

**Report for:** Cabinet – 18<sup>th</sup> June 2019

**Item number:**

**Title:** Provisional Financial Outturn 2018/19

**Report authorised by :** Jon Warlow – Director of Finance

**Lead Officer:** Frances Palopoli – Head of Corporate Financial Strategy & Monitoring

**Ward(s) affected:** ALL

**Report for Key/**

**Non Key Decision:** Key

## **1. Introduction**

- 1.1. This report sets out the Council's provisional budget outturn for the year ended 31 March 2019. It sets out the draft revenue outturn for the General Fund (GF), the Housing Revenue Accounts (HRA) the Dedicated Schools Grant (DSG) and Capital Programme compared to budget. It provides explanations of significant under/overspends and proposed movements in reserves.
- 1.2. The Council's statutory accounts are still in the process of being finalised and there may be further adjustments to the provisional outturn arising from the completion of this work. The draft Statement of Account (SoA) needs to be published by 31 May 2019 with a deadline for completing the external audit and publicising the audited statements of 31 July 2019.

### **2018/19 Outturn Position**

- 1.3. The Provisional Outturn report provides the opportunity to consider the overall financial performance of the Authority at the end of March 2019. The figures will remain provisional until the conclusion of the statutory audit process.
- 1.4. Recognising the level of non-delivered savings and base budget pressures, particularly in Adults and Children's, the Council approved Corporate budgetary mitigations of £6.4m in Qtr2 of 2018/19, mainly from the Budget Resilience contingency. Without this action, the service overspend at that point would have been £16m.
- 1.5. At year end, the overall General Fund revenue outturn variance for the year ending 2018/19 is in line with the forecasts provided at Quarter 2 and 3 which forecast a projected service outturn deficit of around £9.0m (excluding DSG) which the latter report advised would be mitigated at year end through Corporate measures.

- 1.6. The two people services (Children's and Adults) have shown little change in actual expenditure between Qtr3 and outturn. Their pressures were significantly driven by savings no longer deemed achievable along with base budget pressures. The budgets in both areas were significantly rebased as part of the 2019/20 budget build which should provide a stronger budgetary position for 2019/20.
- 1.7. The service overspends have been partially offset by improved outturn figures in Priorities 3 and X as well as treasury/capital financing, although by far the largest key component has been the £6.4m more than budgeted received from participating in the London Business Rates Retention (BRR) pilot pool which allowed the London pool to retain 100% of income generated. The application of the remaining unutilised Budget Resilience contingency provided the remainder to balance the service position.
- 1.8. As was the case last year, officers have looked for opportunities to increase the authority's resilience by improving its earmarked reserves position. In total this work has allowed a further £7m to be earmarked for transformation and to hedge the increasing risk posed by the Dedicated Schools Grant (DSG) funding position. As emphasised in the February Full Council budget report, the importance of local authority financial resilience has taken up greater significance following a prolonged period of austerity. A key indicator of financial robustness is the authority's level of reserves. This is particularly important in light of the scale of budget reductions to be delivered by 2023/24 (£50m) - equating to 20% reduction in net budgets. A stronger balance sheet will also assist the authority in responding to the impact of the on-going uncertainty at a macro-economic level such as Brexit, Spending Review and expected changes to the business rates system.
- 1.9. The final revenue figures presented are inclusive of requested appropriations to/from reserves including carry forwards which are set out in Appendix 4.
- 1.10. The revised capital programme budget for 2018/19 was £213.2m and expenditure was £104.6m, an underspend of £108.5m. The majority of this (£107.9m) is slippage and has been requested to roll forward to future years of the capital programme. No resources have been lost as a consequence of the slippage.
- 1.11. The 2018/19 (HRA) revenue net budget assumed a surplus of income over expenditure of £16.7m. This has been achieved and the provisional revenue outturn for the HRA is an additional underspend of £0.897m after statutory financial accounting adjustments which will be transferred to the HRA reserve.

## **2. Cabinet Member Introduction**

- 2.1. The Qtr 3 monitor to Cabinet on 12<sup>th</sup> March 2019 reported a balanced forecast outturn albeit with overspend against service budgets of £9.1m offset by corporate interventions. I am pleased to now be able to present a report which confirms this position.

- 2.2. However, colleagues should be clear that whilst the 2019/20 Budget and 2019/20-2023/24 MTFS sought to rebalance some of the budget pressures in Children's and Adults, and unachievable savings have been written out, the overall budget gap remaining for 2020/21 and beyond is a challenging one.
- 2.3. I will be working closely with the CFO and the Corporate Board, to test and challenge services to ensure that they remain on track to deliver the agreed MTFS.
- 2.4. The final outturn will be reflected in the Council's Statement of Accounts, which will be presented to Corporate committee for approval on 25th July. A draft has been published on the Council's external website from 31<sup>st</sup> May in accordance with statutory audit requirements.

### **3. Recommendations**

3.1. Cabinet is recommended to:

- a) Note the provisional revenue and capital outturn for 2018/19 as detailed in the report;
- b) Approve the capital carry forwards at Appendix 3;
- c) Approve the appropriations to/from reserves at Appendix 4;
- d) Approve the budget virements as set out in Appendix 5

### **3.2 Reasons for decision**

A strong financial management framework, including oversight by Members and senior management, is an essential part of delivering the Council's objectives.

### **4. Alternative Option considered**

4.1. The report of the council's outturn and management of the financial resources is a key part of the role of the Director of Finance (Section 151 Officer) and no other options have therefore been considered.

### **5. Provisional Revenue Outturn 2018/19**

5.1. The table below shows the provisional revenue outturn figures for 2018/19. It shows the movement from the outturn forecast at Quarter 3 (P9) and the impact of proposed movements to/from reserves.

5.2. **Table 1 –Provisional Outturn 2018/19**

Priority	Revised 2018/19 Budget	Outturn	Net Transfers To / From Reserves	Corporate Mitigation	Revised Outturn	Revised Outturn to Budget Variance	Q3 Forecast to Budget Variance	Forecast Variance Movement Between Q3 and Outturn
	£'000	£'000			£'000	£'000	£'000	£'000
PR1 Childrens	64,039	72,693	457	(2,000)	71,151	7,111	6,392	719
PR2 Adults	98,162	104,302	10	(2,000)	102,312	4,150	4,696	(546)
PR3 Safe & Sustainable Places	31,983	29,727	2,125		31,852	(131)	265	(396)
PR4 Growth & Employment	7,460	5,971	1,274		7,244	(216)	(174)	(42)
PR5 Homes & Communities	20,820	20,819	(143)		20,676	(144)	(32)	(112)
PRX Enabling	27,158	23,534	(3,239)	4,000	24,295	(2,863)	(2,067)	(796)
DSG	488	3,648	(3,160)		488	0	3,527	(3,527)
Schools	0	(2,675)	2,675		(0)	(0)	0	(0)
<b>General Fund Total (before Funding)</b>	<b>250,111</b>	<b>258,019</b>	<b>(0)</b>	<b>0</b>	<b>258,019</b>	<b>7,908</b>	<b>12,607</b>	<b>(4,699)</b>
External Finance	(250,111)	(258,364)			(258,364)	(8,253)	0	(8,253)
<b>General Fund Total</b>	<b>(0)</b>	<b>(345)</b>	<b>(0)</b>	<b>0</b>	<b>(345)</b>	<b>(345)</b>	<b>12,607</b>	<b>(12,952)</b>
HRA*	0	(897)	897		0	0	(4,422)	4,422
<b>Haringey Total</b>	<b>(0)</b>	<b>(1,242)</b>	<b>897</b>	<b>0</b>	<b>(345)</b>	<b>(345)</b>	<b>8,185</b>	<b>(8,530)</b>

\* HRA Outturn is shown after statutory financial accounting adjustments

n.b. numbers in (brackets) indicate either income or underspend

5.3. Comments on the underlying reasons for the variances within Priorities is set out in the sections below.

**Priority One – Childrens Overspend £7.1m**

5.4. Priority One is projecting overall spend of £71.1m against approved budget of £64.0m resulting in an outturn overspend of £7.1m, after agreed corporate mitigation. This figure is a £0.7m worsening of the position reported at Q3. The areas with material variances are detailed below, all prior to application of the corporate mitigation.

5.5. **Children's Placements (£3.0m overspend)**

- **Young Adults Service (£0.3m overspend):** the overspend is due to non-delivery of MTFS savings. The outturn position is consistent with the position at Quarter 3. Supported housing has been provided to young people, during the year, as a means of providing the more expensive semi-independent living arrangements for young people. The supported housing scheme delivers the desired outcomes at reduced costs. This approach has mitigated some of the pressures with the Young Adults Service budgets.
- **LAC External Placements (£3.3m overspend)**

This is an increase of £0.3m from Quarter 3. The previous quarter included a forecast for the recovery of potential overpayments from the prior financial year, which is now less certain until an in-depth review (scheduled for 2019/20) has been carried out. The cost of placements is driven by the number of children, the complexity of need, and placement type (residential, secure, fostering, and semi-independent living); with secure and residential

placements having the highest weekly rates. The increase in complex cases has resulted in an average weekly rate of £3,370 compared to an average of £3,000 in 2017/18. There has also been an increase in the costs of mother and baby assessments compared to 2017/18 (£0.5m in 2018/19 compared to £0.2m in 2017/18). The service is looking to address this by bringing the assessments in-house from 2019/20, which is expected to reduce the budget pressure.

