



**Cabinet**  
16 July 2018

**Report from the Chief Finance  
Officer**

## 2017/18 Financial Outturn and Statement of Accounts

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	One: <ul style="list-style-type: none"> <li>Statement of Accounts 2017/18</li> </ul>
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Conrad Hall Chief Finance Officer Email: <a href="mailto:conrad.hall@brent.gov.uk">conrad.hall@brent.gov.uk</a> Tel: 020 8937 6528

### 1.0 Summary

- 1.1 This report sets out the current forecasts of income and expenditure against the revenue and capital budgets for 2017/18.
- 1.2 Overall, the council's revenue outturn was within the budget set for 2017/18. There were overspends in some directorates, offset by underspends in other departments. This outturn shows that the effort being put into budget setting and review, and good financial management is working, and the council finished 2017/18 with in a robust financial position.
- 1.3 Table One, summarises the overall position. The report then sets out more detail on a department by department basis.

**Table One: Overall revenue financial position 2017/18***Net revenue spend is forecast to be contained within the agreed budget*

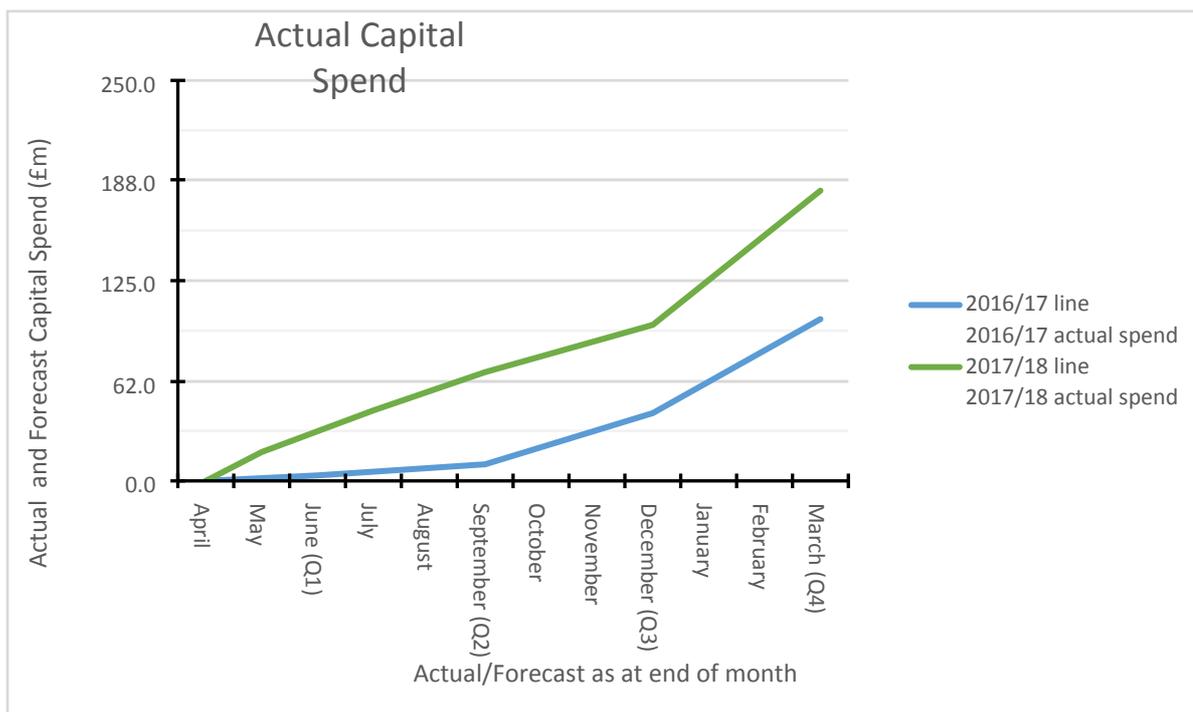
Directorate	Budget (£m)	Actual (£m)	Over / (Under) spend (£m)
Children And Young People	41.1	41.1	0.0
Community Wellbeing (Excluding HRA)	131.4	132.3	0.9
Performance Policy & Partnerships (PPP)	9.8	9.9	0.1
Regeneration & Environment	34.6	33.6	(1.0)
Resources Department	37.2	37.3	0.1
<b>Subtotal for Directorates</b>	<b>254.1</b>	<b>254.2</b>	<b>0.1</b>
<b>HRA</b>	<b>4</b>	<b>1.1</b>	<b>(2.9)</b>
<b>DSG</b>	<b>0</b>	<b>(1.8)</b>	<b>(1.8)</b>

- 1.4 The Capital Programme underspent by £28.5m, principally on Housing projects, but with underspends also on Regeneration, Public Realm and the Schools as shown in table 2 below. The principal reasons for the underspends are detailed in section 3 below.

