

## CABINET

24 May 2016

<b>Title:</b> Provisional Revenue and Capital Outturn 2015/16	
<b>Report of the Cabinet Member for Finance, Growth &amp; Investment</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
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<b>Accountable Divisional Director:</b> Kathy Freeman, Finance Director	
<b>Accountable Director:</b> Jonathan Bunt, Strategic Director of Finance and Investment	
<b>Summary:</b> <p>The Council's revenue outturn (subject to final accounting entries) is a net spend over budget of £2.9m against a net revenue budget of £151.4m (1.9%). The final position is provisional pending the full closure of the Council's accounts, as the Statement of Accounts is to be drafted and then subjected to external audit.</p> <p>The 2015/16 net spend above budget of £2.9m, together with financing Ambition 2020 and the Growth Commission has resulted in the General Fund (GF) balance decreasing from £26.0m to £21.1m.</p> <p>Whilst this represents a reduction in available reserves, the balance remains above the £15m General Fund balance target identified in the report to Assembly in February 2015 on the Budget for 2015/16 by the Strategic Director of Finance and Investment.</p> <p>The revenue outturn figures have been calculated after taking into account roll forward requests contained in Appendix D of the report.</p> <p>The Housing Revenue Account (HRA) broke even as forecast and the HRA balance (which is ring-fenced) remains at £8.7m as at 31 March 2016.</p> <p>Capital spend of £146.0m was incurred in 2015/16 against the revised capital budget of £134.7m. Underspends on capital projects are requested to be rolled forward and are included in Appendix E of the report.</p>	
<b>Recommendation(s)</b> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"><li>(i) Note the provisional outturn position for 2015/16 of the Council's revenue budget as detailed in paragraphs 2.1 to 2.13 and Appendix A of the report;</li><li>(ii) Note the provisional outturn against the 2015/16 savings targets in paragraph 2.14</li></ul>	

and Appendix B of the report;

- (iii) Note the provisional outturn position for the HRA as detailed in paragraph 2.15 and Appendix C of the report;
- (iv) Approve the requests to roll forward revenue budgets into 2016/17 as noted in paragraph 2.4 and the resulting budget amendments contained in Appendix D of the report;
- (v) Note the provisional outturn position for 2015/16 of the Council's capital budget as detailed in paragraph 2.16 and Appendix E of the report; and
- (vi) Approve the requests to roll forward slippage and re-profiled spend in capital projects to 2016/17 as contained in Appendix E of the report.

#### **Reason(s)**

As a matter of good financial practice, the Cabinet should be informed of the final outturn and performance of the Council's Revenue and Capital resources. Knowledge of the variances from planned budgets will assist members in making sound future decisions.

## **1 Introduction and Background**

- 1.1 This report provides a summary of the Council's General Fund and Housing Revenue Account (HRA) revenue and capital provisional outturn positions for 2015/16. Pressures on services and budgets, together with significant investment in plans to transform the operation of the Council have seen the General Fund balance decrease by £4.9m to £21.1m. This position includes the achievement of £22.0m of in-year savings targets that represented a significant challenge for the Council.
- 1.2 For comparison with 2014/15, the Final Outturn report to Cabinet on 23 June 2015 reported that, as at 31 March 2015, General Fund balances stood at £26.0m. This was a decrease of £1.1m on the position at 31 March 2014.
- 1.3 It is important that the Council monitors its revenue and capital budgets regularly to ensure good financial management. This involves monitoring the Council's financial results on a monthly basis through briefings to the Cabinet Member for Finance, Growth & Investment and monthly monitoring reports to Cabinet. This ensures Members are regularly updated on the Council's overall financial position and enables the Cabinet to make sound financial and operational decisions.
- 1.4 This report is based upon the core information contained in the Oracle general ledger system supplemented by examination of budgets between the budget holders and the relevant Finance teams. In addition, there is an extensive capital monitoring process to ensure capital outcomes are met. The position in this report may be subject to change as the Council finalises the entries required to produce the statutory Statement of Accounts, and that Statement will be subject to review by external audit over the summer.
- 1.5 The last Budget Monitoring Report for 2015/16 was presented to Cabinet on 9 March 2016 covering the period April 2015 to January 2016. It projected a

reduction in the General Fund balance of £4.9m over a two year period to 31 March 2017, to take into account further expenditure on service transformation, resulting in a projected final balance of £21.1m as at 31 March 2017. The table below compares the projected use of reserves to the provisional outturn. It should be noted that further expenditure will be incurred in 2016/17.