The overspend in the residential budgets is partly offset by underspend within the Independent Fostering Agency (IFA) budget for external foster care. During 2018/19 the service brought back the recruitment of foster carers in-house with a focussed recruitment campaign to increase the number of in-house foster carers and reduce the use of more expensive external provision from IFAs. This has delivered savings in placements costs through the reduction in IFA costs. It is anticipated that this will continue to deliver savings in future years, as more in-house foster carers are recruited, and the use of IFAs is reduced.

There is also an underlying overspend of £1.2m due to the non-delivery of MTFS savings although this has been addressed in the base budget for 2019/20.

- **Internal Fostering Placements (£0.6m underspend):** the less than budgeted number of in-house foster carers accounts for £0.3m of the reported underspend. The service is running a recruitment campaign to increase the number of in-house foster carers, with a corresponding reduction in the use of more expensive Independent Fostering Agencies (IFAs). It is anticipated that in 2019/20 and future years, the underspend will be applied to the planned increase in in-house foster carers, with associated reduction in the external placements spend.

A review by the service has identified foster placements costs recoverable from other London boroughs, as they relate to the provision of foster placements by Haringey for children from those boroughs. This accounts for the favourable movement of £0.3m compared to that reported at Quarter 3.

#### 5.6. **Other Children's Social Care (£3.3m overspend)**

- **Staffing (1.3m overspend):** this is an adverse movement of £0.3m compared to Quarter 3. Costs of agency staff, accounts for the movement, with an underlying cost pressure due to non-delivery of MTFS savings. The service has embarked on a programme of work to reduce the number of agency staff. This work will continue into 2019/20.
- **No Recourse to Public Funds (£0.9m overspend):** there is a statutory requirement to continue to support clients with No Recourse to Public Funds (NRPF) however, there is insufficient budget to meet needs. There has been an increase of £0.3m compared to the previous quarter due to an increase in client numbers.
- **Other Services (£1.1m overspend):** the adverse movement is due to an overspend of £0.7m in the budget for legal services. The charges relate to

counsel fees, expert reports, and translation costs incurred for cases. The special guardianship budget is overspent by £0.1m due to costs of assessments and support provided to special guardians.

There is a further overspend due to section 17 payments. Section 17 of the Children Act 1989 places a duty on local authorities to safeguard and promote the welfare of children within their area who are in need. Financial assistance is provided for goods or services, or in exceptional circumstances cash can be provided to a child, parent or carer to address identified needs to safeguard and promote a child's welfare where there is no other legitimate source of financial assistance.

#### 5.7. **Children & Young People with Additional Needs (£2.8m overspend)**

- **Inclusion Service (£0.4m overspend):** This is due to unachievable income in the Education Psychology team. The service is considered a traded offer for advisory teachers to schools and due to challenges faced in recruiting to specialist posts the income generation has reduced considerably. The income target has been adjusted to an achievable level for 19/20 and all vacant posts now fully recruited.
- **SEND (£0.7m overspend):** Mainly due to the statutory duty to provide transport for over 19-year olds as part of the SEND Reform Act, coupled with overspend on salary costs on SEN admin team. The service have analysed the routes in more detail to assess if any reduction can be achieved and as a result the service has now optimised existing schools transport routes and merged them where possible to reduce costs. Additionally, the scoping review for a transport 'invest to save' bid is underway and this will identify opportunities to reducing costs in the new financial year. SEN Admin team has undergone a restructure in 19/20 due to ceasing of SEN reform grant in 18/19, which predominantly used to fund staffing costs. Two teams have been merged to form a permanent sustainable structure to carry out the statutory duties outlined in the SEND reforms. The new structure is well within the budget and funded by both general fund and DSG (dedicated schools grant).
- **Family Support and Family Link (overspend of £1.2m):** This is a demand led budget which is overspending as a result of the cost of social care support packages. There are a small number of children with highly complex behaviour and learning disability. The children's packages have increased significantly to avoid hospital admission or long-term residential placements. Joint funding for these children has now been agreed with CCG where they have agreed to fund £200k of placements for 2018/19. This process will continue into 2019/20 to ensure maximum funding.

#### **Early Help & Family Support (£0.5m overspend)**

- **Children Centres (£0.5m overspend):** The overspend is due to non-statutory childcare costs and an unachieved income target. The service has taken several actions in year to reduce the operational costs including a

restructure and moving staff to term time only contracts. There is an ongoing review of the operational costs of the centres to address the budget pressure.

### **Priority Two – Adults Overspend £4.2m**

5.8. Priority Two is projecting overall spend of £104.3m against approved budget of £98.2m resulting in an outturn overspend of £6.2m. This figure is made up of £6.1m overspend in Adults social services, £0.2m underspend in public health (priority 2 element only) and a £0.3m overspend in commissioning. The total overspend reduces to £4.2m after the application of agreed £2m corporate mitigation. The areas with material variances are detailed below.

#### **5.9. Care Packages (£7.2m overspend)**

- £3.8m adverse variance which has arisen in the current year and £3.5m carried forward pressure, including £0.5m relating to inflationary uplifts awarded to care providers. The variance is broken down as follows:
  - Learning Difficulties- £3.6m overspend
  - Mental Health - £2.4m overspend
  - Physical Support -£1.42 overspend

#### **5.10. Osborne Grove Nursing Home (£0.7m overspend)**

- The management and staffing costs to run the service for limited clients, the loss of client contributions, and loss of health funding for purchased beds contribute to this cost pressure. Consultation with both staff and clients is currently underway, with a view to moving to a single ward by the end of May. This should have the effect of reducing revenue costs by £0.400m in 2019/20.

5.11. Director of Adult Social Services budget (£0.8m underspend) – a £0.4m underspend against the budget for bad debt provision, a £0.1m underspend on Care Act Implementation, receipt of £0.1m unbudgeted Home Office Resettlement grant and other small combined underspends of £0.2m.

5.12. Adaptations and Surveying (£0.8m underspend) – largely due to capitalisation of Occupational Health costs and staff vacancies.

### **Priority Three - Safe & Sustainable Places Underspend £0.131m**

5.13. Priority Three is showing overall spend of £31.9m against approved budget of £32.0m resulting in an outturn underspend of £0.1m. This represents a marginal change to the Q3 figure. The variance is made up of several non-material underspend/overspends.

5.14. The change is mainly due to the underspend in commissioning services (culture, museum and archives) and the capitalisation of expenditure where appropriate.

#### **Priority Four – Growth & Employment Underspend £0.216m**

- 5.15. Priority Four is showing an overall spend of £7.2m against approved budget of £7.5m resulting in an outturn underspend of £0.216m. This represents a marginal change to the Qtr3 figure.
- 5.16. The underspend is mainly due to the capitalisation of staff costs in the regeneration teams and a reduction in the bad debt provision required.

#### **Priority Five – Homes & Communities (General Fund) Underspend £0.144m**

- 5.17. Priority Five GF is showing an overall spend of £20.68m against approved budget of £20.82m resulting in a small outturn underspend of £0.14m. This represents a slight improvement compared to the Q3 figure but is not significant against a budget this size.
- 5.18. Some of the Flexible Homelessness Support Grant received in year has been applied to mitigate continuing demand for temporary accommodation and to support new initiatives which should increase supply of accommodation in the Borough

#### **Priority Five – Homes & Communities (HRA) Underspend £0.897m**

- 5.19. The provisional revenue outturn for the HRA is an underspend of £0.897m after statutory financial accounting adjustments which will be transferred to the HRA reserve
- 5.20. The depreciation charges were £3m below budget following a change in the asset revaluation calculations and there were also favourable income variances for commercial rents, leasehold service charges and the bad debt provision for leaseholder income. Additionally, the actual charges for leasehold insurance and Homes for Haringey (HfH) management fees were both lower than planned resulting in an additional net £230k saving.
- 5.21. There were also further underspends in HRA gas and electric costs, grounds maintenance service and landlord's insurance costs.
- 5.22. These underspends have helped offset a reduction in dwelling rental income due as a result of Broadwater Farm Tangmere & Northolt block voids/empty properties pending work to either strengthen or replace these blocks. There were also overspends caused by the requirement to increase bad debt provision for dwelling rental income, capital financing costs, anti-social behaviour service, community alarm service and estate renewal costs. The detailed HRA income and expenditure is shown in Appendix (2).

#### **Priority X / Enabling - Underspend £2.7m**

- 5.23. Priority X / Enabling is showing an overall spend of £24.5m against approved budget of £27.2m resulting in an outturn variance of £2.7m underspend. This represents an increased underspend of £0.6m over the Q3 forecast. Priority X contains support services, customer services and



libraries as well as the non-service revenue (NSR) corporate budgets. The key variances are described below.

