


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">5 SEPTEMBER 2016</p>	
<p>2015/16 CORPORATE REVENUE OUTTURN REPORT</p>	
<p>Report of the Cabinet Member for Finance – Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification - For Decision</p>	
<p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Hitesh Jolapara – Strategic Finance Director</p>	
<p>Report Author: Jade Cheung – Finance Manager</p>	<p>Contact Details: Tel: 020 8753 3374 E-mail: Jade.Cheung@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. To report subject to audit, the 2015/16 provisional revenue outturn position.
- 1.2. The General Fund provisional revenue outturn variance is a favourable underspend of £5.178m before the carry-forward of approved departmental underspends of £0.700m. This outcome has enabled a transfer to earmarked reserves of £4.478m.
- 1.3. The Housing Revenue Account (HRA) provisional outturn variance is an underspend of £2.880m, with HRA general reserves at £18.520m. HRA reserves have increased by £5.354m, due to the underspend of £2.880m and budgeted contribution to HRA general reserves of £2.474m.

2. RECOMMENDATIONS

- 2.1. To note the gross General Fund provisional revenue underspend of £5.178m, subject to audit. After allowance for the carry-forward of departmental underspends of £0.700m, the net underspend of £4.478m has been transferred to earmarked reserves.

- 2.2. To note the HRA provisional underspend of £2.880m and overall increase in the HRA reserves of £5.354m resulting in a HRA balance of £18.520m as at 31 March 2016, subject to audit.
- 2.3. To note that earmarked reserves are £112.852m, and provisions are £12.979m, as at 31 March 2016, subject to audit.

3. REASONS FOR DECISION

- 3.1. To confirm the financial position as at 31 March 2016. This report outlines the provisional revenue outturn position, income and expenditure for 2015/16, and the consequent effect on the Council's levels of reserves.

4. 2015/16 GENERAL FUND OUTTURN

- 4.1. Table 1: General Fund Outturn 2015/16¹

Department	Revised Budget	Actual	Variance
	£m	£m	£m
Adult Social Care	63.842	63.781	(0.061)
Centrally Managed Budgets	19.272	16.831	(2.441)
Children's Services	54.913	55.469	0.556
Controlled Parking Account	(20.040)	(22.210)	(2.170)
Corporate Services	21.991	21.308	(0.683)
Environmental Services	46.772	46.405	(0.367)
Housing & Regeneration	8.723	8.710	(0.013)
Libraries & Archives (Shared Services)	2.199	2.200	0.001
Public Health	0.004	0.004	0
Gross Total	197.676	192.498	(5.178)
Less approved budget carry-forward	(0.700)		
Net Total	196.976	192.498	(4.478)

- 4.2. Table 1 shows the provisional General Fund revenue final outturn variance is a favourable underspend of £5.178m before the carry-forward of approved departmental underspends of £0.700m. The £5.178m underspend amounts to 2.6% of the Council's gross budget (excluding Housing Benefits transfer payments). A detailed explanation of the variances (shown gross) is provided in appendix 1. This outcome has enabled a transfer to earmarked reserves of £4.478m.

- 4.3. The Accounts for 2015/16 are due to be reviewed by external auditors. Following external audit the Accounts must be signed off by Audit, Pensions and Standards Committee by 30th September 2016.

¹ Figures in brackets are underspends.

5. 2015/16 HOUSING REVENUE ACCOUNT

5.1. The HRA provisional underspend was £2.880m in 2015/16 (table 2). The reasons for the underspend are explained in appendix 2. Overall HRA balances have increased by £5.354m to £18.520m. This is attributable to the underspend of £2.880m and the budgeted contribution to balances of £2.474m.

5.2. Table 2: 2015/16 Housing Revenue Account Outturn

Housing Revenue Account	£m
Balance 31 March 2015	(13.166)
Budgeted Contribution to Balances	(2.474)
HRA surplus (underspend)	(2.880)
Balance 31st March 2016	(18.520)

6. RESERVES², BALANCES AND PROVISIONS³

6.1. The favourable outturn resulted in a transfer to earmarked reserves of £4.480m (table 3). This is in addition to the previously approved carry forward of departmental budget underspends of £0.700m.

