfavourable variance mainly arises from a reduction in the income from professional fees charged to other  |

| <b>Departmental Division</b> | <b>Revised Budget 2013-14</b> | <b>Year End Variance</b> | <b>Explanation of Variance</b>   |
|------------------------------|-------------------------------|--------------------------|--|
|                              |                               |                          | budgets (such as TFL funded schemes).  |
| Planning                     | 2,649                         | (324)                    | The favourable variance of (£324k) was due to higher external developers' income in the Planning and Regeneration Section and fee income from Development Management Section of (£721K). The favourable position was however reduced by additional spend of £397k mainly on agency and consultancy costs, non-staff advertising and printing charges.                  |
| Environmental Health         | 3,558                         | (103)                    | The favourable variance of (£103k) was mainly due to additional Housing in Multiple Occupation income, Works in Default recharges and Schools Service Level Agreement income.  |
| Support Services             | (332)                         | 202                      | Pressures on this budget resulted from the in-year virement of budgets from Support Services to Building Control and Environmental Health. These movements were required to realign unachievable income targets. There were further pressures due to inadequate funding being provided to meet the cost of the finance restructure (world-class financial management). |
| <b>Total</b>                 | <b>17,093</b>                 | <b>(373)</b>             |  |

## CONTROLLED PARKING ACCOUNTS (CPA)

### Variance Analysis by Departmental Division

| Departmental Division  | Revised Budget 2013-14<br>£000s | Year End Variance<br>£000s | Explanation of Variance  |
|--|---------------------------------|----------------------------|--|
| Pay & Display  | (12,599)                        | 315                        | The overall receipts were slightly higher than in the previous year. This was mainly due to the roll out of the Smart Visitors Permits.<br>The council repaid VAT on receipts from two off street car parks for the past 4 years, at a cost of £50k.   |
| Permits  | (4,690)                         | 52                         | There was a 1% reduction in overall receipts from Permits, as compared to the previous year.   |
| Civil Enforcement Officer (CEO) Issued Penalty Charge Notice (PCN) | (6,814)                         | (223)                      | There was an overall increase in the numbers of contraventions, as compared to the previous year. This led to receipts greater than budgeted.  |
| Bus Lane PCN   | (915)                           | 217                        | The budget for Bus Lane PCNs was increased in 2012-13 to bring it in line with the activity. However, the activity level fell in the first 5 months of the current year, due to problems with one of the cameras used for enforcement, and roadworks requiring the bus lane to be used by traffic. This has now been resolved but the receipts for the year remained under the budgeted level. |
| Parking CCTV PCNs  | (616)                           | (734)                      | CCTV Parking PCN issue numbers increased, staying above the level on which the budget was based.   |
| Moving Traffic PCN's   | (5,814)                         | (440)                      | There was an increase in the number of contraventions detected in the year, leading to an increase in the total receipts.  |

| Departmental Division          | Revised Budget 2013-14 | Year End Variance | Explanation of Variance  |
|--------------------------------|------------------------|-------------------|--|
| Parking Bay Suspensions        | (1,530)                | (561)             | The parking bay suspensions receipts budget was increased by £263k in 2013-14 to reflect the introduction of a graduated charging structure. This was introduced from 1 September 2013. The average monthly receipts were greater than budgeted following the introduction of the new charges. There were also three long term suspensions in 2013-14, extending beyond the end of the financial year. |
| Towaways / Removals            | (352)                  | (5)               |  |
| Expenditure and Other Receipts | 12,077                 | (20)              | There was an underspend in staffing, due to a number of vacant posts. The monthly cost of the contract for towaways reduced, resulting in an underspend against budget. There were also underspends in IT and CCTV enforcement vehicle costs. £525k has been carried forward to fund a new Parking IT system.  |
| <b>Total</b>                   | <b>(21,253)</b>        | <b>(1,399)</b>    |  |