- 5.24. The key underspends are in the Benefits service (£1.6m), where the work of the Housing Benefit (HB) overpayment debt project team has led to a significant reduction in the required bad debt provision, and in the Revenues service (£0.7m) due to higher than expected recovery of court costs and reduced bad debt provision for court cost debt. Further smaller underspends in HR and Strategy and Communications have helped mitigate down budget pressures in Customer Services and Libraries.
- 5.25. A robust assessment of bad debt provision levels in response to challenge by our external auditors, as well as the impact of targeted resources on income recovery and overall arrears balances, has also delivered a number of one off benefits at year end while those that go through the Collection Fund, will be realised next year. Focus on improving collection rates will continue during 2019/20 with an assessment of wider opportunities to generate income to offset Government grant loss.
- 5.26. NSR Corporate budgets are broadly on budget at year end however, this is after the application of the £7m Budget Resilience contingency.

#### **External Finance – Underspend £8.2m**

- 5.27. The aggregate external income budgets overachieved by £8.2m. It is normal for some small variations to occur due to the impact of late notification of grant streams and funding values however, the variance for 2018/19 has been significant. The largest component (£6.4m) was realised from participating in the London Business Rates Retention (BRR) pilot pool which allowed the London pool to retain 100% of income generated. This benefit had not been built into the 2018/19 budget largely due to uncertainties about the actual sum. The other significant variance was from Housing Benefit & Council Tax administration grant as the budget had assumed reductions in Government funding in this area which did not materialise.

#### **6. Dedicated Schools Grant (DSG)**

- 6.1. The DSG is broken down into four funding blocks: Schools, Central, Early Years and High Needs. The overall spend on DSG was £189.79m against budgeted spend of £186.63m resulting in an overspend of £3.16m.
- 6.2. The Schools block underspent by £0.41m largely due to a slowdown of expansion and bulge classes in the borough.
- 6.3. The Central block is fully spent with a small overspend of £0.01m.
- 6.4. The Early Years block underspent by £0.71m mainly due to slow up take up of the new 3 & 4 year old extended nursery hours offer. There is work under way to ensure the potential of under reporting of activity numbers is addressed in 19/20 to ensure ESFA funding allocations are fully utilised.
- 6.5. The High Needs block overspent by £4.27m which is driven by increased take up of places in day schools, special schools and post 16 settings coupled with an increase in the average cost per placement. A robust

budget monitoring process was carried out during the year to keep costs down where possible.

- 6.6. The impact of the 2018/19 outturn is reflected in the movement on the DSG Reserve in the table below.

**Table 2 – DSG Reserve**

Blocks	Opening DSG at 01/04/18	Schools Forum agreed trf between blocks	Revised Outturn	Closing DSG at 31/03/2019
	£(m)	£(m)	£(m)	£(m)
Schools block	(1,267)	888	(406)	(785)
Central block	0		13	13
Early years block	(1,653)	1,100	(713)	(1,265)
High needs block	1,500	(1,500)	4,267	4,267
<b>Total</b>	<b>(1,419)</b>	<b>488</b>	<b>3,160</b>	<b>2,229</b>

*\*£488k was a contribution from the Schools budget to mitigate in-year pressure in the high needs block.*

*\*\* the £3.160m 18/19 overspend has been covered by a draw down from reserves.*

- 6.7. The DSG pressures are likely to continue into 2019/20 and on projected spending levels the closing deficit will grow to more than £4.5m. As this will exceed £2.6m (1% of the total DSG allocation) we will be expected to present a formal recovery plan to the ESFA. An update on specific plans to address the deficit and on-going pressure will be presented in a future report.

## **7. Collection Fund**

- 7.1. The Council has a statutory obligation to maintain a separate ring-fenced account for the collection of council tax and business rates. The Collection Fund is designed to be self-balancing and therefore an estimate of any accumulated surplus or deficit is made each year and factored into the following year's tax requirement. The actual benefit or burden of any in-year variance is received or borne by taxpayers in the following year.

### **Council Tax**

- 7.2. The 2018/19 in year council tax collection performance was 96.47% (target 96.25%). The Council tax surplus/deficit is distributed between the Council (81.4%) and it's preceptor the GLA (18.6%) based on respective shares. There is an estimated surplus of £4.34m in 2018/19, which compares to an actual surplus in 2017/18 of £4.05m. The latter is recognised in the 2018/19 outturn figures whilst the 2018/19 actual surplus will be paid out in 2019/20.

## Business Rates

- 7.3. The 2018/19 in year business rates collection performance was 95.31% (target 98.0%). The main reason for the shortfall against target was a shortfall in staff resources in the team; this has now been addressed and the team strengthened and a focus on recent non-collection as well as achieving the in-year target has been prioritised for 2019/20. This year, as the Council is part of the London BRR Pool Pilot, the pool retains 64% of business rates collected (LB Haringey share of this 34%) with 36% transferred to the GLA.
- 7.4. There is an estimated deficit of £1.61m in 2018/19, which compares to an actual deficit of £0.41m in 2017/18. The latter is recognised in the 2018/19 outturn figures whilst the 2018/19 actual deficit will be recognised in the 2019/20.

## 8. Capital Programme Outturn

- 8.1 At the end of the year the Council's agreed capital programme budget was £229.924m. The final outturn was £121.884m, an underspend of £108.040m. As can be seen from the table below, the outturn represents 53% of the agreed budget. Whilst this is a significant underspend, it is an improvement on the 2017/18 position where the outturn represented 37.5% of the agreed budget.

**TABLE 3 – CAPITAL OUTTURN SUMMARY**

Priority	2018/19 Revised Budget	2018/19 Final Outturn	Final Outturn Variance against Budget	2018/19 Q.3 Forecast Outturn	Movement in Forecast (Variance)
	£'000	£'000	£'000	£'000	£'000
Priority 1 - Children's	12,876	6,419	(6,457)	5,724	695
Priority 2 - Adults	8,397	5,496	(2,900)	7,625	(2,129)
Priority 3 - Safe & Sustainable Places	21,901	15,589	(6,312)	18,060	(2,471)
Priority 4 - Growth & Employment	62,494	22,501	(39,993)	52,831	(30,330)
Priority 5 - Homes & Communities	36,725	19,235	(17,490)	24,181	(4,946)
Priority X - Enabling	19,278	6,821	(12,457)	6,234	587
<b>General Fund Total</b>	<b>161,670</b>	<b>76,060</b>	<b>(85,610)</b>	<b>114,655</b>	<b>(38,595)</b>
Priority 5 (HRA)	68,254	45,824	(22,430)	57,737	(11,913)
<b>Total</b>	<b>229,924</b>	<b>121,884</b>	<b>(108,040)</b>	<b>172,392</b>	<b>(50,508)</b>

Whilst there has been a high level of capital slippage, the resources have been slipped as well and has not resulted in any lost resources. A high-level commentary on the financial performance of each priority is provided in the following paragraphs as well as confirmation of the financing applied. The requests to carry forward unspent but committed budget including the reason for slippage, is provided in Appendix 3.

### **Priority 1 – Children’s Services**

- 8.2** Overall the Priority spent £6.418m of its available budget of £12.876m, which is 50% of its budget allocation and is requesting permission to carry forward £6.457m of unspent resources. Of the underspend, two schemes (primary schools repair & maintenance and primary school modernisation and enhancements) account for £5.175m of the underspend.

During 2018/19 the service undertook a large number of condition surveys as part of the preparation of a strategic business case for the investment required in schools. The surveys have led to a number of schemes being prepared which have either already commenced or are due to commence in the summer holidays of 2019. Accordingly, a very significant proportion of the requested carry forward is required to match commitments already entered into.

### **Priority 2 – Adult Services**

- 8.3** Overall the Priority spent £5.496m of its available budget of £8.397m, which is 65% of its budget allocation and is requesting permission to carry forward £2.9m of unspent resources.

Of the underspend, four schemes (Supported Living Schemes, Assistive Technology, Linden House conversion, and Canning Crescent) account for £2.1m of the underspend. All four schemes are included in the programme on the basis that they are self-financing; that is when complete they will generate savings once the capital financing costs are accounted for. Spend on Linden House and Canning Crescent will accelerate in 2019/20 as the building plans progress as will the Assistive Technology when plans are implemented.

### **Priority 3 – Safe and Sustainable Places**

- 8.4** Overall the Priority spent £15.589m of its available budget of £21.901m, which is 71% of its budget allocation and is requesting permission to carry forward £6.311m of unspent resources. Of the requested carry forward, £2.1m relates to scheme specific funding such as external grant or S106 contributions which cannot be used for any other purpose. Of the residual underspend of £4.211m, three schemes (Structures Highways, Parkland Walk Bridges and Asset Management of Council Buildings) account for £3.656m of it.

The structures scheme encountered unforeseen issues with utilities providers that has delayed the scheme. The Parkland Walk Bridge scheme is complex with a high number of interactions with third parties and the need to gain the agreement of a range of statutory undertakers. This complexity has impacted on the delivery of the scheme. The Asset Management of Council Buildings scheme has concentrated on the development of a forward plan of maintenance which is nearing completion. Once implemented, this will accelerate expenditure in 2019/20 and future years.