<b>Projected Level of Reserves</b>	<b>March Cabinet Projection £'000</b>	<b>Provisional Outturn £'000</b>	<b>Variance £'000</b>
Current GF balance	26,024	26,024	0
Other available reserves	7,127	7,127	0
<b>Total available reserves</b>	<b>33,151</b>	<b>33,151</b>	0
Calls on reserves:			
Implementation of savings proposals	(4,481)	(1,947)	2,534
Growth Commission & Ambition 2020	(2,100)	(1,931)	169
Projected overspend	(5,451)	(2,984)	2,467
<b>Reserves used</b>	<b>(12,032)</b>	<b>(6,862)</b>	<b>5,170</b>
Projected remaining reserves	21,119	26,289	5,170
<b>Allocation of cost:</b>			
General Fund balances	26,024		
less Growth Comm/A2020 & GF overspend	(4,915)		
<b>Revised GF balance</b>		<b>21,109</b>	
Other available reserves	7,127		
less implementation of savings proposals	(1,947)		
<b>Revised other available reserves</b>		<b>5,180</b>	

## 2 Overall Outturn Position

- 2.1 The Directorate revenue outturn is a net spend above budget of £2.9m at the end of the financial year 2015/16. Whilst this has resulted in a reduction in the Council's General Fund (GF) balance, it remains well above the target balance of £15.0m. The Strategic Director of Finance & Investment has a responsibility under statute to ensure that the Council maintains appropriate balances.
- 2.2 In the report to Assembly regarding the setting of the 2015/16 annual budget and Council Tax, the Strategic Director of Finance and Investment, after consideration of the factors outlined in the CIPFA guidance on Local Authority Reserves and Balances 2003, set a target GF reserves level of £15.0m. The General Fund balance at 31 March 2015 was £26.0m and the current balance for the end of the financial year is £21.1m.
- 2.3 The outturn position for 2015/16 across the Council for the General Fund is shown in the table below.

<b>Council Summary</b>	<b>Net Budget £'000</b>	<b>Provisional Outturn 2015/16 £'000</b>	<b>Over/(under) Budget £'000</b>
<u>Directorate Expenditure</u>			
Adult and Community Services	53,113	53,163	50
Children's Services	61,673	66,887	5,214
Housing (GF)	3,369	3,623	254
Environment	19,267	19,370	103
Chief Executive	18,591	17,640	(951)
Central Expenses	(4,569)	(6,255)	(1,686)
<b>Total Service Expenditure</b>	<b>151,444</b>	<b>154,428</b>	<b>2,984</b>

- 2.4 The GF outturn is shown by Service in Appendix A, and after taking into account roll forwards requested in Appendix D of the report.
- 2.5 The report to March Cabinet showed a forecast overspend of £5.451m, primarily due to the overspend in the Complex Needs and Social Care division of Children's Services. Whilst this division still recorded a substantial overspend, other budgets recorded reduced expenditure, details of which are given in the directorate summaries. The Council's net budget is unchanged since the last report to Cabinet, but there have been changes between services primarily due to reserve transfer adjustments. These changes do not impact on the services' controllable budgets.
- 2.6 At the 31 March 2016, the HRA had spent to budget, resulting in the HRA balance remaining at £8.7m.

	<b>Balance 1 April 2015 £'000</b>	<b>Balance 31 March 2016 £'000</b>	<b>Minimum Balance 31 March 2016 £'000</b>
General Fund	26,024	21,109	15,000
Housing Revenue Account	8,736	8,736	8,736

The HRA outturn is shown by statutory categories in Appendix C.