## CENTRALLY MANAGED BUDGETS

### Variance Analysis by Departmental Division

| Departmental Division            | Revised Budget 2013-14<br>£000s | Year End Variance<br>£000s | Explanation of Variance   |
|----------------------------------|---------------------------------|----------------------------|---|
| Corporate & Democratic Core      | 6,124                           | (101)                      | Underspend on audit fees (£50k) and Tri Borough Accommodation (£51k)  |
| Housing and Council Tax Benefits | (32)                            | (691)                      | Underspend due to improved recovery of Housing Benefit overpayments and maximising subsidy through minimising Local Authority HB error.   |
| Levies                           | 1,16                            | (162)                      | Actual levy payments less than budget. This reduction is now factored into base budget for 2014/15.   |
| Net Cost of Borrowing            | 4,384                           | (1,121)                    | The forecast underspend relates to additional investment income (from higher than expected cash balances) and lower borrowing. The Capital Financing Requirement is £13m lower than budgeted due to additional debt repayment in 2012/13. |
| Other Corporate Items            | 1,936                           | (371)                      | Better than expected income from Land Charges of £700k. Favourable variance on maternity budgets £171k. Settlement of Procurement contract with Agilisys (adverse £500k)  |
| Civica Write-Off                 |                                 | (2,600)                    | Accounting adjustments for Civica write off   |
| Pensions & Redundancy            | 10,238                          | (69)                       |   |
| <b>CMB</b>                       | <b>24,366</b>                   | <b>(5,115)</b>             |   |
| Contingencies not drawn down     | 3,000                           |                            |   |
| <b>Total</b>                     | <b>27,366</b>                   |                            |   |

## APPENDIX 2

### DEPARTMENTAL ANALYSIS –HRA 2013/14 REVENUE OUTTURN

#### HOUSING REVENUE ACCOUNT

##### Variance Analysis by Departmental Division

| <b>Departmental Division</b> | <b>Revised Budget 2013/14</b> | <b>Year End Variance</b> | <b>Explanation of Variance</b>  |
|------------------------------|-------------------------------|--------------------------|---|
|                              | <b>£000s</b>                  | <b>£000s</b>             |   |
| Finance and Resources        | 12,403                        | (297)                    | This is comprised of under-spends on staffing costs (£149k), consultancy (£71k), redundancy (£94k) and recruitment costs (£97k) offset by overspends of £114k on corporate recharges and other running costs.   |
| Housing Services             | 10,645                        | (408)                    | This variance consists of under-spends on staffing costs (£273k), legal costs (£81k), a contingency budget set aside for unplanned costs relating to the Pinnacle caretaking contract (£107k), activities and events (£60k), printing and postage (£73k), grounds maintenance (£39k), other minor variances (£108k) and additional income from caretaking services provided to Notting Hill Housing Trust for 12/13 of (£47k). This was partly offset by overspends on trade waste of £94k, communal electricity of £165k, revenue costs of development voids £71k and an under-receipt of income for rechargeable repairs of £50k. |

| Departmental Division               | Revised Budget 2013/14 | Year End Variance | Explanation of Variance  |
|-------------------------------------|------------------------|-------------------|--|
|                                     | £000s                  | £000s             |  |
| Commissioning and Quality Assurance | 2,621                  | (437)             | This variance is comprised of under-spends on the cost of decant accommodation (£70k), Hammerprint charges (£70k), a contingency budget set aside for any unplanned costs relating to the Pinnacle contract (£64k), bookkeeping and other support for Resident Associations (£95k), and other minor variances of (£138k) in total.   |
| Property Services                   | 2,587                  | 101               | The variance is made up of overspending on legal costs of £277k, staffing and agency costs of £426k, offset by increased capitalisation of salaries (£438k), under-spends on Garchey charges (£64k) and other running costs (£100k).   |
| Housing Repairs                     | 14,147                 | (373)             | This relates to reduced costs resulting from final assessments of costs relating to the termination of the Kier and Willmott Dixon responsive repairs contracts of (£950k) and (£350k) respectively. Additionally, net under-spends on other contracts of (£273k) are offset by a contribution to reserves of £1,200k (£700k for funding the HRA MTFs transformational programme, and £500k to fund a pilot project to enhance the current voids specification). |
| Housing Income                      | (73,327)               | 10                |  |
| Housing Options                     | 632                    | (23)              | This relates mainly to lower than expected void rates on hostel properties (£62k), lower than expected repairs and utilities costs (£80k) and an increase in net income on Temporary on Licence dwellings (£38k) plus other minor variances of (£43k). Finally, a transfer to earmarked reserves of £200k to enable termination of the two commercial leases at Mitre Bridge has been agreed.  |