#### **Priority 4 – Growth & Employment**

- 8.5** Overall the Priority spent £22.501m of its available budget of £62.494m, which is 36% of its budget allocation and is requesting permission to carry forward £39.875m of unspent resources. Of the requested carry forward, £33.968m relates to scheme specific funding such as external grant (Housing Zone), S106 contributions, contractual commitments, or are pledged as match funding and which cannot be used for any other purpose. Of the residual underspend of £5.907m, two schemes (Strategic Acquisitions, and Strategic Regeneration Initiatives) account for £5.235m of it.

The Strategic Acquisitions budget is there to allow for opportunistic purchases of property to support long term regeneration initiatives in Tottenham and Wood Green. The Strategic Regeneration Initiative budget is provided to allow the Council to respond to emerging initiatives throughout the year. In 2018/19 this budget was not called upon.

#### **Priority 5 General Fund Housing**

- 8.6** Overall the Priority spent £19.235m of its available budget of £36.725m, which is 52% of its budget allocation and is requesting permission to carry forward £16.843m of unspent resources. Of the requested carry forward, £16.4m relates to the temporary accommodation acquisition programme. It is anticipated that the Community Benefit Society will soon start purchasing properties.

#### **Priority 5 HRA**

- 8.7** Overall the Priority spent £45.824m of its available budget of £68.254m, which is 67% of its budget allocation and is requesting permission to carry forward £22.430m of unspent resources to fund work on Broadwater Farm.

#### **Priority X - Enabling**

- 8.8** Overall the Priority spent £6.821m of its available budget of £19.278m, which is 35% of its budget allocation and is requesting permission to carry forward £9.963m of unspent resources. This priority's budget held the budget for the front office back office (FOBO) programme and the Responsiveness Fund. The FOBO spend has been funded from capital receipts under the flexible use of capital receipts regulations. Therefore, the

budget shows an underspend but due the funding of the scheme there is no requirement to carry the budget forward. The Responsiveness Fund has underspent due to their being no calls on the budget. It is proposed to carry forward £2m of this into 2019/20 to ensure that the Council can respond to in year match funding initiatives.

### **Capitalisation**

- 8.9 During the year, an additional allocation of capital resource was made to the Highways Maintenance budget of £0.170m to fund historic, unbudgeted liabilities. In addition, £0.080m was identified within the revenue budget that should more properly be charged to capital and an allocation was made. The level of capitalisation set out in the table below is in addition to those allocations made in 2017/18 which have been built into service revenue and capital budgets. Both in year allocations were funded through reducing the approved capital programme contingency.

### **Table 4 - Capitalisation**

- 8.10 The outturn assumes, in respect of 2018/19 only, that the Local Implementation Plan (LIP) highways programme is funded from borrowing and that the funding (£3.767m) received from the GLA is transferred to Council reserves. This is in recognition of the need to establish stronger transformational reserve balances in the short to medium term to provide the resilience which will enable us to deliver our challenging budget reduction programme.

### **Carry Forward of Resources**

- 8.11 Set out in Appendix 3 are the requests to carry forward resources along with the reason(s) for the request. In total, of the 2018/19 underspend of £108.040m, services are requesting to carry forward £105.924m.

### **Capital Expenditure Funding**

- 8.12 The table below provides information on the actual financing of the capital programme compared to the budgeted financing.

**Table 5 – Funding of the Capital Programme**

Source of Funding	18/19 Original Budget Feb. 2018	18/19 Actual	Variance
	(£'000)	(£'000)	(£'000)
<b>General Fund Funding</b>			
Grant	33,056	16,863	(16,193)
Use of Reserves		0	0
Developer Contribution	34,535	486	(34,049)
Capital Receipts		1,438	1,438
Retained Receipts	7,500	12,651	5,151
Borrowing	61,596	44,623	(16,973)
	<b>136,687</b>	<b>76,060</b>	<b>(60,627)</b>
<b>HRA Funding</b>			
RTB Receipts		2,391	2,391
Buy Back Contributions		0	0
Housing Revenue Account (HRA)	15,190	17,231	2,041
Major Repairs Reserves / Allowance	20,070	17,249	(2,821)
Grants and Contributions from Private Developers & Leaseholders		7,806	7,806
Borrowing	23,591	1,147	(22,444)
	<b>58,851</b>	<b>45,824</b>	<b>(13,027)</b>
<b>Overall Total</b>	<b>195,538</b>	<b>121,884</b>	<b>(73,654)</b>

- 8.13 The reasons for the variation between the budgeted source of funding and the actual use of funds for the general fund capital programme is as follows. The use of grants was under budget largely due to delays to the Tottenham Hale SDP scheme (c£12m) and the decision to fund the LIP programme from borrowing (£3.767m): developer contributions were under budget due to delays to the Wards Corner CPO scheme (£9m), delays to the HRW acquisition programme (£8.2m), a revised funding arrangement for the strategic acquisition budget (£10m), the removal of HDV schemes (£2m) and lower than budgeted spend on the S106 programme (£1.6m). Additional capital receipts of £6.5m were used on a Newlon Housing Scheme offset by lower than anticipated spend against budget. The lower borrowing figure is due to programme slippage.
- 8.14 Within the HRA the overall underspend contributed to the reduced level of borrowing, £22.4m under budget, as well as the application of the unbudgeted leaseholder contributions of £7.8m.

## 9. Reserves

9.1. The Council holds an un-earmarked General Fund reserve. It also has a number of other earmarked reserves, which are set aside to provide contingency against unplanned events, fund one-off planned expenditure and help smooth uneven spend patterns. Council is required to annually review the adequacy of its' reserves which it did in February as part of the 2019/20 budget report. That report confirmed maintaining a General Fund unearmarked reserve of £15m. As described earlier in the report, this has been achieved with a small (£0.3m) addition.

9.2. In the light of the outturn position some additions to, and re-balancing between, reserves has taken place with the ultimate aim of directing resources to enable the transformational agenda and provide further resilience against under in delivery of the agreed and future savings programme. A total of £7m has been achieved; £3m from decommissioning the Community Infrastructure reserve and re-allocating the funds and £3.8m from funding LIP expenditure by borrowing enabling the GLA funding to be transferred to reserves (as outlined in paragraph 8.10).

9.3. The 2018/19 Transformation reserve has been used for two main purposes:

- Pump priming new pilot innovations to test if they will deliver the required change at scale
- Providing the required staff and technology to enable specific, largescale transformations

The 2019/20 Transformation & enhanced IT Infrastructure reserves will continue to address both of these themes, but the focus will move to activity that provides larger scale returns in terms of savings, income and service transformations. So, for example, as the council's priorities increasingly move towards new ways of delivering services, including a stronger focus on prevention, digital access and automated processes, the reserve will prioritise those innovations that might start small but can scale quickly. Equally, we will see a greater proportion on reserve spending on technology enablers in 2019/20.

9.4. The 2018/19 closing earmarked reserves balances are £6.1m more than the opening figure. The biggest net increases have been to the Schools reserve (£2.7m) and the PFI lifecycle reserve (£3.9m).

9.5. As is recognised earlier in this report, the Council has what is known as a negative Dedicated Schools Grant (DSG) reserve of £2.2m. This is a common situation amongst education authorities due to the immense pressure on their High Needs block and this has been recognised by the Department for Education (DoE). This negative reserve is presently held on the Council's balance sheet as part of its Services Reserve and is offset by its other component balances. As stated earlier, the authority will commence financial recovery planning for its DSG funded services, given the forecast further worsening DSG position in this year. The sector also continues its lobbying of the DoE for a substantial increase in its DSG grant funding. It should be noted that the Council's overall reserves position is such that this



does not require the Council's s.151 officer to make any further recommendations as part of this report in this respect.

- 9.6. A summary of the purpose of each reserve along with all the proposed in year movements to/from all reserves and resultant estimated closing position at 31/03/2019 is shown in Appendix 4. These are not expected to change however, will not be final until the completion of the 2018/19 accounts audit.

## **10. Conclusion**

- 10.1. Overall at the end of the 2018/19 financial year, the General Fund is broadly balanced showing a small underspend of £0.345m, as anticipated at Qtr 3 through the application of corporate mitigations. An improved balance sheet position has also been delivered.
- 10.2. As discussed in section 1, the driver for the overspend has been the two People priorities. The agreed write-off of unachievable savings in the Qtr 2 Cabinet report and some fundamental re-basing of the 2019/20 base budget positions for these services must place the Council in a stronger position to remain broadly in line with agreed budgets during 2019/20.
- 10.3. However, the budget gap from 2020/21 is circa £20m with £13m agreed savings to deliver in 2019/20. This is on top of the £16m savings plans already built into the Council's MTFs from 2020/21. It is therefore critical that officers and Members remain focussed on delivery and that robust monitoring and recovery processes are embedded across all parts of the organisation.

## **11. Contribution to strategic outcomes**

- 11.1. Adherence to strong and effective financial management will enable the Council to deliver all of its stated objectives and priorities.

## **12. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### Chief Finance Officers Comments

- 12.1. There are no further Chief Finance Officer (CFO) comments or finance implications arising from this report. All related finance issues have been highlighted within the body of the report, as this is a report of the CFO.