## 2.7 Directorate Performance Summaries

- 2.7.1 The Directorates' outturn performances are outlined in the paragraphs below.

## 2.8 Adult and Community Services

	<b>Outturn 2014/15</b>	<b>Budget 2015/16</b>	<b>Outturn 2015/16</b>	<b>Variance</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Net expenditure	54,025	53,113	53,163	50	0.1

- 2.8.1 Approximately in line with previous forecasts, the Adult and Community Services directorate is reflecting a small overspend position at year end. This position

achieved includes a draw down from the departmental reserve of £1.538m to manage pressures. The main pressures have been against the purchase of adult social care, income pressures in the culture and sports division and undelivered savings targets.

2.8.2 The comments in the paragraphs below relate to the divisional figures shown in appendix A to the report. The Adult Social Care division reflects an overall forecast pressure of £1.507m, a slight movement from the position reported in March of £1.503m. The main pressure remains against the purchase of adult social care across all client groups (except mental health).

2.8.3 The Mental Health service which is in partnership via a Section 75 agreement with North East London NHS Foundation Trust (NELFT) is reflecting a pressure of £0.172m a £0.105m reduction from last month's position of £0.277m which is mainly due to the management of the admission and discharge process. The pressure still remains around the number of residential placements.

2.8.4 The majority of the overall pressure of £1.224m in Culture & Sport relates to the impact of the delayed opening of the Abbey Leisure Centre and the resultant reduction in income and also lower membership numbers than anticipated this pressure amounts to £0.700m. The other pressures within this division include, NNDR cost pressures and pressures arising from the delay to the transfer of the management of the Broadway Theatre to Barking & Dagenham College.

2.8.5 The Council's Public Health revised grant allocation for 2015/16 is £15.727m which includes a £2.512m part year transfer of the 0-5 children's public health commissioning to the Local Authority and an in year funding cut of c£1m. The impact of the funding cut was mitigated by the 2014/15 underspend of £0.978m carried-forward and held in reserves. Therefore the current spend over budget of £0.817m has been funded from a draw down from reserves, leaving a balance of £0.161m in reserves to be utilised in 2016/17.

2.8.6 A challenging savings target of £4.145m was built into the 2015/16 budget. These have largely been delivered or already implemented. However, there has been an under delivery of £0.435m (see savings tracker for further details). Delays to the Leisure Trust saving proposal (ACS/SAV/36) led to a £0.250m pressure that was managed corporately.

## 2.9 Children's Services

	Outturn 2014/15	Budget 2015/16	Outturn 2015/16	Variance	
	£'000	£'000	£'000	£'000	%
Net expenditure	67,359	61,673	66,060	4,387	7.1
Programme costs			827	827	
			66,959	5,214	8.4

2.9.1 The outturn position for the service is an overspend of £4.387m against a budget of £61.745m. A divisional breakdown of the position is shown in appendix A. The position includes the full delivery of the departments £2.065m 2015/16 savings target and reduction in the overspend through the Social Care Ambition and

Financial Efficiency programme (SAFE). When the cost of the SAFE team is added, the overspend rises to £5.214m. Corporate funding of £1.7m and partnership funding of £0.474m has also been allocated to support the position in 2015/16.

2.9.2 The release of a further £0.350m of SEND funding which was originally set aside to support statutory services to 18+ was reported to March Cabinet. This service is being reviewed and a paper being developed for 2016/17. The outturn position has seen an overall positive movement of £1.097m on the position reported in March, including the costs of the SAFE team.

2.9.3 The main area of overspend was Complex Needs and Social Care, as has been reported since July 2015. March's report indicated an overall overspend of £5.800m in this division. The table below shows the original forecast overspend in July at the commencement of the SAFE programme together with progress made to year end, where a final overspend of £4.838m is shown. The reduction delivered of £6.217m is inclusive of the £2.2m corporate funding and £0.75m appropriation of SEND funding (£0.4m originally agreed plus £0.35m in March) set aside to support statutory services to 18+.

