


<p>London Borough of Hammersmith & Fulham</p> <p>CABINET</p> <p>4 SEPTEMBER 2017</p>	
2016/17 OUTTURN	
Report of the Cabinet Member for Finance – Councillor Max Schmid	
Open Report	
Classification - For Information	
Key Decision: No	
Wards Affected: All	
Accountable Director: Hitesh Jolapara – Strategic Finance Director	
<p>Report Author: Gary Ironmonger – Finance Manager Andrew Lord – Head of Strategic Planning and Monitoring</p>	<p>Contact Details: Tel: 020 8753 2109 Gary.Ironmonger@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The General Fund provisional revenue outturn is a favourable underspend of £0.198m. This balance has been transferred to the Efficiencies Projects Reserve.
- 1.2. Within this overall position: Adult Social Care overspent by £1.89m; Children’s Service overspent by £0.78m and Housing overspent by £0.41m. The 2017/18 budget allows for £4.4m growth in Adult Social Care. In addition £4.3m for 2017/18 was allocated for Adult Social Care in the Spring 2017 National Budget. This gives a total of additional funding for Adult Social Care of £8.7m. There was also £0.7m of growth in Children’s Services and £0.2m growth in Housing & Regeneration after allowance for inflation.
- 1.3. The Housing Revenue Account (HRA) provisional outturn variance is an underspend of £0.504m, with HRA general reserves at £20.086m. HRA general reserves have increased by £1.565m, due to the underspend of £0.504m and planned contribution to HRA general reserves of £1.061m.

- 1.4. Total capital expenditure for the year was £70.6m. This comprised expenditure in the General Fund of £30.3m and £40.3m in the HRA. Expenditure on the Council-funded element of the General Fund programme (the 'Mainstream Programme') was £6.8m.
- 1.5. Section 151 of the 1972 Local Government Act requires the Chief Financial Officer (as the responsible officer) to ensure proper administration of the Council's financial affairs. This report forms the concluding part of the Council's budgetary control cycle for 2016/17. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Cabinet Members and members of the Senior Leadership Team in discharging the statutory responsibility.

2. RECOMMENDATIONS

- 2.1. To note the gross General Fund provisional revenue underspend of £0.198m, subject to audit.
- 2.2. To note the HRA provisional underspend of £0.504m and overall increase in the HRA reserves of £1.565m resulting in a HRA balance of £20.086m as at 31st March 2017, subject to audit. HRA earmarked reserves are £25.6m.
- 2.3. To note that general fund earmarked reserves are £82.70m and general balances are £19.0m as at 31st March 2017, subject to audit.
- 2.4. To note the capital outturn of £70.6m.
- 2.5. To note the enhanced monitoring process for 2017/18 particularly in respect of bilateral Member challenge meetings (involving the Departmental Management team and Cabinet member with the Strategic Finance Director and Cabinet member for Finance) with services facing pressures due to demographics and unfunded new burdens from Government.

3. REASONS FOR DECISION

- 3.1. To confirm the financial position as at 31st March 2017. This report outlines the provisional revenue outturn position, income and expenditure for 2016/17, and the consequent effect on the Council's levels of reserves.

4. GENERAL FUND OUTTURN

Table 1: Draft General Fund Outturn 2016/17¹

Department	Revised Budget	Actual	Gross Variance	C/Fwd / (Use of Reserves)	Net Variance
	£m	£m	£m	£m	£m
Adult Social Care	58.419	62.009	3.590	(1.700)	1.890
Centrally Managed Budgets	17.138	15.190	(1.948)	(0.548)	(2.496)
Children's Services	54.961	55.747	0.786	0.000	0.786
Controlled Parking Account	(22.384)	(22.795)	(0.411)	0.000	(0.411)
Corporate Services	23.733	23.413	(0.320)	0.000	(0.320)
Environmental Services	48.603	48.411	(0.192)	0.135	(0.057)
Housing & Regeneration	11.194	11.604	0.410	0.000	0.410
Libraries & Archives Service	3.468	3.422	(0.046)	0.046	0.000
Public Health	0.000	0.000	0.000	0.000	0.000
Total	195.132	197.001	1.869	(2.067)	(0.198)