6.2. Table 3: Transfers to Earmarked Reserves

Proposed Transfers to Reserves	£m
Managed Services Reserve to be held to fund work on Commercial discussion and Managed Services Project (MSP) review	0.550
Efficiency Projects Reserve	3.928
Total Contribution to Reserves and Balances	4.478

6.3. 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 identified as prudent. The Council has reported financial risks and challenges of £11.9m in 2016/17, therefore maintaining balances at this level will help mitigate against such risks.

6.4. Earmarked reserves total £112.852m at the close of 2015/16 (an increase of £8.542m). General Fund earmarked reserves have increased by £0.537m from £89.520m at the start of 2015/16 to £90.057m at year end. HRA reserves have increased by £8.005m to £22.795m. Departmental analysis is shown in table 4 and further detail in appendix 3.

² Reserves in general are amounts set aside which are for future policy purposes or to cover contingencies. Earmarked reserves are for specific expenditure or projects only.

³ 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.

- 6.5. Provisions have decreased by £8.149m to £12.979m and are detailed in appendix 4.
- 6.6. Table 4: Earmarked Reserves, Balances & Provisions at 31 March 2016

Department	31 March 2016 £m
Adult Social Care	5.458
Children's Services	2.184
Corporate Services	68.517
Environmental Services	9.551
Libraries	0.043
Housing and Regeneration	4.304
General Fund Earmarked Reserves	90.057
Housing Revenue Account Reserves	22.795
Earmarked Reserves	112.852
Provisions	12.979
General Balances	19.004
Total	144.835

7. VIREMENTS

- 7.1. In order to produce the final accounts to statutory deadline of 30th 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.).
- 7.2. In order to meet the deadline, Cabinet delegated decision making in relation to these issues to the Strategic Finance Director in consultation with the Cabinet Member for Finance.

8. CARRY FORWARD PROPOSALS

- 8.1. Environmental Services and the Controlled Parking Account have presented justifications to carry forward underspend budgets totalling £0.700m into 2016/17 (table 5). These have been previously approved and noted here for information only.

Table 5: Departmental Budget Carry Forward to 2016/17

Department	Approved Budget Carry Forward £m
Controlled Parking Account To fund signage for CCTV enforcement to comply with the Information Commissioner's Office (ICO) code of practice	0.350
Environmental Services Phoenix Fitness Centre (and Janet Adegoke Swimming Pool)	0.350
Total	0.700

9. CONSULTATION

9.1. N/A.

10. EQUALITY IMPLICATIONS

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

11. LEGAL IMPLICATIONS

11.1. N/A.

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: Jade Cheung, Finance Manager 0208 753 3374.

13. IMPLICATIONS FOR BUSINESS

13.1. N/A.

14. OTHER IMPLICATION PARAGRAPHS

14.1. N/A.

15. 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 2015/16 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 Departmental Analysis – HRA 2015/16 Revenue Outturn

Appendix 3 Earmarked Reserves

Appendix 4 Provisions

APPENDIX 1:

DEPARTMENTAL ANALYSIS – GENERAL FUND 2015/16 REVENUE OUTTURN

ADULT SOCIAL CARE (ASC)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Integrated Care	46,962	190	<p>Net Overspend of £460k on Home Care Packages and Direct Payments Similar to the previous year, there were increasing pressures during 2015/16 on the Home Care Packages and Direct Payments budgets as part of the out of hospital strategy, including the 7 days social care services to support customers at home and avoid hospital admission or to enable early discharge. This has led to an increase in home care costs above that which would have been expected. There was a gross outturn overspend of £2.088m which has been managed downward by Community Independence Service (CIS) Investment allocation of (£358k), Care Act funding of (£557k), Better Care Funding of (£313k) and Health Care funding of (£400k).</p> <p>Overspend of £396k on the Community Independence Services Cost increases due to 7 day services to support customers at home and to enable early discharge.</p> <p>Private Finance Initiative Underspend of £331k This is due to an out of court settlement reached with Care UK under the PFI contract in April 2015.</p>