	<b>Original Forecast Overspend</b>	<b>Reduction Delivered</b>	<b>Outturn Forecast</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Complex Needs</b>			
Agency /Staffing/ASYE	3,365	(1,725)	1,640
Placements	3,919	(612)	3,307
Transport	543	(380)	163
Legal	500	(131)	369
NRPF	1,600	(260)	1,340
UASC	1,128	(159)	969
Funding Adjustments	0	(2,950)	(2,950)
<b>Total Complex Needs</b>	<b>11,055</b>	<b>(6,217)</b>	<b>4,838</b>

2.9.4 One of the main areas of expenditure reduction has been in staffing costs. Significant reductions have been achieved in this area primarily as a result of the service continuing to freeze a number of vacant posts and reduce agency staff numbers and spend. It should be noted that recruitment of permanent social workers continues to be difficult and will present a significant challenge in 2016/17.

#### **Dedicated School Grant (DSG)**

2.9.5 The DSG is a ring fenced grant to support the education of school aged pupils within the borough. The grant is allocated between the Schools and Centrally Retained budget in agreement with the Schools Forum. In 2015/16 DSG of £208.0m was received with £2.2m being retained centrally. Final closure of the schools accounts is underway and the figure shown in Appendix A for transfer from the DSG reserve is likely to change. However, there will be no effect on the overall figure for Children's Services and the Council's overall net spend.

## 2.10 Housing General Fund

Directorate Summary	Outturn 2014/15	Budget 2015/16	Outturn 2015/16	Variance	
	£'000	£'000	£'000	£'000	%
Net expenditure	3,417	3,369	3,623	254	7.5

2.10.1 The Housing General Fund is expected to overspend by £0.254m at year end. This is due to the increased cost of bed and breakfast placements, ongoing costs associated with placing people through the Rent Deposit Scheme, incentive payments to private sector landlords and costs incurred in respect of the provision of additional security at the hostels.

2.10.2 The number of Bed and Breakfast placements fluctuated greatly during the course of the year. In the early part when the numbers were around 40, the resulting under spend was used to fund incentive payments to Private Sector Lease providers in order to ensure a continuous supply of properties, enhanced on site security, reception improvement works at several of the Council's homeless hostels and back dated payments to the ELHP. However, this figure grew steadily throughout the year and peaked in January at over 100. The opening of Butler Court Hostel in the last week of January and active place management with private sector lettings agencies facilitated a reduction in numbers in the final months of the year.

2.10.3 A further pressure also became evident in the latter months of the year resulting from a change in the Rent Deposit Scheme which led to a shortfall in income received through Housing Benefit, causing an overspend of £0.086m.

2.10.4 Over the year, former tenant arrears increased month on month due to an increase in the number of evictions. The budget available to top up the bad debt provision became insufficient resulting in a £0.101m pressure.

## 2.11 Environment

Directorate Summary	Outturn 2014/15	Budget 2015/16	Outturn 2015/16	Variance	
	£'000	£'000	£'000	£'000	%
Net expenditure	19,687	19,267	19,370	103	0.5

2.11.1 Environmental Services is expected to overspend by £0.103m at year end. This is an improvement of £0.197m from the position reported to Cabinet in March. This reduction is mainly as a result of additional income received and the impact of maintaining expenditure restraints across the service.

2.11.2 This year the service has absorbed pressures totalling £2.039m mainly against its staffing and income targets and the under achievement of its savings targets against Refuse services and public realm advertising. Mitigating actions put in place to deal with these pressures included utilising one off grants, reviewing income opportunities, holding posts vacant, ensuring recharges and income collection are up to date and maintaining expenditure restraint across the service.