- 4.1. Table 1 shows the provisional General Fund revenue outturn variance is a favourable underspend of £0.198m. This balance has been transferred to the Efficiencies Projects Reserve. A detailed explanation of the variances is provided in appendix 1.
- 4.2. The Council will close the 2016/17 accounts by 31st May 2017, a full month before the statutory deadline. This puts the Council in a good position for closing 2017/18 by the brought forward statutory deadline of 31st May 2018. The 2016/17 Statement of Accounts will be reviewed by External Audit and must be signed off by Audit, Pensions and Standards Committee by 30th September 2017.

¹ Figures in brackets are underspends.

5. DEDICATED SCHOOLS GRANT

- 5.1. Dedicated schools grant (DSG) is paid in support of local authority schools budgets, being the main source of income for the schools budget. This is split between central expenditure and the individual schools budget (ISB) in conjunction with the local schools' forum.
- 5.2. The High Needs Block and Early Years funding have come under increased pressure in recent years. The Council has an overspent DSG balance of £2.1m.
- 5.3. Children's Services are considering the actions required to fund the overspend. This includes an agreed transfer of funds in 2018/19 of £720k from the schools' block to the High Needs block and considering a case to request additional funding from the Education Funding Agency.

6. HOUSING REVENUE ACCOUNT OUTTURN

- 6.1. The HRA provisional underspend is £0.504m (table 2). The reasons for the underspend are explained in appendix 2. Overall HRA balances have increased by £1.565m to £20.086m. This is attributable to the underspend of £0.504m and the budgeted contribution to balances of £1.061m.

Table 2: 2016/17 Housing Revenue Account Outturn

Housing Revenue Account	£m
Balance 31 March 2016	(18.521)
Budgeted Contribution to Balances	(1.061)
HRA surplus (underspend)	(0.504)
Balance 31st March 2017	(20.086)

7. RESERVES², BALANCES AND PROVISIONS³

- 7.1. The favourable outturn has enabled a transfer to the Efficiency Projects reserve of £0.198m at the year end.
- 7.2. General Fund Balances remain at £19.004m (4% of the gross budget excluding Housing Benefit transfer payments). This is at the upper end of the range of £14m to £20m identified as prudent. Maintaining balances within this range is prudent to mitigate against budget pressures and risks.

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.

- 7.3. General Fund earmarked reserves total £82.721m at the close of 2016/17.
- 7.4. HRA reserves are £25.589m. Departmental analysis is shown in table 3 and further detail in appendix 3.
- 7.5. Provisions have decreased by £4.860m to £8.119m and are detailed in appendix 4.

Table 3: Earmarked Reserves, Balances & Provisions at 31 March 2017

Department	31 March 2017 £m
Adult Social Care	3.722
Children's Services	2.342
Corporate ⁴	64.467
Environmental Services	8.548
Libraries	0.058
Housing and Regeneration	3.673
General Fund Earmarked Reserves	82.720
Housing Revenue Account Reserves	25.589
Earmarked Reserves	108.310
Provisions	8.119
General Balances	19.004
Total	135.433

8. VIREMENTS

- 8.1. 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.).
- 8.2. 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.

9. CARRY FORWARD PROPOSALS

- 9.1. Environmental Services and Libraries Services have presented justifications to carry forward underspend budgets totalling £0.181m

⁴ These include £8.2m of reserves, such as insurance, that are effectively ring-fenced or, if used, expose the Council to risk

into 2017/18 (table 4). This has been approved and noted here for information only.

Table 4: Departmental Budget Carry Forward to 2017/18

Department	Approved Budget Carry Forward £m
Environmental Services	0.135
Libraries and Archive Services	0.046
Total	0.181

CAPITAL OUTTURN

10.1 Total capital expenditure for the financial year was £70.6m. This comprised expenditure in the General Fund of £30.3m and £40.3m in the HRA. Expenditure on the Council-funded element of the General Fund programme (the 'Mainstream Programme') was £6.5m. A slippage of expected General Fund capital receipts in-year necessitated use of internal borrowing of £3.0m to fund the mainstream programme. Anticipated receipts arrived in the first quarter of the following year.