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
			<p>Net Underspend of £335k against the £2m Efficiency Target for the Better care Fund</p> <p>Reductions in residential and nursing placements moved in the right direction with reduction in volumes of placements with savings of (£1.692m). There was an underspend of (£650k) from Better Care Fund and working closer with Health leaving a net underspend of (£342k). Other variances total £7K.</p>
Strategic Commissioning & Enterprise	7,664	(96)	The Supporting People budget underspent by (£141k) due to procurement savings on new contracts. The Meals service outturned with a variance of (£52k) which was offset by a net overspend on Commissioning salaries of £97k due to the need to recruit interim resources to cover workloads.
Finance and Resources	8,608	(11)	
Executive Directorate	608	(144)	Within the Directorate Division, there was an underspend of (£144k) within the workforce development training budgets.
Total	63,842	(61)	

CENTRALLY MANAGED BUDGETS
Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Corporate & Democratic Core	6,117	(87)	
Housing and Council Tax Benefits	(405)	(307)	Housing Benefit overpayment collection better than budget due to work of the Enhanced Revenue Collection programme.
Levies	1,525	(11)	
Net Cost of Borrowing	1,082	(218)	Favourable variance from better than budgeted investment income due to cash balances.
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	45	(1,030)	Underspend on corporately funded legal costs relating to employment cases (£260k). A Historic accounting adjustments for the write back of Civica invoices paid incorrectly on the Cedar finance system in previous years and income corrections (£770k).
Pensions & Redundancy	10,908	(788)	Underspend of (£350k) for redundancy. Underspend of (£166k) on historic unfunded pension costs. Past Service Deficit pension contribution under budget (£272k).
Total	19,272	(2,441)	

CHILDREN'S SERVICES DEPARTMENT (CHS)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Family Services	30,596	491	<p>Following the in-year audit of placements by the service in December, costs across Adoption, Residential Looked After Children (LAC) and Scheme Fostering placements have remained in line with previous months' forecasts. There was a reduction in spot purchase residential parenting & mother and baby assessments, although these were offset by a slight increase in remand costs.</p> <p>There were overspends in staffing costs related to the difficulties in recruiting and retaining permanent senior social work staff, therefore relying on agency workers for frontline service delivery teams £140k and the Multi Agency Safeguarding Hub (MASH) £195k.</p> <p>Whilst there were underspends on legal costs associated with the service (£65k), the level of Payments by Results funding related to the Troubled Families programme was not as expected in this financial year, resulting in a pressure against MTFS target of £189k.</p> <p>Expenditure on the Multi Systemic Therapy contract was also higher than forecast in this financial year as usage was higher than anticipated £32k.</p>
Safeguarding, Review and Quality Assurance	1,853	25	

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Schools Commissioning and Education	5,890	(79)	
Commissioning	6,279	323	The directorate has underspends within the Young Peoples Provision service (£252k) and Children's and Adolescents Mental Health Services (CAMHS) (£64k). There are also other small favourable variances across the Commissioning directorate (£91k). However, the delay in the implementation of the divisional restructure, plus additional one-off costs associated with the transition to the new structure has resulted in a pressure across team costs within Commissioning of £730k . It is expected that once the restructure is implemented in full it will deliver MTFs savings earmarked for 2016/17.
Finance and Resources	(1,365)	(210)	Additional rental income received in relation to the Fulham Bilingual school. Additional underspends are due to the release of a provision to revenue as the risk has reduced.
Schools Funding	11,660	6	
Total	54,913	556	