| <b>Departmental Division</b>                                     | <b>Revised Budget 2013/14</b> | <b>Year End Variance</b> | <b>Explanation of Variance</b>   |
|--|-------------------------------|--------------------------|--|
|  | <b>£000s</b>                  | <b>£000s</b>             |  |
| HRA Central Costs  | 39                            | (29)                     |  |
| Adult Social Care  | 48                            | 0                        |  |
| Regeneration   | 264                           | 236                      | This relates to overspends on planning recharges of £48k, under-capitalisation of £165k plus other running cost overspends of £23k.  |
| Safer Neighbourhoods   | 575                           | 0                        |  |
| Housing Capital  | 27,619                        | (264)                    | This variance relates to an increase in the income from interest achievable on HRA balances (£205k) and a revision to the recharge for debt management expenses of (£59k). |
| <b>(Contribution to)/ Appropriation From HRA General Reserve</b> | <b>(1,747)</b>                | <b>(1,484)</b>           |  |

**APPENDIX 3: MOVEMENT IN EARMARKED RESERVES**

| Dept                             | Reserve Description               | Balance at<br>31 March<br>2013 | Movement<br>in Year | Balance<br>at 31<br>March<br>2014 |
|----------------------------------|-----------------------------------|--------------------------------|---------------------|-----------------------------------|
|                                  |                                   | £000's                         | £000's              | £000's                            |
| <b>Adult Social Care</b>         | Redundancy Reserve                | (671)                          | 671                 | 0                                 |
|                                  | Home Care IT Cost                 | (41)                           | 0                   | (41)                              |
|                                  | Homecare Income Shortfall         | 0                              | 0                   | 0                                 |
|                                  | No Recourse to Public Funds       | (50)                           | 0                   | (50)                              |
|                                  | Participle Projects               | (21)                           | 21                  | 0                                 |
|                                  | Public Finance Initiative Reserve | (133)                          | 0                   | (133)                             |
|                                  | Portfolio Management Res. Plan    | 0                              | (457)               | (457)                             |
|                                  | Pressures & Demands               | (2,393)                        | (704)               | (3,097)                           |
|                                  | Preventative & Early Intervent    | (245)                          | 31                  | (214)                             |
|                                  | S117 Reserve                      | (57)                           | 0                   | (57)                              |
|                                  | Social Care Reform                | 0                              | (140)               | (140)                             |
|                                  | Strokes Association Payments      | (36)                           | 36                  | 0                                 |
|                                  | Supporting People Programme       | (1,989)                        | 0                   | (1,989)                           |
|                                  | Training Support                  | (50)                           | 50                  | 0                                 |
| <b>Adult Social Care Total</b>   |                                   | <b>(5,685)</b>                 | <b>(492)</b>        | <b>(6,177)</b>                    |
| <b>Children's Services</b>       | Children Leaving Care Support     | (100)                          | 100                 | 0                                 |
|                                  | Adoption Reform Reserve           | 0                              | (226)               | (226)                             |
|                                  | Education Excellence              | (250)                          | 150                 | (100)                             |
|                                  | Pressures and Demands             | (1,861)                        | 1,106               | (755)                             |
|                                  | Redundancy Reserve                | (446)                          | 446                 | 0                                 |
|                                  | Triborough Integration            | (280)                          | (83)                | (363)                             |
|                                  | Troubled Families Reserve         | 0                              | (709)               | (709)                             |
|                                  | Focus on Practice                 | 0                              | (350)               | (350)                             |
| <b>Children's Services Total</b> |                                   | <b>(2,937)</b>                 | <b>433</b>          | <b>(2,503)</b>                    |
| <b>Centrally Managed Budgets</b> | Bishops Park Reserve              | (412)                          | 54                  | (358)                             |
|                                  | Capital Reserve (Earmarked)       | (400)                          | (1,134)             | (1,534)                           |
|                                  | King Street Reserve               | (699)                          | 31                  | (668)                             |
|                                  | Business Board Reserve            | (571)                          | (787)               | (1,358)                           |
|                                  | Computer & IT Funds               | (444)                          | (1,308)             | (1,752)                           |
|                                  | Contribution to Local Election    | (150)                          | (175)               | (325)                             |
|                                  | Corporate Demand Pressures        | 0                              | (3,516)             | (3,516)                           |
|                                  | Corporate Redundancy              | (1,000)                        | (2,028)             | (3,028)                           |
|                                  | Council Tax Discount Admin        | 0                              | (135)               | (135)                             |