## 2.12 Chief Executive's Directorate

	<b>Outturn 2014/15</b>	<b>Budget 2015/16</b>	<b>Outturn</b>	<b>Variance</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Net expenditure	18,716	18,591	17,640	(951)	(5.1)

2.12.1 The underspend position reported to March Cabinet has changed favourably by £0.801m to £0.951m. The change was mainly accounted for by an increase in invoices raised to recover housing benefit overpayments. The overpayments were identified following an exercise to deal with a backlog in the processing of housing benefit claims that was carried out towards the end of the financial year. A contribution has been made to the provision for bad and doubtful debts to cover this income, but a favourable variance to budget was still achieved. Other significant variances were the deferment of a borough characterisation study by Regeneration (£0.08m), netted against an under-achievement of £0.219m in the recovery of court costs relating to Council Tax and NNDR.

## 2.13 Central Expenses

	<b>Outturn 2014/15</b>	<b>Budget 2015/16</b>	<b>Outturn</b>	<b>Variance</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Net expenditure	2,186	(4,569)	(6,255)	(1,686)	(36.9)

2.13.1 This budget covers treasury management costs (interest paid on loans and received on investments), budgets to cover the costs of redundancy and doubtful debts and a small contingency to cover any unforeseen pressures. Underspends have been achieved through a VAT refund, a reduced contribution to capital financing and procurement savings. The underspend shown of £1.686m is an improvement of £0.486m on the position reported to Cabinet in March 2016 across a range of expenditure and income lines.

## 2.14 2015/16 In-Year Savings Targets

The delivery of the 2015/16 budget was dependent on meeting a savings target of £23.5m. Directorate outturns are summarised in the table below.

<b>Directorate Summary of Savings Targets</b>	<b>Target £'000</b>	<b>Outturn £'000</b>	<b>Shortfall £'000</b>
Adult and Community Services	4,145	3,710	<b>435</b>
Children's Services	2,065	2,065	-
Housing (GF)	1,005	1,005	-
Environment	1,710	1,469	<b>241</b>
Chief Executive	14,595	13,975	<b>620</b>
<b>Total</b>	<b>23,520</b>	<b>22,224</b>	<b>1,296</b>



Where there are shortfalls, these have been managed within existing budgets and do not affect the monitoring positions shown above. A detailed breakdown of savings is provided in Appendix B.

## 2.15 Housing Revenue Account (HRA)

2.15.1 The HRA has delivered a breakeven position with HRA balances remaining at £8.7m. More detail is shown in Appendix C.

### Income

2.15.2 Total gross HRA income was over budget by £2.637m, as per Appendix C. The main reason for the over achievement of income was an increase in the number of HRA Decants being used for temporary accommodation, generating £1.3m of additional income. Higher than budgeted levels of water and sewerage income, including the associated commission paid, generated £0.65m of additional income compared to the forecast budget. There was a zero impact to the HRA of the increased water charges as an additional payment is passed through to the water company. Additional unbudgeted ad hoc income of £0.7m was generated from external partners for housing management services provided. Finally, interest on cash balances achieved a better return than budgeted due to a higher interest rate being achieved by the treasury team.

### Expenditure

2.15.3 Total gross HRA expenditure was over budget by £2.637m, as per Appendix C. The main area of overspend was in supervision and management (£3.2m), which was mitigated by associated income increases in temporary accommodation and water charges (see para. 2.15.2 above) to give a net figure of £1.6m. This net overspend included charges for extra activity agreed by HRA management during the year, resulting in additional costs of £1m being charged by General Fund departments.

2.15.4 There was a gross Repairs and Maintenance overspend of £1.4m due to on-going pressures on staffing and sub contractor budgets. Some £0.8m of costs related to temporary accommodation decants (corresponding rental income is included above) giving a net pressure of £0.6m.

2.15.5 The full budgeted level of bad debt provision contribution was not required in 2015/16 due to delays in the government's welfare reform policy which had been anticipated to take effect when the budget was set. The level of in-year contribution required was therefore only £0.500m. Additional Bad Debt Provision contribution may be necessary from 2016/17 with further changes in HRA Government Housing Rent policies due to be introduced (e.g. Pay to Stay and Welfare reform).