CONTROLLED PARKING ACCOUNT (CPA)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Pay & Display (P&D)	(12,229)	421	Pay and display receipts were lower in 2015/16 than they were in 2014/15. Other boroughs in London are seeing similar reductions.
Permits	(4,690)	194	There was a reduction of 2% in the receipts from parking permits in 2015/16, as compared to 2014/15.
Penalty Charge Notices (PCNs)	(13,543)	(1,620)	There has been an increase in the total number of PCNs issued in 2015/16. The recovery of old PCNs issued in previous years has also been greater than originally expected.
Parking Bay Suspensions	(2,423)	(1,085)	Income from parking bay suspensions has continued at the level seen last year. The budget for income was increased by £863k for 2015-16.
Towaways and Removals	(352)	27	
Expenditure and Other Receipts	13,197	(107)	This includes an underspend in staffing costs of £255k. Other expenditure variances of £148k, mainly on postage and other supplies and services.
Total	(20,040)	(2,170)	

CORPORATE SERVICES

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
H&F Direct	20,421	165	The adverse variance is in main due to shortfall in court costs recovery (due to an expected reduction in recovery resulting from Agresso delays and a shortfall against income targets).
Innovation & Change Management	312	(63)	The cost recovery for the service was better than what was budgeted for.
Legal & Electoral Services	(52)	(176)	This variance reflects better than expected results in the legal services trading account due to peak in demand in the last quarter.
Finance & Audit	2,608	(66)	Less than expected contract payments and one off receipts such as VAT repayment supplement contributed to the overall favourable variance.
Shared ICT Services	(598)	146	The adverse variance of £146k against the ICT budgets represents 0.8% of the department's budget for controllable costs. This variance is in the main due to non-recovery of some costs and under estimation of contract costs.
Commercial Directorate	46	123	£60k variance relates to non-recovery of budgets from departments for savings assumed from the new stationery contract. Remaining relate to non-recovery of legal costs from client departments.
Executive Services	(687)	(3)	
Human Resources	541	(393)	The HR budget outturned at an underspend of £393k. HR had regularly reported a predicted £80k underspend based on releasing savings early. The other factors are that HR recharged £200k under the S113 shared services agreement. From 2016/2017 HR

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
			will be recharging on a monthly basis and therefore able to predict better. Also HR were credited with £63k from the H&F Bridge partnership in relation to iTrent which they did not know about.
Delivery & Value	(600)	(416)	The variance is mainly due to bringing forward savings in community grants as a result of third sector investments. The unachievable income targets in media, communications and Hammerprint were offset by underspends in other areas in the division.
Total	21,991	(683)	

ENVIRONMENTAL SERVICES

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Cleaner, Greener & Cultural Services	20,302	(1,160)	<p>(£1,085k) Waste Disposal – Western Riverside Waste Authority (WRWA) has been able to freeze waste disposal tonnage prices for 2015/16, resulting in a £426k underspend on overall waste tonnages. Year on year, cheaper recycle tonnages decreased by 3.1% and more expensive general waste tonnages increased by 0.4%. An additional £634k one off rebate was received relating to the period 2011/2012 to 2014/15, arising from the treatment of government payments to electricity generators set out in the contract between WRWA and Cory. We do not know at this stage whether such payments will flow in the future.</p> <p>(£111k) Waste Contract and Enforcement – £63k underspend on the contract due mostly to negative inflation in 2015/16, £32k recovery of legal costs, £16k other underspends.</p> <p>£36k Other smaller net overspends</p>

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
Safer Neighbourhoods	8,132	172	<p>£163k Transport – £100k loss of management and repair income as a result of the Passenger Transport service being outsourced. This service will remain outsourced, meaning there is an ongoing budget pressure of £100k for 2016/17 and future years. £63k pressure mostly due to a smaller mark up being achieved on fuel, leases and the workshop as a result of declining activity. Budget growth is being pursued.</p> <p>Phoenix Fitness Centre – Capital improvement works to increase income generating potential and therefore reduce the management fee for the centre have not happened as planned this year due to ongoing discussions with the school. £350k PH funding for that capital spend will need to be provided from the corporate revenue reserve in 2016/17. If the project is not implemented the management fee will stay at the current rate, giving an ongoing budget pressure of £341k for 2016/17 and future years.</p> <p>£18k Other net overspends</p>
Customer & Business Development	668	266	<p>£267k Ducting contract – Overspend reflects slippage on the implementation date of the contract.</p> <p>(£1k) Other net underspends</p>
Former ELRS Executive Directorate & Finance	(153)	143	<p>£153k People Portfolio Saving – The savings target has not been met, and is not expected to be met in future years, meaning there is an ongoing budget pressure of £153k.</p> <p>(£10k) Other net underspends</p>