10.2 A summary of capital expenditure by department and capital financing is included below. A more detailed capital out-turn report by scheme, together with carry-forward requests and slippage adjustments, will be presented later in the year.

Table 8 - Capital Expenditure and Funding Summary 2016/17

Capital Expenditure by Department	2016/17 £'000
Adult Social Care	315
Children's Services	12,655
Environmental Services	13,345
Finance and Corporate Services	95
Housing – General Fund	3,922
General Fund sub-total	30,332
Housing – HRA	40,294
Grand Total	70,626

Capital Financing Source	2016/17 £'000 Total
Capital receipts – General Fund	3,486
Capital receipts - Housing	21,599
Capital Grants and Contributions	15,168
Major Repairs Reserve (MRR)	17,618
Council reserves (including money held by schools)	4,024

Revenue	3,108
Internal Borrowing – Schools Windows Programme	2,499
Internal Borrowing – Mainstream Programme	3,124
Total	70,626

10. CONSULTATION

10.1. N/A.

11. EQUALITY IMPLICATIONS

11.1. 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.

12. LEGAL IMPLICATIONS

12.1. N/A.

13. FINANCIAL IMPLICATIONS

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

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

14. IMPLICATIONS FOR BUSINESS

14.1. N/A.

15. OTHER IMPLICATION PARAGRAPHS

15.1. N/A.

16. 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 1a Dedicated Schools Grant

Appendix 2 Departmental Analysis – HRA 2015/16 Revenue Outturn

Appendix 3 Earmarked Reserves

Appendix 4 Provisions

APPENDIX 1:

DEPARTMENTAL ANALYSIS – GENERAL FUND 2016/17 REVENUE OUTTURN

ADULT SOCIAL CARE (ASC)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Integrated Care	44,864	1,719	<p>As in the previous year, there were increasing pressures during 2016/17 on the Home Care Packages and Direct Payments budgets. This includes 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 net overspend of £911,000 which has been managed downward by (£1,172,000) Better Care fund contribution, (£517,000) from Care Act funding and (£800,000) from ASC reserves. There was the additional financial impact of the full year effect of customers from 2015/16 and a net increase of 121 customers.</p> <p>Better Care Funding Shortfall of £482,000. Within the base budget is an MTFs efficiency of £2m following the negotiations with health over the second year of the Better Care Fund. The £2m efficiency target has various target measures to deliver this saving which include avoidance of care in residential and nursing placement and securing lower prices from placement providers. The department outturned with reductions in residential and nursing placements moving in the right direction with reduction in volumes of placements and supported living with savings of (£1,418,000)</p>

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
			<p>factored in. In addition, several contracts with Elgin House homes have been renegotiated delivering savings of (£100,000).</p> <p>Continued management actions from Learning Disability Service reviews delivered savings and an underspend of £181k due to a reduction of care in LD packages and placements costs.</p> <p>Mental Health Service outturn position of £507,000 overspend due to demand pressures in Home Care and an increasing number of 50/50 placements with Health as well as a net increase of 13 customers.</p>
Strategic Commissioning & Enterprise	5,938	244	The overspend in this Division is due to the need to recruit interim resources to cover workloads and additional legal costs.
Finance and Resources	8,859	(34)	
Executive Directorate	458	(39)	
Total	60,119	1,890	The Departmental outturn was an overspend of £1,890,000, which is an increase in the overspend of £46,000 compared to the period ten projected overspend of £1,844,000. The departmental recovery action plan delivered some reductions on the overspend during the year but overall it was more difficult to achieve a balanced budget. Significant growth was included in the Adult Social Care budget for 2017/18 to address the areas of the budget that are overspending.