2.15.6 Interest payable on debt was lower due to the delays in the delivery of a capital scheme, Leys Phase 2, which it was assumed required borrowing of £3.2m in 2015/16. The charges have been deferred until 2016/17. This has resulted in an underspend of £0.8m in 2015/16 against the interest budget.

2.15.7 The Revenue contribution to capital of £38.4m was the final balance of revenue resources available in 2015/16 for capital funding purposes. The net overspends in Repairs & Maintenance and Supervision & Management partially offset the

underspends on the bad debt revenue contribution and the lower interest payments. As a result additional revenue contribution towards capital expenditure of £1.225m was available in 2015/16. This was used towards funding the accelerated capital expenditure on Estate Renewal and Investment in Stock Capital schemes in 2015/16.

## HRA Balance

2.15.8 It is expected that HRA balances will remain at £8.7m at year end.

## 2.16 Capital Programme

The Capital Programme provisional outturn is summarised in the table below. The detailed scheme breakdown is shown in Appendix E.

<b>Directorate Summary of Capital Expenditure</b>	<b>Original Budget £'000</b>	<b>Revised Budget £'000</b>	<b>Outturn 2015/16 £'000</b>	<b>Variance to revised budget  £'000</b>
Adult & Community Services	2,682	2,192	1,903	(289)
Children's Services	32,799	27,111	32,590	5,479
Environmental Services	4,215	4,005	3,473	(532)
Chief Executive	12,437	10,669	9,959	(710)
Housing GF (EIB-funded)	-	9,222	15,256	6,034
<b>Sub-total - GF</b>	<b>52,133</b>	<b>53,199</b>	<b>63,181</b>	<b>9,982</b>
HRA	77,987	81,493	82,867	1,374
<b>Total</b>	<b>130,120</b>	<b>134,692</b>	<b>146,048</b>	<b>11,356</b>

### 2.16.1 Summary

The original budget approved by Cabinet in June 2015, including those rolled forward from 2015/15, totalled £130.120m. The main adjustment to the budget in year was for Housing General Fund projects, funded by a loan from the European Investment Bank. There was a final approved capital budget for 2015/16 of £134.692m, and total spend exceeded this by £11.356m to reach £146.048m. This is essentially a result of accelerated spend from future years, as opposed to unfunded or unplanned overspends, and as such future year budgets will be brought forward / reduced accordingly.

### 2.16.2 Adult & Community Services

Adult & Community Services has a revised budget of £2.192m and underspent against this by £0.289m. There were a number of individual variances, including those over £0.1m: private sector household adaptations (£0.114m overspent), Barking Leisure Centre (£0.311 underspent), and Broadway Theatre (£0.150m underspent).

### 2.16.3 Children's Services

	<b>Budget 2015/16 £'000</b>	<b>Outturn £'000</b>	<b>Variance £'000</b>
Primary Schools	13,227	11,341	(1,885)
Secondary Schools	8,438	14,024	5,585
Other Schemes	5,446	7,225	1,779
<b>Total</b>	<b>27,111</b>	<b>32,590</b>	<b>5,479</b>

The Children's Services capital programme had a revised budget of £27.110m in 2015/16. The provisional outturn is a variance of £5.479m – a movement of £1.71m to the position reported in March.

2.16.4 The underspend reported against the Primary Schools programme of £1.885m is mainly due the timing of the claim for payment from the contractor (£1.06m) and an underspend at Manor Longbridge (£0.3m) and Roding Primary (£0.13m) due to retained monies after completion. Underspends were also reported at Village Infants (£0.411m) as the programme expected work to start in January 2016 but was delayed to April 2016. There is also an underspend at Warren/Furze (£0.203m) which has been caused by delayed to the phased expansion. These underspends were compensated by accelerated spend at Marsh Green Primary (£0.377m) and Barking Riverside City Farm (£0.109m).