### Assistant Director of Corporate Governance

- 12.2. The Assistant Director of Corporate Governance has been consulted on this report and confirms that all statutory and constitutional requirements have been addressed. There are no legal implications arising out of this report.

12.3. Strategic Procurement: PC – 29/05/2019

Strategic Procurement notes the contents of this report and will continue to work with services to enable cost reductions.

Equalities

12.4. The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/fait, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

12.5. There are no equalities issues arising from this report. Separately, the Council's savings programmes are all subject to an assessment to ensure they do not impact negatively on any of the protected characteristic groups.

**13. Use of Appendices**

Appendix 1 – Revenue Directorate Level Outturn

Appendix 2 – HRA Outturn

Appendix 3 – Capital Carry Forwards

Appendix 4– Appropriations to / from Reserves

Appendix 5 - Budget Virements

**14. Local Government (Access to Information) Act 1985**

14.1. The following background papers were used in the preparation of this report:

- Budget management papers
- Medium Term Financial Planning Reports

14.2. For access to the background papers or any further information please contact Frances Palopoli– Head of Corporate Financial Strategy & Monitoring.

	2018/19 Revised Budget	Outturn	Movement to/(from) Reserves	Corporate Mitigation	Revised Outturn	Outturn to Budget Variance	Q3 (P9) Forecast to Budget Variance	Movement in Forecast Variance
<b>PRIORITY_1.PR Priority 1</b>	<b>64,039,459</b>	<b>72,693,195</b>	<b>457,457</b>	<b>-2,000,000</b>	<b>71,150,652</b>	<b>7,111,193</b>	<b>6,391,925</b>	<b>719,268</b>
PR1_CY.PR Childrens	51,597,670	60,308,369	388,090	-2,000,000	58,696,459	7,098,789	6,062,422	1,036,367
PR1_COMSIN.PR Commissioning	3,390,400	3,345,082	69,367		3,414,449	24,049	-18,600	42,649
PR1_PH.PR Public Health	5,960,070	6,013,036	0		6,013,036	52,966	20,000	32,966
PR1_SL.PR Schools & Learning	3,091,319	3,026,708	0		3,026,708	-64,611	328,103	-392,714
								0
<b>PRIORITY_2.PR Priority 2</b>	<b>98,161,926</b>	<b>104,302,467</b>	<b>9,920</b>	<b>-2,000,000</b>	<b>102,312,387</b>	<b>4,150,461</b>	<b>4,695,813</b>	<b>-545,352</b>
PR2_AS.PR Adults	81,629,146	87,834,243	-120,000	-2,000,000	85,714,243	4,085,097	4,540,732	-455,635
PR2_COMSIN.PR Commissioning	4,601,700	4,764,836	129,920		4,894,756	293,056	192,211	100,845
PR2_PH.PR Public Health	11,931,080	11,703,387	0		11,703,387	-227,693	-37,130	-190,563
								0
<b>PRIORITY_3.PR Priority 3</b>	<b>31,983,065</b>	<b>29,726,946</b>	<b>2,125,529</b>	<b>0</b>	<b>31,852,475</b>	<b>-130,590</b>	<b>264,899</b>	<b>-395,489</b>
PR3_COM.PR Commercial & Operati	29,204,655	27,324,984	2,074,529		29,399,513	194,858	274,399	-79,541
PR3_PH.PR Public Health	109,000	43,137	51,000		94,137	-14,863	0	-14,863
PR3_COMSIN.PR Commissioning (Cul	719,410	408,825	0		408,825	-310,585	-9,500	-301,085
PR3_CFO.PR Chief Finance Officer (,	1,950,000	1,950,000	0		1,950,000	0	0	0
								0
<b>PRIORITY_4.PR Priority 4</b>	<b>7,459,937</b>	<b>5,970,610</b>	<b>1,273,034</b>	<b>0</b>	<b>7,243,644</b>	<b>-216,293</b>	<b>-173,835</b>	<b>-42,458</b>
PR4_PRD.PR Regeneration, Planning	284,225	-83	0		-83	-284,308	-64,882	-219,426
PR4_HSEGT.PR Housing & Growth	1,183,567	979,886	363,700		1,343,586	160,019	58,728	101,291
PR4_PLAN.PR Planning	2,167,285	1,927,696	460,470		2,388,166	220,881	0	220,881
PR4_PCP.PR Property & Capital Proj	202,150	104,126	0		104,126	-98,024	-1,057	-96,967
PR4_REGEN.PR Regeneration	3,622,710	2,958,985	448,864		3,407,849	-214,861	-166,624	-48,237
								0
<b>PRIORITY_5.PR Priority 5</b>	<b>20,820,135</b>	<b>20,819,471</b>	<b>-143,176</b>	<b>0</b>	<b>20,676,295</b>	<b>-143,840</b>	<b>-31,953</b>	<b>-111,887</b>
AH03.PR Housing Demand	10,877,203	12,247,640	-143,176		12,104,464	1,227,261	1,400,188	-172,927
AH05.PR Housing Commissioned S	989,498	-299,648	0		-299,648	-1,289,146	-1,400,188	111,042
PR5_COMSIN.PR Commissioning	8,953,434	8,871,479			8,871,479	-81,955	-31,953	-50,002
								0
<b>PRIORITY_X.PR Priority X</b>	<b>27,158,250</b>	<b>23,533,725</b>	<b>-3,236,648</b>	<b>4,000,000</b>	<b>24,297,077</b>	<b>-2,861,173</b>	<b>-2,066,317</b>	<b>-794,856</b>
PRX_CFO.PR Chief Finance Officer	10,962,222	10,849,931	-3,999,637	4,000,000	10,850,294	-111,928	-1,789,322	1,677,394
PRX_CG.PR Corporate Governance	2,657,200	1,966,986	728,464		2,695,450	38,250	58,800	-20,550
PRX_CSL.PR Customer Service and L	4,746,000	4,940,016	0		4,940,016	194,016	138,997	55,019
PRX_DCE.PR Deputy Chief Executive	9,300	16,469	0		16,469	7,169	0	7,169
PRX_LCEO.PR Leader and Chief Exec	561,948	-549,723	649,907		100,184	-461,764	-535,723	73,959
PRX_SSC.PR Shared Service Centre	7,996,922	5,004,407	239,000		5,243,407	-2,753,515	-152,064	-2,601,451
PRX_TR.PR Transformation & Resou	224,658	1,305,638	-854,382		451,256	226,598	212,995	13,603
<b>TOTAL</b>	<b>249,622,772</b>	<b>257,046,414</b>	<b>486,116</b>	<b>0</b>	<b>257,532,530</b>	<b>7,909,758</b>	<b>9,080,532</b>	<b>-1,170,774</b>