CENTRALLY MANAGED BUDGETS
Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Corporate & Democratic Core	6,411	82	
Housing and Council Tax Benefits	(437)	60	
Levies	1,571	(28)	
Net Cost of Borrowing	32	670	The unfavourable variance is due to low interest rates in 2016-17 which led to reduced income on the cash balances held by the Council.
Other Corporate Items (Includes Contingencies, Insurance, Land Charges)	1,060	(2,853)	Unallocated contingencies of £2,960k were not used in 2016/17. Council wide HR legal costs were £192k under budget. This is offset by a £249k adverse variance due to reduced Land Charge income caused by slowdown in housing market activity and other minor variances of £50k .
Pensions & Redundancy	9,049	(427)	An underspend of £232k was due to reduced historic unfunded pension costs. Redundancy costs were £195k under budget.
Total	17,686	(2,496)	

CHILDREN'S SERVICES DEPARTMENT (CHS)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Family Services	30,469	(80)	
Safeguarding, Review and Quality Assurance	1,209	69	
Schools Commissioning and Education	7,188	(95)	
Commissioning	5,300	802	£962k overspend on salaries due to additional resource required for transition to the new structure and LBHF work programme requirements which exceeded baseline capacity, plus additional transitional support costs required of £158k. These pressures were offset by underspends in other areas.
Finance and Resources	3,323	90	
Schools Funding	7,473	0	
Total	54,962	786	

CONTROLLED PARKING ACCOUNT (CPA)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Pay & Display (P&D)	(11,807)	(1,159)	The introduction of phone payment has resulted in an increase in the overall income from P&D. This is partly offset by an increase in the expenditure to the Council associated with phone payment.
Permits	(4,496)	(131)	Income from resident permits in 2016-17 is higher than the same period last year. As permit fees have been frozen over recent years, this increased income is due to an increase in the number of permits.
Penalty Charge Notices (PCNs)	(14,611)	588	The numbers of Moving Traffic PCNs issued in 2016-17 were significantly lower than in previous year. The civil enforcement officer (CEO) issued PCNs were also lower.
Parking Bay Suspensions	(3,223)	105	Income in 2016-17 was similar to the previous year.
Towaways and Removals	(325)	69	
Expenditure and Other Receipts	12,079	118	Staffing costs are underspent by £253k due to enforcement posts that have been vacant for part of the year. The costs associated with phone payment total £353k. The cost of the smarter budgeting deep dive work in Parking totalled £26k in 2016-17. There was an underspend of £8k in other expenditure and receipts.
Total	(22,384)	(411)	

CORPORATE SERVICES

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
H&F Direct	19,212	(49)	Overspend of £210k due to unaccrued 2015/16 Shared Services charges being recognised in 2016-17 accounts, £76k unbudgeted expenditure on interns and £28k other smaller overspends.
Innovation & Change Management	(148)	314	Under recovery of costs due to legal income fluctuations.
Legal & Electoral Services	716	223	
Finance & Audit	1,748	(282)	(£157k) underspend on salaries (£84k) credit for incorrect Shared Services recharges from 2015/16 (£41k) other smaller underspends
Shared ICT Services	161	(205)	(£318k) unbudgeted Shared Services recharge, £48k underachievement on income, £65k other smaller overspends
Commercial Directorate	204	30	
Executive Services	281	(28)	
Human Resources	700	(280)	(£251k) charge to the pension fund not previously allowed for, (£29k) other smaller underspends
Delivery & Value	859	(43)	
Total	23,733	(320)	