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
Building & Property Management (BPM)	(3,499)	714	<p>£735k in Advertising Hoardings –Challenges during the earlier part of the year with the contractors led to significant shortfall in income from the Two Towers and L’Oreal advertising hoarding site, which accounts for the majority of this overspend.</p> <p>£207k in Civic Accommodation – There are three main reasons for this overspend; The requirement to refund rent previously received from Amey of £106k has led to a lower income. Secondly, the rental income target was unachievable by £40k for Bagleys Lane. Also there was a need for an additional provision for bad debts due to problems with the new IT system of £24k, and overspends on premises expenditure of £37k.</p> <p>£32k Technical Support and BPM Business Support – The overspend relates to staffing and supplies and services costs.</p> <p>(£66) Building Control – This favourable variance is due to additional income from large building schemes.</p> <p>(£360k) Facilities Management – The staffing restructure in BPM services resulted in a favourable variance of (£178k). Furthermore, there is an underspend of (£10k) from the EC Harris contract and a net underspend of (£170k) from TFM and the Carbon Reduction Section.</p> <p>£170k Rent and Other Properties and Depot Recovery – A higher than anticipated budget debt provision of £173k due to the new IT system. However this was slightly offset by higher than expected income in Commercial rents of (£10k).</p>

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
Transport & Highways	14,458	(429)	<p>(£93k) Highways & Projects Administration – largely due to underspends in pay costs.</p> <p>(£351k) Highways Maintenance and Projects – This is mainly due to an underspend in planned maintenance (£267k), streetlight maintenance (£101k) and overachievement of staff recharges to projects of (£148k), offset by an overspend in Metro Wireless and other expenditure of £165k.</p> <p>£16k Transport Policy and Network Management.</p>
Planning	3,734	53	The overall unfavourable variance is mainly due to external developer income shortfalls resulting from slippage in regeneration projects. Some of this is offset by underspends in the Policy and Spatial Team.
Environmental Health	3,594	9	Overspends mainly on employees costs.
Former TTS Support Services	(464)	(135)	Underspends in TTS Finance and Exec Director's salary costs.
Total	46,772	(367)	

HOUSING & REGENERATION - GENERAL FUND

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16 £000	Year End Variance £000	Explanation of Major Variances (over £100k)
Housing Options, Skill & Economic Development	7,826	(54)	<p>This mainly relates to:</p> <ul style="list-style-type: none"> • a reduction in procurement costs (£203k) following the expiry of an expensive lease for temporary accommodation (this relates to an early achievement of MTFs savings to be delivered in 2016/17), • a reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£549k) due to lower average client numbers (84 compared to 175 originally budgeted for) which are offset by a predicted overspend of £665k arising mainly as a result of inflationary pressures on rents for suitable temporary accommodation from private sector landlords (PSL), • an increase in legal costs of £54k on housing assessment and complex cases, • the receipt of a government grant of (£200k) for “tackling temporary accommodation”, • £144k salaries overspend mainly as a result of resourcing issues in the Reviews and Complex Cases team, • an increase in costs of £35k resulting from higher numbers of clients who have no recourse to public funds.
Housing Strategy & Regeneration	76	124	<p>This relates to the Earls Court regeneration scheme and is due to the costs of security at 70 Lillie Road which cannot be allocated against costs of disposal as the 4% minimum revenue provision limit has been reached. Officers are pursuing options to reduce this cost going forward.</p>

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Housing Service	43	(25)	
Strategic Housing Stock Options Appraisal & Transfer	735	0	Although the budget was underspent this year, no variance is shown as the underspend has been carried forward to support ongoing costs in 2016/17.
Finance & Resources	43	(58)	This mainly relates to a review of staff responsibilities following a service reorganisation in early 2016.
Total	8,723	(13)	