| Dept   | Reserve Description                    | Balance at 31 March 2013 | Movement in Year | Balance at 31 March 2014 |
|--|--|--------------------------|------------------|--------------------------|
|  |  | £000's                   | £000's           | £000's                   |
|  | Debtors Review Reserve                 | (619)                    | 0                | (619)                    |
|  | Dilapidations/Office Moves Res         | (2,970)                  | (757)            | (3,726)                  |
|  | Economic Downturn Res                  | (1,000)                  | 1,000            | 0                        |
|  | Efficiency Projects Reserve            | (7,661)                  | (2,735)          | (10,396)                 |
|  | Electronic Data Mgt System             | (100)                    | 0                | (100)                    |
|  | Housing Benefit Reserve                | (2,591)                  | 176              | (2,415)                  |
|  | Human Resources Reserve                | (1,000)                  | 0                | (1,000)                  |
|  | Imperial Wharf Reserve                 | (800)                    | 0                | (800)                    |
|  | Insurance Fund                         | (4,993)                  | 174              | (4,820)                  |
|  | IT Infrastructure                      | (2,813)                  | 0                | (2,813)                  |
|  | London Pension Fund Authority Sub Fund | (1,000)                  | 0                | (1,000)                  |
|  | Managed Services                       | (1,800)                  | (2,950)          | (4,750)                  |
|  | MTFS Delivery Risk                     | (5,882)                  | (1,118)          | (7,000)                  |
|  | Non-Domestic Rates Deficit Support     | 0                        | (6,021)          | (6,021)                  |
|  | Price Pressures                        | 0                        | 0                | 0                        |
|  | Vat Reserve                            | (2,000)                  | (500)            | (2,500)                  |
|  | White City Neighbourhood               | (536)                    | 352              | (183)                    |
| <b>Centrally Managed Budgets Total</b>                   |  | <b>(39,441)</b>          | <b>(21,377)</b>  | <b>(60,817)</b>          |
| <b>Environment Leisure and Residents' Services</b>       | Avonmore Community Centre              | (45)                     | 0                | (45)                     |
|  | Barclays Sports Grant                  | (29)                     | 0                | (29)                     |
|  | Boat Race                              | (20)                     | 20               | 0                        |
|  | Community Safety Reserve               | (167)                    | (215)            | (382)                    |
|  | IT Reserve                             | 0                        | (20)             | (20)                     |
|  | Fulham Palace Reserve                  | (15)                     | (444)            | (459)                    |
|  | Local Area Agreement waste grant       | (47)                     | (90)             | (137)                    |
|  | Linford Christie Fund                  | (9)                      | 0                | (10)                     |
|  | Marketing Reserve                      | (40)                     | (125)            | (165)                    |
|  | Migrant Impact Fund                    | (261)                    | 261              | 0                        |
|  | Parks Reserve                          | (30)                     | 0                | (30)                     |
|  | Sports Grant                           | (4)                      | 0                | (4)                      |
|  | Transport Reserve                      | (100)                    | 0                | (100)                    |
| <b>Environment Leisure and Residents' Services Total</b> |  | <b>(769)</b>             | <b>(613)</b>     | <b>(1,381)</b>           |
| <b>Housing Revenue</b>                                   | Commercial Property leases             | 0                        | (200)            | (200)                    |