ENVIRONMENTAL SERVICES

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Cleaner, Greener & Cultural Services	21,611	(1,064)	(£470k) one off waste disposal rebate relating to prior years; (£404k) other waste disposal due to continuation of reduced recycle charge. Cheaper recycling tonnages for the year were 1.5% more than last year, and more expensive general waste tonnages were 1.6% less. Overall tonnages reduced by 1.2% (882 tonnes) year on year, saving approximately £130k. (£192k) net underspend on waste contract due to inflation being less than budgeted.
Safer Neighbourhoods	9,436	162	£411k overspend on Phoenix Leisure Centre due to capital works (£276k) and contribution to reserves to fund further known pressures to the end of the contract (£135k). The capital works are now complete and the refurbished facilities are open to the public. (£99k) Cemeteries underspend due to higher levels of income in quarter 4 (£169k) higher sports booking income, based on amounts billed by the contractor. £19k other smaller net overspends.
Customer & Business Development	(119)	164	£153k People Portfolio savings shortfall. Additional £11k top up of sundry bad debt provision based on year end debt levels.
Former ELRS Executive Directorate & Finance	(274)	376	£186k income shortfall on the ducting contract, plus £190k top up of bad debt provision at year end, based on year end debt levels.

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
Building & Property Management	(1,756)	503	<p>The overspend is mainly due to the following:</p> <p>1) Shortfall in advertising hoarding income of £605k - mainly on the Two Towers, L'Oréal and Benworth sites.</p> <p>2) Unachievable Building Control income of £50k due to the current economic environment.</p> <p>3) Shortfall on rent contribution from other business group towards Lila Hussett building of £128k met by Environmental Services.</p> <p>There were underspends in Valuation Section's staffing costs because of costs recharge (£132k) and rebates from Carbon Reduction and contractors' costs of (£145k).</p>
Transport & Highways	14,850	(718)	The underspend is the result of several large schemes that were booked during the year which resulted recharging of staffing costs to the projects.
Planning	2,227	465	Overspends due to unfunded legal charges and claimants' costs from challenges to planning decisions made by the Council.
Environmental Health	3,279	(23)	
Former TTS Support Services	(786)	78	
Total	48,468	(57)	

HOUSING & REGENERATION - GENERAL FUND

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2016/17 £000	Year End Variance £000	Explanation of Major Variances (over £100k)
Housing Options, Skill & Economic Development	10,250	393	<p>This mainly relates to an inflationary pressures overspend of £816k on rents for suitable temporary accommodation from private sector landlords and an increase in the average client numbers (833 outturn compared to 780 in the original budget). Major landlords threatened to withdraw all their homes from us unless we granted them a rent increase. Additionally, incentive payments to private sector leasing landlords (as opposed to the Direct Letting Incentives which were funded in 2016/17 from an earmarked reserve) exceeded the budget by £95k. A legal costs overspend of £48k was due to an increase in the number of applications for reviews of the decision to place households in temporary accommodation out of borough which are being driven by a homeless person's successful claim (Nzolameso v City of Westminster, 2015) heard at the Supreme Court which challenged Westminster's decision making process in placing a homeless family in temporary accommodation out of borough.</p> <p>The adverse variances are offset by:</p> <ul style="list-style-type: none"> ● a reduction in the net costs of Bed and Breakfast (B&B) accommodation of (£68k) due to lower average client numbers (118 outturn compared to 130 in the original budget), ● a reduction in Bad Debt Provision (BDP) because of the better than expected collection performance on Private Sector Leasing (PSL) (£303k), ● and income of (£195k) from the DWP New Burdens Fund for the removal of the TA Management Fee Subsidy.

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Housing Strategy & Regeneration	201	55	
Housing Service	44	(38)	
Strategic Housing Stock Options Appraisal & Transfer	699	0	
Finance & Resources	0	0	
Total	11,194	410	

LIBRARIES & ARCHIVES (SHARED SERVICE)

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Shared Service - Libraries & Archives	3,422	0	
Total	3,422	0	

PUBLIC HEALTH

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Public Health Grant Income	(22,516)	(387)	Grant reduction was estimated at 3.9% but Public Health England applied a 2.3% reduction in the Autumn statement.
Sexual Health	5,768	(143)	Genito Urinary Medicine forms 70% of the budget and there has been a lag in payments with block contracts. Chelsea and Westminster Hospital expects to reconcile its claims in early 2017/18.
Substance Misuse	4,870	(1,004)	Substance Misuse budget changed significantly this year with major procurement exercises completed at lower contract prices. Referrals and placements started increasing in the second half of the year as pathways were developed. However, the slow start meant that the budget was still under spent by year end.
Behaviour Change	2,527	(1)	
Intelligence and Social Determinants	60	(45)	
Families and Children's Services	6,441	451	This budget group includes the 0-5 service which transferred from the NHS. School Nursing overspent by £581k offsetting underspends in the adult and children obesity areas.
Public Health Investment Fund	2,162	61	
Salaries and Overheads	1,285	318	Shared Service agreement for the recharge of actual costs have resulted in an overspend.