LIBRARIES & ARCHIVES (SHARED SERVICE)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Shared Service - Libraries & Archives	2,199	0	No material variances.
Total	2,199	0	

PUBLIC HEALTH

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16 £000	Year End Variance £000	Explanation of Major Variances (over £100k)
Public Health Grant Income	(22,688)	1,530	The national Public Health grant was reduced in-year, by 6.2% in addition to the budget being £163k more than the grant settlement (due to late notification by Department of Health).
Sexual Health	6,410	(63)	A range of minor variances.
Substance Misuse	5,464	(883)	Underspends were realised in detox placements due to re-procurement savings and closure of a high-cost unit. Reducing Reoffending also underspent due to lower levels of demand against purchased packages.
Behaviour Change	2,753	(592)	These are activity-based budgets, and for 2015/16, although activity increased, this was still below budget. In the Health Trainer service, the performance-related element was not triggered leading to an underspend.
Intelligence and Social Determinants	89	(74)	The funding of the Library Outreach Worker continued, but other costs such as software installations, forum expenses and specialist training were lower than anticipated.
Families and Children's Services	5,135	(789)	The main underspend was for Childhood Obesity, where the procurement produced tenders below the budget identified. In addition to starting late, the performance threshold wasn't reached, therefore reducing payments.

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Public Health Investment Fund	2,185	420	Further projects in Children's Services (Children's Centres replacement funding) were agreed within the year, in addition to those identified in the original budget.
Salaries and Overheads	1,435	(131)	Vacancies within the team throughout the year led to an underspend in salary costs.
Contribution to (-) or from Public Health balances	(783)	582	A smaller than anticipated drawdown from Public Health balances was needed due to the underspends noted above.
Total	0	0	

APPENDIX 2

DEPARTMENTAL ANALYSIS – HOUSING REVENUE ACCOUNT (HRA) 2015/16 REVENUE OUTTURN

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Housing Income	(78,784)	(1,779)	This is due mainly to an underspend on the bad debt provision (£227k) for rental income on Council homes, the effect of a lower than anticipated void rent loss (1.6% compared with budget of 2.0%) (£280k), a higher than expected number of relets being at target rent (£265k). Leaseholder service charges income has increased due to more accurate block maintenance cost information (£460k), further income has been achieved on commercial rents (£436k), and other minor variances totalling (£111k).
Finance and Resources	9,711	899	This relates to staffing underspends mainly due to the removal of the Executive Director post (£131k) and vacant posts in Leasehold Services and the Rent Income team (£166k) due to delays in recruitment following reorganisations and exacerbated by Agresso. In addition, there are underspends on recruitment costs (£99k), the release of a provision for redundancy costs no longer needed (£229k), a delay in a scheme to encourage direct debit take up (£141k), legal fees (£196k), underspends on projects (£188k), and other running costs (£302k). These underspends are offset by an overspend against a budgeted provision for risk of £2,351k which mostly relates to the need to provide for the potential impact of refunding tenants for water and sewerage charges following the outcome of a court case against Southwark Council.

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Housing Services	9,758	(772)	This relates to staffing underspends mainly due to delays in recruitment primarily as a result of Agresso and vacant posts (£283k). In addition, there are underspends on removals costs (£85k), project costs (£40k), compensation payments (£50k), energy costs (£100k) and other minor running cost variances (£214k).
Commissioning and Quality Assurance	3,116	(604)	This relates to underspends on decants and management transfers (£73k), delays in recruitment primarily due to Agresso following a reorganisation (£75k), delays on projects (£294k), an underspend on book-keeping and audit services (£55k), additional rechargeable income (£44k) and other minor variances (£63k).
Strategic Housing Stock Options Appraisal & Transfer	0	184	The expenditure on the options appraisal (£142k) and the transfer (£42k) programme was funded from the overall underspend within the Housing Revenue Account.
Property Services	3,981	(514)	This is mainly due to lower than expected staffing costs (£133k), higher capitalisation of staffing costs (£220k), and lower divisional running costs (£161k)
Housing Repairs	12,203	415	This is mostly due to an increase in the forecast number of empty Council homes which need to be brought up to a lettable standard.
Housing Options	375	(177)	This relates to an overspend on staffing of £77k offset by underspends on hostel repairs (£124k) and repairs costs for Temporary on Licence accommodation of (£43k), additional income (£44k) and other minor variances (£43k).
Adult Social Care	48	0	
Regeneration	455	17	This relates to a reduction in the capitalisation of staffing costs resulting from delays in commencing construction on Housing Development programme projects compared to the position assumed when the original budget was prepared.
Safer Neighbourhoods	599	(6)	