| Dept  | Reserve Description  | Balance at<br>31 March<br>2013 | Movement<br>in Year | Balance<br>at 31<br>March<br>2014 |
|---|--|--------------------------------|---------------------|-----------------------------------|
|   |  | £000's                         | £000's              | £000's                            |
| <b>Account<br/>(HRA)</b>  |  |                                |                     |                                   |
|   | Efficiency Reserve   | (320)                          | (700)               | (1,020)                           |
|   | Human Resources Reserve  | (83)                           | 83                  | 0                                 |
|   | IT Recharges Reserve   | (162)                          | (43)                | (205)                             |
|   | Legal Costs  | 0                              | (200)               | (200)                             |
|   | Non-dwellings Impairment<br>Reserve  | (1,244)                        | (5,101)             | (6,346)                           |
|   | Past Service Pension Cost  | (209)                          | 209                 | 0                                 |
|   | Pay Increase   | (161)                          | 161                 | 0                                 |
|   | Strategy and Regeneration and<br>Housing Development                         | (1,246)                        | (500)               | (1,746)                           |
|   | Utilities  | (300)                          | (461)               | (761)                             |
|   | Improved Voids Specification   | 0                              | (500)               | (500)                             |
|   | <b>Housing Revenue Account (HRA) Total</b>                                   | <b>(3,725)</b>                 | <b>(7,253)</b>      | <b>(10,978)</b>                   |
| <b>Housing and<br/>Regeneration<br/>Department<br/>(General<br/>Fund)</b> | Adult Learning Skills Service Skills<br>Funding Agency 2011/12<br>Allocation | (235)                          | 48                  | (187)                             |
|   | Catalyst Housing Support Grant   | (2)                            | 2                   | 0                                 |
|   | DCLG - Portas & Town Team Part   | 0                              | (9)                 | (9)                               |
|   | HB Assist Plus   | 0                              | (160)               | (160)                             |
|   | Homelessness Grant   | (113)                          | 14                  | (99)                              |
|   | Housing Options Re-org Impleme   | (75)                           | 23                  | (52)                              |
|   | Incentive payment Direct Lettings  | 0                              | (400)               | (400)                             |
|   | Local Authority Business Grow<br>Incentive                                   | (55)                           | 55                  | 0                                 |
|   | No Recourse to Public Funds  | (50)                           | 0                   | (50)                              |
|   | Online Housing Applications<br>Reserve                                       | 0                              | 0                   | 0                                 |
|   | Overcrowding Grant   | (9)                            | 0                   | (9)                               |
|   | Probation Service Grant  | (27)                           | 11                  | (16)                              |
|   | Review of Housing Register   | (100)                          | 46                  | (54)                              |
|   | Skills for Care Apprenticeship   | (42)                           | 42                  | 0                                 |
|   | SULIVAN SERVICE CHARGES  | (33)                           | 7                   | (26)                              |
|   | Temp Accom Health & Safety Imp   | (118)                          | 93                  | (25)                              |
|   | Temporary Accommodation  | (3,506)                        | 0                   | (3,506)                           |
|   | Tenants Incentive Scheme   | (27)                           | 0                   | (27)                              |
|   | Training Support   | (18)                           | 9                   | (9)                               |