HRA BUDGET 2018/19	Revised Budget	Outturn	Outturn Variance	Q3 Forecast Variance	Forecast Variance Movement Outturn vs Q3
	£000's	£000's	£000's	£000's	£000's
<b>UE0721 Managed Services Income</b>					
H39001 Rent - Dwellings	(81,071)	(80,746)	325	381	(56)
H39101 Rent - Garages	(858)	(718)	139	128	12
H39102 Rent - Commercial	(138)	(702)	(564)	(618)	54
H39201 Income - Heating	(288)	(360)	(72)	(7)	(66)
H39202 Income - Light and Power	(1,095)	(1,078)	16	11	5
H39301 Service Charge Income - Leasehold	(8,124)	(8,649)	(525)	(336)	(189)
H39401 ServChgInc SuppHousg	(1,495)	(1,508)	(13)	(14)	1
H39402 Service Charge Income - Concierge	(1,562)	(1,509)	53	56	(3)
H39405 Grounds Maintenance	(2,307)	(2,236)	71	74	(2)
H39406 Caretaking	(1,845)	(1,786)	59	62	(3)
H39407 Street Sweeping	(1,891)	(1,866)	24	27	(3)
H40102 Water Rates Receivable	(7,090)	(7,126)	(36)	(22)	(14)
H40404 Bad Debt Provision - Leaseholders	210	(243)	(453)	0	(453)
<b>UE0721 Managed Services Income TOTAL</b>	<b>(107,554)</b>	<b>(108,528)</b>	<b>(974)</b>	<b>(258)</b>	<b>(717)</b>
<b>UE0722 Managed Services Expenditure</b>					
H31300 Housing Management WG	23	34	11	17	(6)
H32300 Housing Management NT	28	36	8	(4)	12
H33300 Housing Management Hornsey		23	23	27	(4)
H33400 TA Hostels	252	186	(66)	0	(66)
H34300 Housing Management ST	9	27	18	13	5
H35300 Housing Management BWF	11	0	(11)	(11)	0
H37210 Under Occupation	128	150	22	18	5
H39002 Rent - Hostels	(1,920)	(1,966)	(46)	(65)	18
H39404 Service Charge Income - Hostels	(330)	(340)	(10)	(13)	3
H40001 Repairs - Central Recharges	2	(11)	(13)	(14)	1
H40004 Responsive Repairs - Hostels	342	351	10	0	10
H40101 Water Rates Payable	6,024	6,031	7	35	(28)
H40104 HousMgmtRechg Central	107	232	125	125	0
H40111 Other RentCollection	162	124	(38)	(27)	(11)
H40201 Management Special - BWF	0	6	6	0	6
H40202 Management Special - Nth Tolt	0	30	30	0	30
H40203 Management Special - Sth Tolt	0	25	25	0	25
H40204 Management Special - Wood Grn	0	25	25	0	25
H40205 Management Special - Hornsey	0	19	19	0	19
H40206 HousMgmtRechg Energ	1,609	1,470	(139)	(300)	161
H40208 Special Services Cleaning	2,734	2,822	88	0	88
H40209 Special Services Ground Maint	1,802	1,681	(121)	(100)	(21)
H40212 HRA Pest Control	284	200	(84)	(50)	(34)
H40213 Estate Controlled Parking	20	16	(4)	0	(4)
H40303 Supporting People Payments	1,856	1,824	(31)	(20)	(12)
H40309 Commercial Property - Expenditure	0	8	8	10	(2)
H40401 Bad Debt Provision - Dwellings	664	2,416	1,752	0	1,752
H40405 BAd Debt Provision - Commercial	0	(89)	(89)	0	(89)
H40406 Bad Debt Provisions - Hostels	68	54	(14)	0	(14)
H40801 HRA- Council Tax	150	265	115	70	45
<b>UE0722 Managed Services Expenditure TOTAL</b>	<b>14,025</b>	<b>15,647</b>	<b>1,623</b>	<b>(289)</b>	<b>1,912</b>
<b>UE0731 Retained Services Expenditure</b>					
H38002 Anti Social Behaviour Service	581	782	201	184	18
H39601 Interest Receivable	(76)	(338)	(261)	(228)	(33)
H40112 Corporate democratic Core	765	572	(193)	(193)	0
H40301 Leasehold Payments	(139)	(55)	84	35	49
H40305 Landlords Insurance - Tenanted	312	318	6	6	0
H40306 Landlords - NNDR	132	37	(95)	(82)	(13)
H40308 Landlords Insurance - Leasehold	1,500	1,395	(105)	(105)	0
H40501 Capital Financing Costs	10,000	10,594	594	611	(16)
H40601 Depreciation - Dwellings	20,068	17,045	(3,024)	(4,518)	1,494
H40805 ALMO HRA Management Fee	39,275	39,151	(124)	0	(124)
H49000 Housing Revenue Account	16,715	16,715	0	0	0
H60002 GF to HRA Recharges	2,952	3,034	82	77	5
H60003 Estate Renewal	300	459	159	39	120
H60004 HIERS/ Regeneration Team	867	967	100	0	100
S11100 Emergency Response Management	0	216	216	300	(84)
S14400 Supported Housing Central	278	305	27		27
<b>UE0731 Retained Services Expenditure TOTAL</b>	<b>93,529</b>	<b>91,196</b>	<b>(2,332)</b>	<b>(3,875)</b>	<b>1,542</b>
<b>(Surplus) for the year on HRA Services</b>	<b>0</b>	<b>(1,684)</b>	<b>(1,684)</b>	<b>(4,422)</b>	<b>2,738</b>
<b>Statutory Financial Accounting Adjustments</b>		787			
		(897)			
<b>Transfers to/(from) Reserves</b>		897			
<b>HRA balance</b>		0			



## Capital Carry Forward

## Appendix 3

Scheme Ref. No.	Scheme Description	2018/19 Full Year Revised Budget (£'000)	2018/19 Final Outturn (Draft) Budget (£'000)	Variance Overspend / (Underspend) (£'000)	Capital Slippage Requested (Carried Forward) (£'000)	Variance after Slippage Request (£'000)	Reason for Capital Slippage
101	Primary Sch - repairs & maintenance	1,337	570	(767)	767	0	The majority of the slippage relates to contractually committed expenditure or for essential works scheduled or summer 2019
102	Primary Sch - mod & enhance (Inc SEN)	7,473	3,066	(4,408)	4,408	0	The majority of the slippage relates to contractually committed expenditure or for essential works scheduled or summer 2020
103	Primary Sch - new places	72	(131)	(203)	203	0	The majority of the slippage relates to contractually committed expenditure or for essential works scheduled or summer 2021
104	Early years	22	3	(19)	19	0	N/A
109	Youth Services	214	104	(110)	110	0	Required for service improvement
114	Secondary Sch - mod & enhance (Inc SEN)	1,115	915	(200)	200	0	To assist in funding 2019/20 programme
117	Children Safeguarding & Social Care	204	35	(170)	170	0	Committed to a scheme to expand foster carers homes
118	Special Provision Fund & Healthy Schools Capital Funding	252	242	(10)	10	0	This is scheme specific funding that cannot be used for any other purpose
199	P1 Other (inc Con't & Social care)	571	0	(571)	571	0	Requested to cover unforeseen events within the programme
<b>Priority 1 - Children's</b>		<b>11,260</b>	<b>4,803</b>	<b>(6,457)</b>	<b>6,457</b>	<b>0</b>	

207	New Day Opp's Offer	87	60	(27)	27	0	To continue to provide equipment
208	Supported Living Schemes	800	55	(745)	745	0	To provide funding for works to convert houses to facilitate higher quality care and reduced costs
209	Assistive Technology	620	0	(620)	620	0	The roll out of assistive technology was delayed but will be implemented in 2019/20 to provide solutions that enable people to stay in their home.
212	Linden house Adaptation	850	94	(756)	756	0	The development of the design has taken longer than expected due to the requirements of potential residents.
213	Canning Crescent Assisted Living	2,900	2,558	(342)	342	0	Funding is required to continue to develop the scheme to provide 21 supported housing units and the relocation of the Clarendon Road College
214	Osborne Grove Nursing Home	200	44	(156)	156	(0)	Funding is required to continue to develop the proposed scheme for the nursing home
216	Homelessness Hub	300	41	(259)	259	(0)	The funding is committed to the scheme to fit out the hub.
<b>Priority 2 - Adults</b>		<b>5,757</b>	<b>2,852</b>	<b>(2,905)</b>	<b>2,905</b>	<b>(0)</b>	

## Capital Carry Forward

## Appendix 3

Scheme Ref. No.	Scheme Description	2018/19 Full Year Revised Budget (£'000)	2018/19 Final Outturn (Draft) Budget (£'000)	Variance Overspend / (Underspend) (£'000)	Capital Slippage Requested (Carried Forward) (£'000)	Variance after Slippage Request (£'000)	Reason for Capital Slippage
301	Street Lighting	1,225	1,254	29	(29)	0	The overspend will be carried forward and be deducted from the 2019/20 allocation
302	Borough Roads	4,164	4,172	8	(8)	(0)	The overspend will be carried forward and be deducted from the 2019/20 allocation
303	Structures (Highways)	1,261	81	(1,180)	1,180	0	Due to unforeseen utilities issues, the North Hill retain wall project has been delayed.
304	Flood Water Management	567	519	(48)	48	(0)	The existing contractor withdrew at the last moment requiring the procurement of a new contractor to do the works.
305	Borough Parking Plan	865	556	(310)	310	0	This scheme is committed so the resources need to be carried forward
307	CCTV	0	2	2	(2)	(0)	The overspend will be carried forward and be deducted from the 2019/20 allocation
309	Local Implementation Plan(LIP)	4,349	3,632	(717)	717	(0)	This is grant funding that has been agreed to be carried forward by TfL
310	Developer S106 / S278	750	486	(264)	264	(0)	This is scheme specific funding that cannot be used for any other purpose
311	Parks Asset Management:	312	386	74	(74)	(0)	The overspend will be carried forward and be deducted from the 2019/20 allocation
313	Active Life in Parks:	431	262	(170)	170	0	Carry forward requested to continue existing programme of works
314	Parkland Walk Bridges	1,373	115	(1,258)	1,258	(0)	This scheme is complex with many interactions with 3rd parties and statutory undertakers leading to delay in procurement
316	Asset Management of Council Buildings	3,797	2,579	(1,218)	1,218	(0)	The resources are required to be carried forward to continue the essential remediation works on the council's buildings
317	Down Lane MUGA	420	5	(415)	415	(0)	This is scheme specific funding that cannot be used for any other purpose
320	LCP - Dynamic Purchasing System	918	761	(157)	157	0	This scheme is committed so the resources need to be carried forward
321	MOPAC - Crime & Disorder Reduction	121	0	(121)	121	0	This is scheme specific funding that cannot be used for any other purpose
322	Finsbury Park	850	284	(566)	566	(0)	This is scheme specific funding that cannot be used for any other purpose
<b>Priority 3 - Safe &amp; Sustainable Places</b>		<b>21,403</b>	<b>15,092</b>	<b>(6,311)</b>	<b>6,311</b>	<b>(0)</b>	