2.16.5 The Secondary Schools programme is reporting a variance of £5.585m which is mostly due to accelerated spend at Barking Riverside Secondary Free School (£5.07m). There were initial delays in the project as a result of land issues with BRL, which led to the budget being profiled back into latter years during the mid-year re-profile. However these issues were overcome through the year which resulted in the project accelerating, back to the position where it had originally been planned. There has also been accelerated spend on Eastbury Secondary (£0.901m). There has been a delay to the Robert Clack expansion programme due to ongoing discussions with the School Governing body which has resulted in an underspend of £0.583m.

2.16.6 There has been accelerated spend on other capital schemes which includes works as part of the Schools Modernisation programme, which is used for the refurbishment of school facilities. Over and underspends are drawn from or returned to the available funding, and re-profiled between years where necessary, and the overall programme is on track to be completed within the total funding available.

### 2.16.7 Environmental Services

Environmental Services has a revised budget for 2015/16 of £4.005m, and underspent by £0.532m overall. Within this, the street lighting scheme overspent by £0.024m, which will be funded by bringing forward / reducing the 2016/17 budget allocation. Other schemes underspent including Backlog Capital (£0.047m), Structural Repairs and Bridge Maintenance (£0.133m), Fleet Management & Depots (£0.231m), BMX Track (£0.061m), and Strategic Parks (£0.076m) – all of which will roll forward into the 2016/17 budget.

#### **2.16.8 Chief Executive Department**

The Chief Executive Department has a revised 2015/16 budget of £10.669m and underspent against this by £0.711m. There are a number of individual over and underspends within this position, many of which are less than £0.1m. The most significant variances are the Oracle R12 project (£0.307m underspent); the scheme to establish a Council ESCo (£0.125m underspent) – which only incurred revenue costs this year, as well as the TfL schemes (combined).

#### **2.16.9 Housing General Fund (EIB)**

The Housing General Fund (EIB) schemes had a revised 2015/16 budget of £9.222m and exceeded this by £6.034m. This is a large multi-year project, and future budgets will be re-profiled accordingly.

#### **2.16.10 HRA**

The HRA has a revised capital budget of £81.493m and overspent this by £1.374m. Summarised reasons for variance are shown below, with full details in Appendix E.

#### **2.16.11 Investment in Stock**

The revised budget for Investment in Stock was £44.845m, and it overspent against this by £2.067m. This is a net position and also includes a number of individual underspends. The most significant variances are in relation to Voids (£1.126m overspent) and Decent Homes (all locations - combined overspend of £0.946m).

#### **2.16.12 New Build**

The New Build schemes had a revised budget of £26.917m and underspend by £1.994m in total, which will be rolled forward into the 2016/17 programme.

#### **2.16.13 Estate Renewal**

This project had a revised budget of £9.730m and overspend by £1.300m. This results from a substantial increase in the number of completed leasehold buybacks and advanced progress on demolition works.

2.16.14 Under and overspends across the HRA are drawn from / returned to the total capital funding available per the HRA business plan.

### **2.17 Financial Control**

2.17.1 At the end of 2015/16 all key reconciliations have been prepared and reviewed. There were no major reconciling items unexplained.

## **3 Options Appraisal**

3.1 The report provides a summary of the financial position at the relevant year end and as such no other option is applicable for appraisal or review.

## **4 Consultation**

4.1 The report has been circulated to appropriate Corporate Directors for review and comment on the elements relating to their Directorates. Individual Directorate elements will be subject to scrutiny and discussion at their respective Directorate Management Team meetings. This will occur between production of this report and the Cabinet meeting.

## **5 Financial Implications**

5.1 This report details the financial position of the Council.

## **6 Legal Implications**

6.1 There are no legal implications.

**Public Background Papers Used in the Preparation of the Report: None**

### **List of Appendices:**

- Appendix A – General Fund Outturn
- Appendix B – Savings Targets Outturn
- Appendix C – Housing Revenue Account Outturn
- Appendix D – Revenue Roll Forward Requests
- Appendix E – Capital Outturn