| Dept  | Reserve Description                       | Balance at<br>31 March<br>2013 | Movement<br>in Year | Balance<br>at 31<br>March<br>2014 |
|---|---|--------------------------------|---------------------|-----------------------------------|
|   |   | £000's                         | £000's              | £000's                            |
|   | Universal Credit Project<br>Management    | 0                              | (125)               | (125)                             |
| <b>Housing and Regeneration Department (General<br/>Fund) Total</b> |   | <b>(4,408)</b>                 | <b>(345)</b>        | <b>(4,754)</b>                    |
| <b>Libraries</b>  | Libraries Reserve                         | 0                              | (38)                | (38)                              |
| <b>Libraries Total</b>  |   | <b>0</b>                       | <b>(38)</b>         | <b>(38)</b>                       |
| <b>Transport and<br/>Technical<br/>Services</b>                     | Asbestos Management Reserve               | 0                              | (100)               | (100)                             |
|   | Computer & IT Funds                       | (399)                          | (15)                | (414)                             |
|   | Controlled Parking Fund                   | (407)                          | (288)               | (695)                             |
|   | Depot Improvements Reserve                | (175)                          | 0                   | (175)                             |
|   | Earls Court Reserve                       | 0                              | (44)                | (44)                              |
|   | Redundancy reserve                        | (382)                          | 382                 | 0                                 |
|   | Fulham Palace Reserve                     | (204)                          | 0                   | (204)                             |
|   | Legal Fees Reserve                        | (275)                          | (65)                | (340)                             |
|   | Local Lead Flood Authority                | (394)                          | (209)               | (603)                             |
|   | Planned Maintenance reserve               | (311)                          | 311                 | 0                                 |
|   | Planning Inquiries Reserve                | (273)                          | (85)                | (358)                             |
|   | Property Disposals Reserve                | 0                              | (100)               | (100)                             |
|   | S106 - Revenue Schemes                    | (2,755)                        | 1,415               | (1,339)                           |
|   | Single Regen Budget                       | 0                              | 0                   | 0                                 |
|   | Transport For London Street<br>Management | (129)                          | 0                   | (129)                             |
|   | Total Facilities Management<br>Reserve    | 0                              | (929)               | (929)                             |
|   | Thames Tideway Tunnel                     | (81)                           | 0                   | (81)                              |
|   | Thames Water Management<br>Contra         | (92)                           | 0                   | (92)                              |
|   | Property Moves                            | 0                              | (31)                | (31)                              |
|   | Savings Proposals Fund                    | 0                              | (50)                | (50)                              |
|   | Staff Development Sessions                | 0                              | (20)                | (20)                              |
|   | Wi Fi Concession                          | 0                              | (200)               | (200)                             |
|   | Works Contracts Reserve                   | 0                              | (35)                | (35)                              |
| <b>Transport and Technical Services Total</b>                       |   | <b>(5,876)</b>                 | <b>(63)</b>         | <b>(5,939)</b>                    |
| <b>Grand Total</b>  |   | <b>(62,841)</b>                | <b>(29,747)</b>     | <b>(92,588)</b>                   |

#### **APPENDIX 4: PROVISIONS**

| <b>Provision Description</b>  | <b>£000's</b> |
|---|---------------|
| The insurance provision was reduced by a £426k payment made in relation to Municipal Mutual Insurance liabilities. The fund was then topped up by an addition £180k to bring it into line with forecast liabilities | 3,347         |
| Non Domestic Rates losses on Appeals – This provision has been established to cover the councils exposure to outstanding rating appeals resulting from the introduction of the new Business Rates retention scheme. | 11,725        |
| Provision to cover Public Finance Initiative inflation costs which are under negotiation with contractor  | 1,965         |
| Provision to cover various Housing Revenue Account tenant liabilities   | 335           |
| Provision to cover potential Specific Childcare funding shortfalls  | 175           |
| Provision to cover legal fees and reimbursement in relation to disrepair cases  | 187           |
| <b>Total</b>  | <b>17,734</b> |