

## Appendix A Financial outturn

### Summary

- 1 This report sets out the anticipated income and expenditure against the revenue and capital budgets for 2016/17, with brief summary commentary. The full accounts, of which this forms a part, are being drafted and will be brought to the Audit Committee in June.
- 2 Subject to the resolution of a few minor outstanding year-end queries the overall revenue position is that net expenditure will be contained within the agreed budget as there will be a greater underspend on central items than the net overspend within service departments. As reported throughout the year this underspend is principally the result of slippage in the capital programme.
- 3 However, as set out below, this satisfactory overall outturn is made up of some significant over and underspends within individual departments. Actions to address these in 2017/18, including adjustments to budgets where structural issues exist are being developed and will be proposed to Cabinet in July.
- 4 The table below summarises the overall position. The report has a brief explanation of the outturn for each department.

Department	Full year Budget (£m)	Actual Outturn (£m)	Variance (£m)
Community Wellbeing	122.9	126.1	3.2
Performance Policy & Partnerships	10.5	10.5	0
Resources Department	31.8	33.9	2.1
Regeneration & Environment	33.5	29.5	(4.0)
Children And Young People	40.8	43.1	2.3
<b>Total (General Fund)</b>	<b>239.5</b>	<b>243.1</b>	<b>3.6</b>
Children and Young People – Dedicated Schools Grant	0	0	0
Housing Revenue Account	4	1.4	(2.6)

### Community Well Being

- 5 The Community Wellbeing budget overspent spent by £3.2m as per the anticipated forecast. As anticipated, this largely related to the late delivery of NAIL accommodation by the private market (£2m). This was in addition

to pressures as a result higher levels of need and a sharp increase in the number of clients receiving community based packages (£1m). Planned savings targets were missed in 2016/17 regarding the de-registration of Tudor Gardens (£0.3m) and the savings from the recovery pathway in Mental Health (£0.3m).

- 6 The general needs housing budget underspent by £0.4m. This was due to the implementation of the temporary accommodation reform plan, from which further savings are anticipated in future years. The Public Health budget underspent by £0.4m, which was transferred to the Public Health ring-fenced reserve. The service was able to deliver a number savings early, including a reduction in the substance misuse contract in anticipation of the grant reduction in 2017/18.

### **Policy, Performance & Partnerships**

- 7 Policy, Performance & Partnerships finished the year on budget.

### **Resources**

- 8 Resources overspent by £2.1m. The main element was the overspend in legal services, as reported throughout the year, partially offset by Digital Service's underspend of £0.3m. Otherwise, minor underspends and overspends largely cancelled themselves across other services.

### **Regeneration and Environment**

- 9 As reported through the year, the department identified significant savings during the year, including advance delivery of savings planned to be delivered in 2017/18. As a result a significant underspend of £3.7m was forecast throughout the year. As a result of these and similar actions a substantial in year underspend was generated, without which the council would be facing an overall overspend in 2016/17.
- 10 Year-end adjustments increased this underspend to £4.0m, through a combination of increased income from garden waste collection and the Kingdom service and also as some contractual contingencies were in the event not fully utilised.

### **Children and Young People – General Fund**

- 11 The Children and Young People department overspent by £2.3m, £0.3m less than forecast. Recruitment and retention problems during the year have meant that agency social workers in front line teams have cost £0.5m more than the establishment budget. As forecast there were large overspends of £1.7 million on placements for looked after children and care

leavers after accounting for compensating in-year savings. LAC numbers rose from 2015/16 levels to average 349 in 2016/17, with older more complex cases being taken into care. This, in addition to the high proportion of unaccompanied asylum seekers (24%), has had a knock on effect on the number of care leavers supported by the borough. The budget also came under pressure in-year from accommodating intentionally homeless families.

### **Children and Young People – Dedicated Schools Grant**

- 12 The Dedicated Schools Grant outturn underspent more significantly than expected due to fewer allocations being made to schools for pupil growth and expansions. The high needs block also underspent with fewer children being placed out of borough. These will be managed within the overall DSG and carried forward to next year, and some further work is required to understand more fully the causes and amounts.
- 13 Overall school balances have decreased from £21.2 million to £19.5 million, but there is not a uniform pattern. Half of the 60 maintained schools used balances to support projects and in-year expenditure, and half added to their balances. Average balances remain at a prudent level of 12%, with 8 schools holding balances below 5% and 1 nursery school finishing the financial year in a deficit.

### **Housing Revenue Account**

- 14 The outturn position is showing an underspend of £2.6m for 2016/17, this is a movement of £0.5m from the £3.1m forecast position in February. The main reasons for the variance are:
  - Warden services and concierge – underspend of £0.9m, mainly as a result of savings anticipated from the retendering of warden and concierge services.
  - Leaseholders major works income – underspend of £1.0m, due to increase in the anticipated leasehold major works income as a result of section 20s now issued for Fire Safety works which was not budgeted for.
  - Capital financing charges – underspend of £1.6m, due to the reduction in the forecast of long term borrowings and the premium on early repayment charges.
  - Rent and rates - £0.1m overspend
    - This is due to increase in the council tax paid on empty properties.

- Repairs and maintenance - £0.8m overspend
  - This is due to overspend on responsive repairs and void works.

### 2016/17 Capital Outturn Draft Position

The outturn position is £100.8m, subject to final checks. This was forecast throughout the year although the final position was £9m less than that forecast in March.

	2016/17						
2016/17 Boards	Budget £m	Growth In-Year £m	Revised Budget £m	January Forecast £m	Outturn £m	Variance to Forecast £m	Variance to Budget £m
Corporate Landlord	2.4	0.2	2.6	1.0	2.5	1.5	(0.1)
Estates Regeneration	3.4	0.3	3.7	2.5	1.2	(1.3)	(2.5)
Housing Investment Board	84.1	45.4	129.5	69.0	67.1	(1.9)	(62.4)
Schools Programme	47.4	0	47.4	14.4	14.4	0.0	(33.0)
South Kilburn Programme	15.6	1.7	17.3	9.9	5.8	(4.1)	(11.5)
Transport & Highways	20.5	2.3	22.7	13.3	9.8	(3.5)	(12.9)
<b>Grand Total</b>	<b>173.4</b>	<b>49.9</b>	<b>223.2</b>	<b>110.1</b>	<b>100.8</b>	<b>(9.3)</b>	<b>(122.4)</b>