**Table Two: Overall capital programme position 2017/18***Net revenue spend is forecast to be contained within the agreed budget*

Portfolio/Programme	Budget £m	Outturn £m	Over / (Under) spend £m
Corporate Landlord	3.0	3.2	0.2
Regeneration	8.1	7.8	(0.3)
Housing Care Investment	139.2	113.5	(25.7)
Schools	32.9	29.1	(3.8)
South Kilburn	10.9	15.3	4.4
Public Realm	15.7	12.3	(3.4)
<b>Total</b>	<b>209.8</b>	<b>181.3</b>	<b>28.5</b>

- 1.5 Capital expenditure was significantly higher than previous years due to concerted efforts to improve project management. The underspend on capital expenditure, and the accelerated profile of spend in the fourth quarter in both 2016/17 and 2017/18 suggests that there is scope to improve capital delivery further, in particular ensuring that delivery is happening fast enough in the first 9 months of the year.



## 2.0 Recommendation

2.1 To note the overall financial outturn.

## 3.0 Detail

### *Children and Young People (General Fund)*

3.1 The Children and Young People department spent with budget. As per the last forecast there were overspends of £0.7m on front line social work team budgets due to a reliance on agency social workers and an increase in the number of cases held by the Localities service. There was also increased spending on care leavers and supporting children in need. This was mitigated by a series of management actions including the bringing forward of future savings plans, and utilisation of non-ring fenced grant funding. Overall spending on placements of looked after children was in line with the budget despite the significant pressure of secure accommodation costs. This was achieved through numbers of looked after children remaining relatively constant, and through additional government grant funding of £0.3m being received to support the costs of unaccompanied asylum seeking children and care leavers.

### *Community Well-Being (General Fund)*

3.2 The Community Wellbeing department overall has overspent by £0.9m in 2017/18. The over spend relates entirely within Adult Social Care. This is attributed to Mental Health (£0.4m), Direct Services (£0.2m) and Transitions (£0.3m).

- 3.3 Mental Health has overspent by £0.4m. This has been caused by new demand incurred through step downs from Health funded rehabilitation, and a reduction in the level of continuing healthcare funding for mental health packages following recent reviews where it has been determined that these packages no longer have the same level of ongoing health requirements as when the packages were previously assessed. Through the course of 2017/18 the mental health team has made good progress moving existing service users from residential to supported living schemes and from supported living to general needs. These step downs have resulted in part-year savings in 2017/18 with further savings to be realised in 2018/19. Mental Health commissioning has improved to better align with service user requirements and this will enable more service users to step downs in 2018/19 from residential to community placements.
- 3.4 Direct Services has overspent by £0.2m. Unbudgeted staffing levels in Tudor Gardens have contributed to the overspend following a recommendation from the CQC following the inspection this year.
- 3.5 Transitions has overspent by £0.3m due to an unanticipated increase in the number of residential placements in September. The Housing and Culture departments have both spent to budget for the year.
- 3.6 The Public Health budget underspent by £1m, which has been transferred to the Public Health ring-fenced reserve. Within public health, a saving of £0.6m has been generated from the implementation of the North West London integrated sexual health contract. The service has generated a further £0.4m saving early in anticipation of the grant reduction in 2018/19.

### ***Performance, Policy and Partnerships***

- 3.7 Overall the PPP department has overspent by £0.1m. Broadly, each department has delivered to the forecast reported during the year with an overspend in Communications being compensated by an underspend in the Performance Improvement department. The Communications overspend is primarily attributable to a shortfall in budgeted income against a new significantly higher external advertising target arising from the Civic Enterprise initiative. The Performance Improvement underspend is due to vacant positions held during the year ahead of a planned restructure that took place in early 2018.

### ***Resources***

- 3.8 Overall the Resources department has overspent by £0.1m, less than 0.3% of the total net budget of £37.2m. Underspends in Finance, Property and Resources Director departments have compensated for overspends in Digital Services, Legal and HR departments. The Legal and HR budget has overspent by £0.6m and is the most significant variance to note in the Resources department. This is made up of a £0.5m overspend in Procurement, £260k overspend in HR and a £200k underspend in Legal. The Procurement overspend is due to high use of expensive agency workers to fill vacant

positions as part of the shared service arrangement with LB Harrow. The HR overspend is primarily due to delayed delivery of savings expected from a reorganisation of the service. The Legal underspend is due to lower than expected expenditure on external barristers, external legal fees, court costs and delayed recruitment to a number of posts.