Departmental Division	Revised Budget 2015/16	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Contribution to (-) or from Public Health balances	(597)	(153)	Reserves will be increased by £153k from the unspent balance of the grant.
Total	0	0	

APPENDIX 2

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

Variance Analysis by Departmental Division

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Housing Income	(76,571)	(1,677)	This is due mainly to an underspend on the bad debt provision for rental income on Council Homes (£1.505m), caused by a slower rollout of the Government's Welfare Reform programme than anticipated and a very effective rent collection strategy on the part of the Rent Income team (the collection rate at year end is 99%). Additionally, rental income from Council homes has been higher than budgeted (£492k) primarily because of a lower than anticipated void rent loss (0.9% compared with budget of 2.0%). Leaseholder service charges income has increased by (£277k), mostly because more repair work than estimated was carried out. A shortfall in income of £405k is due to void commercial properties and garages (32% void rate) and of £178k due to a delay on installing advertising hoardings at Falkland House. Other minor variances largely offset each other and account for £14k.
Finance and Resources	10,918	2,001	This relates to staffing underspends mainly due to vacant posts (£179k) and greater than expected salary capitalisation (£50k). In addition, there are underspends on project costs (£177k), a review of corporate recharges (£89k), and internal legal recharges (£110k). These underspends are offset by an increase in the provision for housing service risks of £2,606k 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 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Housing Services	12,980	(827)	This mainly relates to staffing vacancies (£190k), underspends against the budgets for grants for downsizing tenants (£145k), and a delay in the procurement of a weed spraying contract (£156k). Additionally, rental income is being generated from the Edward Woods Community Centre (£65k), caretaking cost recovery from third parties (£46k), and there are further underspends on grounds maintenance (£23k), book-keeping support (£45k) and audit fees (£25k), compensation payments (£33k) and other minor variances account for (£99k).
Property Services	2,720	(900)	This underspend relates mainly to staff vacancies including higher capitalisation of salaries (£289k), running costs (£250k), a successful claim against the Council's former repairs contractor, Wilmott Dixon, for which a prudent assumption was previously made (£342k), and lower decant costs than expected (£168k). These underspends are partially offset by a reduced income shortfall of £149k on property compliance fees due to a delay in the implementation of the project.

Departmental Division	Revised Budget 2016/17	Year End Variance	Explanation of Major Variances (over £100k)
	£000	£000	
Housing Repairs	13,869	1,023	This mainly relates to additional requirements added to the repairs contract with MITIE of £440k and lower than budgeted capitalisation of void works of £347k. Additionally, costs of £157k previously anticipated to be covered by insurance claims are still to be agreed by loss adjusters. The number and cost of disrepair cases has increased by £80k, a further £88k has been incurred on other contractors and there are other minor overspends of £26k. These overspends are partially offset by a reduction in lift servicing costs (£115k) due to the lift modernisation programme.
Housing Options	410	(159)	This mainly relates to higher than expected income from hostels due to a lower void rate than budgeted and lower running costs (£132k). There are other minor variances of (£27k).
Adult Social Care	48	0	
Regeneration	1,007	35	
Safer Neighbourhoods	610	0	
Capital Charges	32,857	0	
Strategic Housing Stock Options Appraisal & Transfer	91	0	
(Contribution to)/ Appropriation From HRA General Reserve	(1,061)	(504)	

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	(18.521)	(1.061)	(0.504)	(20.086)