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Housing Capital	36,064	(543)	This relates to additional interest receivable on HRA balances following a review of the average interest rate on short term investments and the forecast balances expected within the HRA general reserve, major repairs reserve and Decent Neighbourhoods Fund (£278k), a reduction in interest payable due to not undertaking budgeted additional borrowing (£265k).
(Contribution to)/ Appropriation From HRA General Reserve	(2,474)	(2,880)	

4: HRA General Reserve

	B/Fwd	Budgeted (Contribution to)/Appropriation from General Reserve	HRA Variance (Surplus)/ Deficit	C/Fwd
	£000	£000	£000	£000
HRA General Reserve	(13,166)	(2,474)	(2,880)	(18,520)

APPENDIX 3: EARMARKED RESERVES

		Balance at 31 March 2015	Transfers Out 2015/16	Transfers In 2015/16	Movement Between Reserves	Balance at 31 March 2016
		£000	£000	£000	£000	£000
	General Fund					
1	Insurance Fund	(5,842)	122	0	0	(5,720)
2	Controlled Parking Fund	(713)	454	(894)	0	(1,153)
3	Computer Replacement Fund	(1,413)	176	0	0	(1,237)
4	Information Technology (IT) Infrastructure	(5,403)	1,847	(800)	(172)	(4,528)
5	Efficiency Projects Reserve	(13,281)	1,158	(4,681)	2,252	(14,552)
6	Corporate Demand Pressures	(9,116)	1,445	(2,392)	930	(9,133)
7	Debtors/Creditors Review	(619)	0	0	0	(619)
8	Dilapidations/Office Moves	(4,311)	63	0	0	(4,248)
9	Housing Benefit	(2,248)	0	0	0	(2,248)
10	Planning Enquiries	(488)	197	0	0	(291)
11	London Pension Fund Authority (LPFA) Sub Fund	(1,000)	0	0	0	(1,000)
12	Bishops Park	(317)	0	0	0	(317)
13	Imperial Wharf	(800)	0	0	800	0
14	King Street Regeneration	(596)	33	0	0	(563)
15	Temporary Accommodation	(3,506)	0	0	0	(3,506)
16	Adult Social Care Pressures & Demands	(4,401)	1,407	0	0	(2,994)
17	Community Safety Reserve	(360)	0	0	0	(360)
18	Local Lead Flood Authority	(673)	125	0	0	(548)
19	Contribution to Local Election	(134)	0	(76)	0	(210)
20	Human Resources Reserve	(1,000)	80	0	0	(920)
21	Capital Reserves	(1,479)	559	0	(800)	(1,720)
22	Supporting People Programme	(1,989)	180	0	0	(1,809)
23	Children's Services (CHS) Pressures and Demands	(730)	311	0	0	(419)
24	CHS Shared Service Integration	(106)	106	0	0	0
25	Medium Term Financial Strategy (MTFS) Delivery Risk	(6,148)	0	0	0	(6,148)
26	Legal Fees Reserve	(20)	20	0	0	0
27	Managed Services	(876)	2,252	(550)	(3,110)	(2,284)
28	VAT Reserve	(2,500)	0	0	0	(2,500)
29	Business Board Reserve	(823)	0	(257)	0	(1,080)
30	Environmental Services - Fulham Palace Reserve	(568)	0	0	0	(568)
31	Total Facilities Management (TFM) Reserve	(1,113)	273	0	(50)	(890)
32	Third Sector Investment Fund (3SIF) Grant Reserve	(542)	0	(399)	0	(941)
33	Adult Social Care Portfolio Management	(335)	0	0	0	(335)
34	Troubled Families	(411)	235	(403)	0	(579)
35	Focus on Practice	(350)	0	(695)	0	(1,045)
36	Private Sector Landlord (PSL) Incentive Payments	(339)	25	0	0	(314)
37	Non-Domestic Rates (NDR) Deficit Support	(3,242)	34	0	0	(3,208)
38	H&F Direct (HFD) Budget Reserve	(600)	361	0	0	(239)
39	Customer Services Reserve	(450)	0	0	0	(450)