### ***Regeneration & Environment***

3.9 Regeneration and environment underspent by £1m. With this directorate, Regeneration underspent by £1.4m, and Environmental Services overspent by £0.4m. In Regeneration, Planning, Transport & Licencing service area accounts for £0.6m of this surplus, with the majority of this generated from additional Planning income; which was aided by the 20% increase in planning application fees which came into force in January 2018. Further income was also generated in Licensing largely due to additional Street Trading Licences from extra Wembley event days in 2017/18. There were also a number staffing positions held vacant throughout the year to the value of approx. £0.7m. The overspend on Environmental Services is primarily due to Brent Transport Service reporting an overspend of £1.3m driven principally by increased demand. While passenger number increases typically averaged between 5% and 7.5% in recent years, last year saw an 11.4% overall increase; and this year we have seen an increase of approx. 18%. This is offset by underspends in the other business units within Environmental Services.

### ***Children and Young People (Dedicated Schools Grant)***

3.10 The Dedicated Schools Grant outturn underspent by £1.8m. This is principally due to fewer financial allocations being made to schools to support pupil growth and expansions, which reflects the lower intake in September 2017 into primary schools of Reception and KS1 age children than in previous years. There were no large underspends elsewhere; spending on High Needs provision rose compared to the previous year, as did the amount recouped by the Education Skills Funding Agency to support post-16 high needs students.

### ***Housing Revenue Account***

3.11 In 2017/18 the HRA underspent by £2.9m against a budget of £4m. The main reasons for this variance relate to an overall increase in expected income of £2.3m. This is mainly due to over recovery of Leaseholder major works income. There was also a further £0.6m underspend against expenditure budgets mainly relating to savings made to the communal utility and cleaning contracts. The underspend will mean that HRA reserve balances are higher, and can be utilised in future years.

## **Capital – Overall**

3.12 This is a £28.5m underspend against budget and represents a significant improvement on last year. The increased spend from 2016-17 has meant that a number of major projects have progressed significantly in year:

- the annual cyclical programme of works to council owned properties, including fire safety works to meet recently completed Fire Risk Assessments;
- the main programme of road and pavement renewals is on target for completion by May;
- a number of schools in the PSBP (Priority Schools Building Programme) are now complete with schools decanting into their new accommodation;
- work continues apace toward the redevelopment of the South Kilburn Estate and the delivery of 2,400 new homes, 1,200 of which will be at affordable rent levels;
- the council facilitated c£4m in grants to carry out repairs and adaptations in the homes of disabled and vulnerable residents.
- construction works at the Gordon Brown outdoor centre completed in Aug 17; and
- the council completed an upgrade of its ICT Network infrastructure to drive efficiencies and promote flexible working.

3.13 Details of principal variances in the capital programme are below:

### **Housing Care and Investment**

3.14 The underspend in Housing is mainly caused by the challenges of converting PRS pipeline properties into actual purchases and the time taken to refurbish properties to the required standard for letting.

3.15 On the NAIL schemes the programme was impacted by building compliance issue delays

### **Schools**

3.16 Adverse weather has resulted in delays across the phase 3 construction projects contributing to the under spend for the year.

### **South Kilburn**

3.17 In March 2018 a number of acquisitions were completed earlier than anticipated which resulted in a higher out-turn position for the year although the overall programme still remains on budget. During the year an opportunistic purchase

of the Chippenham Post Office was approved which also contributed to the overall over achievement of target spend.

### ***Public Realm***

3.18 Procurement and contractual issues in relation to the Street Lighting contract and CCTV works have contributed to the underspend in Public Realm.

### ***Corporate Landlord***

3.19 The Corporate Landlord board overspent by £0.2m in total.

3.20 This included a £1.2m over spend on the ICT programme caused by the digital services data centre move for which there was a dispute with supplier. There are also a number of recharges due to other councils for network and telephony works. This pressure has been mostly offset by other under spends and savings within the Corporate Landlord programme.

3.21 As part of the carry forward process the 2018-19 ICT budget allocation has been reduced accordingly to reflect the previous year over spend.

### **Conclusion**

3.22 The outturn shows that the revenue financial position for the council in 2017/18 was delivered within the budget set.

3.23 There has been a substantial improvement in capital expenditure, which has delivered a number of significant enhancements in 2017/18. There may be scope for further improvement in capital programme delivery.

### **4.0 Financial Implications**

4.1 This report is about the council's financial position in 2017/18, but there are no direct financial implications in agreeing the report.

### **5.0 Legal Implications**

5.1 Managing public money responsibly is a key legal duty, but there are no direct legal implications in agreeing the report.

### **6.0 Equality Implications**

6.1 There are no direct equality implications in agreeing the report.

**Report sign off:**

**Conrad Hall**  
Chief Finance Officer