## Capital Carry Forward

## Appendix 3

Scheme Ref. No.	Scheme Description	2018/19 Full Year Revised Budget (£'000)	2018/19 Final Outturn (Draft) Budget (£'000)	Variance Overspend / (Underspend) (£'000)	Capital Slippage Requested (Carried Forward) (£'000)	Variance after Slippage Request (£'000)	Reason for Capital Slippage
401	Tottenham Hale Green Space	5,887	262	(5,625)	5,625	(0)	This scheme is committed as part of the SDP in Tottenham Hale
402	Tottenham Hale Streets	15,051	4,694	(10,357)	10,357	0	This scheme is committed as part of the SDP in Tottenham Hale
406	Opportunity Investment Fund	1,868	776	(1,093)	1,093	0	This is scheme specific funding that cannot be used for any other purpose
407	Growth on the High Road	44	76	32	(32)	(0)	The overspend will be carried forward and be deducted from the 2019/20 allocation
411	Tottenham High Rd & Bruce Grove Stn	419	0	(419)	419	0	This funding is part of the match funding for the Tottenham High Road strategy
415	North Tott Heritage Initiative	1,109	283	(826)	826	(0)	This is scheme specific funding that cannot be used for any other purpose
418	Heritage building improvements	2,500	0	(2,500)	2,500	0	This is scheme specific funding that cannot be used for any other purpose
421	HRW Acquisition	6,815	4,251	(2,564)	2,564	0	This scheme is committed so the resources need to be carried forward
427	White Hart Lane Public Realm (LIP)	3,264	2,206	(1,058)	1,058	(0)	This is scheme specific funding that cannot be used for any other purpose
429	Site Acq (Tott & Wood Green)	4,745	1,510	(3,235)	3,235	0	This funding is required to continue the acquisition of properties in the Wood Green regeneration area
430	Wards Corner CPO	5,000	0	(5,000)	5,000	0	This is scheme specific funding that cannot be used for any other purpose
434	Wood Green Regeneration	173	9	(163)	163	(0)	This funding is required to continue with the Wood Green regeneration project
435	Wood Green Station Road	190	278	88	(88)	(0)	The overspend will be carried forward and be deducted from the 2019/20 allocation
438	Vacant possession Civic Centre	2,641	2,294	(347)	347	0	This funding is required to meet the potential costs in 2019/20 of the scheme's final account
444	Marsh Lane	878	715	(163)	163	(0)	Funding is required to continue with the Marsh Lane depot project which is due to go to tender shortly
450	Winkfield Road	202	138	(63)	63	(0)	This scheme is committed so the resources need to be carried forward
452	Low Carbon Zones	315	141	(174)	174	0	This scheme is committed so the resources need to be carried forward
464	Bruce Castle	142	23	(119)	119	0	Funding is required to continue the works at Bruce Castle
465	District Energy Network (DEN)	1,179	83	(1,096)	1,096	(0)	This is scheme specific funding that cannot be used for any other purpose
471	Tailoring Academy Project	655	414	(241)	241	(0)	This is scheme specific funding that cannot be used for any other purpose
474	Tottenham High Road Strategy	800	0	(800)	800	0	This funding is part of the match funding for the Tottenham High Road strategy
475	Tottenham Green Public Realm Scheme Phase 2	1,004	25	(979)	979	0	This is grant funding that has been agreed to be carried forward by TfL
477	Strategic Regeneration Initiatives	2,000	0	(2,000)	2,000	0	This funding is required to enable the Council to respond to strategic regeneration initiatives
478	Wood Green Good Growth Fund	650	577	(73)	73	(0)	This is scheme specific funding that cannot be used for any other purpose
479	54 Muswell Hill Health Centre	1,100	0	(1,100)	1,100	0	This scheme is committed so the resources need to be carried forward
<b>Priority 4 - Growth &amp; Employment</b>		<b>58,630</b>	<b>18,754</b>	<b>(39,875)</b>	<b>39,875</b>	<b>(0)</b>	



## Capital Carry Forward

## Appendix 3

Scheme Ref. No.	Scheme Description	2018/19 Full Year Revised Budget (£'000)	2018/19 Final Outturn (Draft) Budget (£'000)	Variance Overspend / (Underspend) (£'000)	Capital Slippage Requested (Carried Forward) (£'000)	Variance after Slippage Request (£'000)	Reason for Capital Slippage
506	TA Property Acquisitions Scheme	4,175	1,759	(2,416)	2,416	0	The funding is required for the Community Benefit Society acquisition of high quality temporary accommodation
509	CPO - Empty Homes	1,050	0	(1,050)	400	(650)	Funding required to enter into compulsory purchase of homes and once refurbished they are sold
510	Temporary Accommodation Acquisition Programme	25,000	10,973	(14,027)	14,027	0	The funding is required for the Community Benefit Society acquisition of high quality temporary accommodation
<b>Priority 5 - Homes &amp; Communities</b>		<b>30,225</b>	<b>12,733</b>	<b>(17,492)</b>	<b>16,843</b>	<b>(649)</b>	

601	Business Imp Programme	3,450	3,296	(155)	155	0	The carry forward request is made to enable the creation of a fund for ICT transformation
602	Corporate IT Board	3,609	63	(3,546)	3,546	(0)	The carry forward request is made to enable the creation of a fund for ICT transformation
603	ICT Shared Service - Set Up / Seed Money	2,500	816	(1,684)	1,684	(0)	The carry forward request is made to enable the creation of a fund for ICT transformation
604	Continuous Improvement	2,568	187	(2,381)	2,382	0	The carry forward request is made to enable the creation of a fund for ICT transformation
605	Customer Services (Digital Transformation)	1,319	353	(965)	965	(0)	The carry forward request is made to enable the creation of a fund for ICT transformation
606	Hornsey Library Refurbishment	1,501	656	(844)	844	(0)	The funding is required for the works at the Library, contract for which is to be let shortly
621	Libraries IT and Buildings upgrade	534	148	(386)	386	(0)	Carry forward requested to enable continued investment in Libraries ICT and buildings
698	Responsiveness Fund	3,500	0	(3,500)	2,000	(1,500)	Carry forward requested to enable the Council to respond to n year requests for match funding
699	P6 - Approved Capital Programme Contingency	(42)	75	117	1	118	N/A
<b>Priority 6 - Enabling</b>		<b>18,939</b>	<b>5,594</b>	<b>(13,345)</b>	<b>11,963</b>	<b>(1,382)</b>	
<b>TOTAL GF CAPITAL PROGRAMME</b>		<b>146,215</b>	<b>59,828</b>	<b>(86,387)</b>	<b>84,354</b>	<b>(2,033)</b>	

## Priority 5 - Housing Revenue account

590	HRA - P5 Homes for Haringey (HFH)	54,792	37,590	(17,202)	17,202	0	Carry forward requested to fund works on the Broadwater Farm Estate
593	HRA - P5 Stock Acq	4,901	2,534	(2,367)	2,367	0	Carry forward requested to fund works on the Broadwater Farm Estate
594	HRA - P5 New Build	1,328	2,236	908	510	1,418	Carry forward requested to fund works on the Broadwater Farm Estate
598	HRA - Estate Regen (500 White Hart Lane)	5,921	2,425	(3,496)	3,496	0	Carry forward requested to fund works on the Broadwater Farm Estate
<b>TOTAL HRA CAPITAL PROGRAMME</b>		<b>66,942</b>	<b>44,786</b>	<b>(22,156)</b>	<b>23,575</b>	<b>1,419</b>	
<b>OVERALL CAPITAL PROGRAMME</b>		<b>213,157</b>	<b>104,614</b>	<b>(108,542)</b>	<b>107,929</b>	<b>(614)</b>	



## APPENDIX 4

Note	Balance at 31/03/17	Transfer In 2017/18	Transfer Out 2017/18	Balance at 31/03/18	Transfer In 2018/19	Transfer Out 2018/19	Balance at 31/03/19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Reserve</b>	(15,897)	0	404	(15,493)	(346)	0	(15,839)
<b>General Fund earmarked reserves:</b>							
Schools reserve	(7,876)	0	169	(7,707)	(2,675)	0	(10,382)
Transformation reserve	(10,339)	(584)	2,848	(8,075)	(3,345)	5,325	(6,095)
Services reserve	(8,313)	(2,549)	4,442	(6,420)	(7,809)	6,351	(7,878)
PFI lifecycle reserve	(9,016)	(1,408)	660	(9,764)	(3,920)	0	(13,684)
Treasury Reserve	(5,103)	(1,404)	1,094	(5,413)	0	367	(5,046)
Insurance reserve	(4,862)	(1,769)	1,470	(5,161)	(751)	0	(5,912)
Unspent grants reserve	(3,513)	(5,700)	722	(8,491)	(9,235)	10,389	(7,337)
Community infrastructure reserve	(3,000)	0	0	(3,000)	0	3,000	0
Labour market growth resilience reserve	(1,578)	(465)	788	(1,255)	0	550	(705)
Financing reserve	(880)	(6,544)	1,133	(6,291)	0	0	(6,291)
IT infrastructure reserve	(838)	0	0	(838)	(2,162)	0	(3,000)
Resilience reserve	0	(5,074)	0	(5,074)	(2,229)	0	(7,303)
Other reserves	(1,126)	0	400	(726)	0	0	(726)
<b>GF earmarked reserves:</b>	<b>(56,446)</b>	<b>(25,497)</b>	<b>13,726</b>	<b>(68,215)</b>	<b>(32,126)</b>	<b>25,983</b>	<b>(74,357)</b>
<b>Total General Fund Usable Reserves</b>	<b>(72,343)</b>	<b>(25,497)</b>	<b>14,130</b>	<b>(83,708)</b>	<b>(32,472)</b>	<b>25,983</b>	<b>(90,196)</b>
<b>Housing Revenue Account</b>	<b>(29,540)</b>	<b>(2,298)</b>	<b>1,286</b>	<b>(30,552)</b>	<b>(897)</b>	<b>124</b>	<b>(31,325)</b>
<b>Housing Revenue Account earmarked Reserves:</b>							
HRA Smoothing reserve	(6,339)	0	0	(6,339)	0	6,339	0
Homes for Haringey	(629)	(672)	0	(1,301)	(124)	0	(1,425)
<b>HRA earmarked reserves</b>	<b>(6,968)</b>	<b>(672)</b>	<b>0</b>	<b>(7,640)</b>	<b>(124)</b>	<b>6,339</b>	<b>(1,425)</b>
<b>Total HRA Usable Reserves</b>	<b>(36,508)</b>	<b>(2,970)</b>	<b>1,286</b>	<b>(38,192)</b>	<b>(1,021)</b>	<b>6,463</b>	<b>(32,750)</b>