		Balance at 31 March 2015	Transfers Out 2015/16	Transfers In 2015/16	Movement Between Reserves	Balance at 31 March 2016
		£000	£000	£000	£000	£000
40	Stock Options Appraisal	(1,200)	734	0	0	(466)
41	Redundancy Reserves	(3,747)	0	0	0	(3,747)
42	Other Funds	(3,672)	1,175	(566)	150	(2,913)
43	Transport for London (TFL) Street Management	(129)	0	0	0	(129)
44	Section 106 - Revenue Schemes	(1,398)	10	(2,246)	0	(3,634)
45	Adult Learning Skills Service (ALSS) Skills Funding Agency	(85)	0	0	0	(85)
46	CHS Adoption Reform Reserve	(140)	0	0	0	(140)
47	Other Revenue Grants	(307)	40	0	0	(267)
	General Fund Sub-Total	(89,520)	13,422	(13,959)	0	(90,057)
	Housing Revenue Account					
48	HRA IT Recharges Reserve	(347)	0	(379)	0	(726)
49	HRA Efficiency Reserve	(1,411)	0	0	0	(1,411)
50	HRA Non-dwellings Impairment Reserve	(6,635)	0	(780)	0	(7,415)
51	HRA Strategic Regeneration and Housing Development	(1,746)	0	(1,004)	(500)	(3,250)
52	HRA Utilities Reserve	(1,261)	0	(4,250)	0	(5,511)
53	HRA Commercial Property Leases	(94)	0	0	0	(94)
54	HRA Legal Costs	(200)	200	0	0	0
55	Improved Voids Specification	(500)	0	0	500	0
56	Sheltered Housing	(871)	230	0	0	(641)
57	Deed Pack Review Reserve	(300)	0	0	0	(300)
58	Stock Options Appraisal Reserve	(300)	0	(108)	0	(408)
59	Welfare Reform Reserve	(500)	0	(1,000)	0	(1,500)
60	Parking Charges Review Reserve	(606)	0	0	0	(606)
61	Community Pot	(19)	0	(19)	0	(38)
62	Customer Service Improvement Programme	0	0	(200)	0	(200)
63	Council Tax Voids	0	0	(95)	0	(95)
64	Office Reorganisations	0	0	(50)	0	(50)
65	HRA Managed Services	0	0	(300)	0	(300)
66	Commercial Properties Debt	0	0	(250)	0	(250)
	HRA Sub-Total	(14,790)	430	(8,435)	0	(22,795)
	Total	(104,310)	13,852	(22,394)	0	(112,852)

APPENDIX 4: PROVISIONS

	Insurance £000	Non-Domestic Rates (NDR) - Losses on Appeals £000	Other Provisions ⁴ £000	Total £000
Balance at 31 March 2015	(2,496)	(17,480)	(1,152)	(21,128)
Additional provisions	(36)			(36)
Amounts used		3,073	86	3,159
Unused amounts reversed		4,263	763	5,026
Balance at 31 March 2016	(2,532)	(10,144)	(303)	(12,979)
<i>Of which:</i>				
Next twelve months	(2,532)	(10,144)		(12,676)
Over twelve months			(303)	(303)
Balance at 31 March 2016	(2,532)	(10,144)	(303)	(12,979)

⁴ Other Provisions include: £0.303m to cover Housing Revenue Account legal fees and disrepair cases