APPENDIX 3: EARMARKED RESERVES

		Balance at 31 March 2016	Transfers Out 2016/17	Transfers In 2016/17	Movement Between Reserves 2016/17	Balance at 31 March 2017
		£000	£000	£000	£000	£000
	General Fund					
1	Insurance Fund	(5,720)	-	(622)	-	(6,342)
2	Controlled Parking Fund	(1,153)	521	(521)	99	(1,054)
3	Computer Replacement Fund	(1,237)	55	-	-	(1,182)
4	IT Infrastructure	(4,528)	3,531	(800)	(591)	(2,388)
5	Efficiency Projects Reserve	(14,552)	3,303	(4,949)	449	(15,749)
6	Corporate Demand Pressures	(9,133)	219	-	1,383	(7,531)
7	Dilapidations/Office Moves	(4,248)	921	-	-	(3,327)
8	Housing Benefit	(2,248)	-	-	-	(2,248)
9	Planning Enquiries	(291)	291	-	-	-
10	LPFA Sub Fund	(1,000)	-	(272)	-	(1,272)
11	Temporary Accommodation	(3,506)	-	-	-	(3,506)
12	ASC Pressures & Demands	(2,994)	1,116	-	-	(1,878)
13	Human Resources Reserve	(920)	-	-	-	(920)
14	Capital Reserves	(1,720)	298	(524)	-	(1,946)
15	Supporting People Programme	(1,809)	300	-	-	(1,509)
16	MTFS Delivery Risk	(6,148)	523	-	-	(5,625)
17	VAT Reserve	(2,500)	-	-	-	(2,500)
18	Business Board Reserve	(1,080)	-	-	-	(1,080)
19	TFM Reserve	(890)	37	-	-	(853)
20	3SIF Grant Reserve	(941)	-	(67)	-	(1,008)
21	Troubled Families	(579)	-	(238)	-	(817)

		Balance at 31 March 2016	Transfers Out 2016/17	Transfers In 2016/17	Movement Between Reserves 2016/17	Balance at 31 March 2017
		£000	£000	£000	£000	£000
22	NDR Deficit Support	(3,208)	-	-	-	(3,208)
26	Stock Options Appraisal	(466)	697	-	(1,240)	(1,009)
24	Partners in Practice	-	-	-	(852)	(852)
25	Redundancy Reserves	(3,747)	-	-	-	(3,747)
26	Other Funds	(11,184)	4,661	(1,248)	743	(7,028)
27	S106 - Revenue Schemes	(3,634)	845	(731)	-	(3,520)
28	Other Revenue Grants	(621)	85	(95)	9	(622)
	General Fund Sub-Total	(90,057)	17,403	(10,067)	-	(82,721)
	HRA					
29	HRA Efficiency Reserve	(1,411)	-	-	911	(500)
30	HRA Non-dwellings Impairment Reserve	(7,415)	-	153	-	(7,262)
31	HRA Strategic Regeneration and Housing Development	(3,250)	697	(1,655)	-	(4,208)
32	HRA Utilities Reserve	(5,511)	-	(2,663)	(1,208)	(9,382)
33	Welfare Reform Reserve	(1,500)	-	-	-	(1,500)
34	Parking Charges Review Reserve	(606)	-	-	-	(606)
35	Other HRA Funds	(3,102)	923	(249)	297	(2,131)
	HRA Sub-Total	(22,795)	1,620	(4,414)	-	(25,589)
	Total	(112,852)	19,023	(14,481)	-	(108,310)

APPENDIX 4: PROVISIONS

	Insurance £000	Non-Domestic Rates (NDR) - Losses on Appeals £000	Other Provisions⁵ £000	Total £000
Balance at 31 March 2016	(2.532)	(10.144)	(0.303)	(12.979)
Additional provisions	(0.123)	0.000	(0.753)	(0.384)
Amounts used	0.000	4.935	0.000	0.000
Unused amounts reversed	0.000	0.492	0.309	0.000
Balance at 31 March 2017	(2.655)	(4.717)	(0.747)	(8.119)

⁵ Other Provisions of £0.747m are to cover Housing Revenue Account legal fees, disrepair cases and disputed capital works