## Description of Reserves Purpose and 2018/19 Usage

**General Fund Reserve** - The purpose of the general fund reserve is to manage the impact of emergencies or unexpected events. Without such a reserve, the financial impact of such events could cause a potential financial deficit in the general fund, which would be severely disruptive to the effective operation of the authority. The reserve should militate against immediate service reductions if there were any unforeseen financial impacts.

**Schools Reserve** - This balance represents the net balances held by the Council's 63 schools. The Secretary of State for Education allows Local Authorities to have within their Scheme for Financing Schools a provision whereby surplus balances that are deemed excessive can be withdrawn from the school in question and applied elsewhere within the Dedicated Schools Budget.

**Transformation Reserve** - This reserve is earmarked for the costs associated with the Council's Transformation programmes including the investment necessary to deliver longer term efficiencies and change, together with the associated costs of redundancies and decommissioning.

**Services Reserve** - It is Council policy that services may request funds to be carried forward, this is subject to approval by the Cabinet in the year-end financial outturn report. This reserve earmarks those funds to either be carried forward to the following financial year or retained. This reserve also includes the Dedicated Schools Grant (DSG) balance which is currently a negative £2.2m balance for 2018/19. The Council is instigating recovery planning.

**PFI Lifecycle Reserve** - The PFI reserve is increased by PFI grant received in excess of contractual payments. This will be utilised to fund future years' PFI related costs.

**Treasury Reserve** - The treasury reserve represents funds the Council has set aside for debt related costs including the potential repayment of debt and for funding of future capital expenditure.

**Insurance Reserve** - The Council self-insures a number of risks including liability, property and theft. Insurance claims are erratic in their timings and so the Council maintains a reserve to smooth the charge to the Council's revenue account in the same way as a premium to an external insurance

provider would smooth charges to the revenue account. The increase to the reserve level has been made possible by a reduced provision requirement. As the Council carries relatively high levels of excess and it is deemed prudent to use provide greater resilience against future claims.

**Unspent Grants Reserve** - This reserve holds grant income which has been received and recognised in the year they have been allocated to the authority, but which will finance related expenditure in future years. These come with conditions setting out how the funding must be used.

**Community Infrastructure Reserve** – This reserve was created as part of the 2013/14 budget setting in recognition that the Council would need to grow it's revenue base (Council Tax/Business Rates) as government funding reduced. This agenda is now being delivered via the capital programme as well as from the impact that the lifting of the HRA borrowing cap has had on building new dwellings and therefore, this balance has been re-allocated.

**Labour Market Growth Resilience Reserve** - It is beneficial for the Council to support people into work and this reserve will support activities which achieve that aim.

**Financing Reserve** - This reserve was created to hedge the risks associated with funding the transformation programmes across the MTFs which rely increasingly on the application of flexible capital receipts.

**IT Infrastructure Reserve** - The Council has built into base budgets limited provision for the planned maintenance and renewal of certain assets as, by their nature these costs are irregular in their occurrence.

**Resilience Reserve** - This reserve is used as a measure to offset non-delivery / delay of planned savings and other budget risks contained within the MTFs. It provides additional robustness and financial resilience for the Council.

**Other Reserves** - This reserve represents other small reserve balances held by the Council.

**Analysis by Priority of Movements In/Out of the Three Main Service Related Reserves**

	Transformation reserve		Services reserve		Unspent grants reserve	
	£'000		£'000		£'000	
	Transfers In	Transfers Out	Transfers In	Transfers Out	Transfers In	Transfers Out
<b>Opening Balance (01/04/2018)</b>	<b>(8,075)</b>		<b>(6,420)</b>		<b>(8,491)</b>	
Total Priority 1	0	1,543	(1,175)	4,817	(401)	435
Total Priority 2	(23)	827	0	23	(569)	439
Total Priority 3	(547)	848	(1,729)	498	(273)	100
Total Priority 4	0	0	(950)	466	(60)	111
Total Priority 5	0	0	0	0	0	143
Total Priority X	(2,775)	2,107	(3,954)	548	(7,932)	9,161
<b>Total Transfers (In)/Out</b>	<b>(3,345)</b>	<b>5,325</b>	<b>(7,809)</b>	<b>6,351</b>	<b>(9,235)</b>	<b>10,389</b>
<b>Closing Balance (31/03/2019)</b>	<b>(6,095)</b>		<b>(7,878)</b>		<b>(7,337)</b>	

Virements for Cabinet Approval

Appendix 5

Transfers from Reserves & Contingencies (2018/19) - for noting

Period	Priority	Service/AD Area	Rev/ Cap	In year	Next year	Reason for budget changes	Description
12	2	Adults	Revenue	707,000		Transfer from Reserves	Drawdown from the Transformation Fund Reserve to fund the Priority 2 Transformation Programme
12	1	Children's	Revenue	1,057,000		Transfer from Reserves	Drawdown from the Transformation Fund Reserve to fund Children's Service Transformation Activity

Virements for Approval (2018/19)

Period	Priority	Service/AD Area	Rev/ Cap	In year	Next year	Reason for budget changes	Description
11	X	Finance	Revenue		2,059,202	Budget Realignment	Realignment of Finance staffing budgets to reflect the new structure
12	1	Children's	Capital	464,942		Grant Allocation	Healthy Schools and Special Provision Capital Funding received from DfE.
10	4	Housing, Regeneration & Planning	Capital	369,382		Budget deletion	Deletion for budget provision for Northumberland Park scheme and budget transferred to contingency
10	4	Housing, Regeneration & Planning	Capital	500,000		Budget deletion	Deletion of budget provision for Schools re-provision in North Tottenham and budget transferred to contingency
10	4	Housing, Regeneration & Planning	Capital	250,000		Budget deletion	Deletion of budget provision for Wood Green HQ-Library & Customer service centre scheme and budget transferred to contingency
10	4	Housing, Regeneration & Planning	Capital	1,100,000		Budget transfer	Budget transfer from the capital contingency pot to 54 Muswell Hill Health Centre capital scheme
10	3	Environment & Neighbourhood	Capital	495,000		Budget transfer	Budget transfer from capital contingency pot to Parking Plan capital scheme re: CPZ funding
10	4	Housing, Regeneration & Planning	Capital	300,000		Budget transfer	Budget transfer from Ways of Working (scheme 639) to Civic Centre - VP (scheme 438)
10	6	Enabling	Capital	696,000		Budget transfer	Budget transfer from Corporate Landlord (scheme 316) to Hornsey Library (606) for refurbishment work as agreed by cabinet
10	3	Environment & Neighbourhood	Capital	720,000		Budget reprofile	Budget reprofiled to 2019/20 due to works delay for the Bull Lane MUGA delivery
10	4	Housing, Regeneration & Planning	Capital	2,800,000		Budget deletion	Deletion for budget provision for Bruce Grove Public Realm
10	2	Adults	Capital	650,000		Grant Allocation	NHS England Grant received for Linden House Assisted Living refurbishment
10	3	Environment & Neighbourhood	Capital	850,000		Budget allocation	Budget allocation for Finsbury Park: Over 8's Play Space creation
10	2	Adults	Capital	274,836		Grant Allocation	Additional DFG grant award
10	4	Housing, Regeneration & Planning	Capital	466,000		Grant Allocation	DfT grant received towards the local highways maintenance and Pothole repairs
12	4	Housing, Regeneration & Planning	Capital	404,200		Budget Realignment	Budget realignment across schemes within the Tottenham Green phase 2 project
12	3	Environment & Neighbourhood	Capital	643,081		Budget Realignment	Realignment of budgets within Park Services capital scheme
12	2	Adults	Capital	700,000		Budget transfer	Budget transfer from Supported Living to Linden House Assisted Living (£200k), Osborne Grove Nursing Home (£200k) & Single Homelessness Hub (£300k)
		<b>Total 2018/19</b>		<b>6,407,441</b>	<b>2,059,202</b>		

