



Cabinet
14 January 2019

Report of the Chief Finance Officer

Quarter 3 Financial Forecast 2018/19

| | |
|---|--|
| Wards Affected: | All |
| Key or Non-Key Decision: | Key |
| Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | Open |
| No. of Appendices: | None |
| Background Papers: | None |
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1 Summary

- 1.1. This report sets out the current forecasts of income and expenditure against the revenue budget for 2018/19 and other key financial data.
- 1.2. Overall the Council is expecting to underspend against the main general fund revenue budget by £1.4m. However, there are some significant issues in individual departments. There is a forecast overspend of £1.8m in Children & Young People, which has therefore worsened from the position forecast at the end of the second quarter, despite the management action intended to address the overspend. Offsetting this is a planned underspend of £3.2m in Regeneration and Environment, achieved through a combination of income generation and cost control measures as set out in paragraphs 3.19 to 3.23 inclusive. Of this £2.2m is proposed to be set aside to finance the 2019/20 projects as set out in paragraph 3.19 of the report. The other departments are forecast to spend to budget.

- 1.3. Table One summarises the overall position. The report then sets out more detail on a department by department basis.

Table One: Overall revenue financial position 2018/19

| Department | Budget | Forecast spend | Variance |
|---|---------------|-----------------------|-----------------|
| | £m | £m | £m |
| Children & Young People | 41.6 | 43.4 | 1.8 |
| Community Wellbeing | 132.3 | 132.3 | 0 |
| Performance, Policy & Partnerships | 9.9 | 9.9 | 0 |
| Regeneration & Environment | 38.4 | 35.2 | (3.2) |
| Resources | 36.0 | 36.0 | 0 |
| Subtotal Service Area Budgets | 258.2 | 256.8 | (1.4) |
| Other Expenditure | 8.5 | 8.5 | 0 |
| Subtotal Net expenditure | 266.7 | 265.3 | (1.4) |
| Business Rates, Council Tax and Specific Grants | (265.9) | (265.9) | 0 |
| Contingencies | (0.8) | (0.8) | 0 |
| Total General Fund | 0 | (1.4) | (1.4) |
| | | | |
| DSG funded activity | 0 | 0 | 0 |
| HRA funded activity | 2.5 | 2.5 | 0 |
| Overall position | 2.5 | 1.1 | (1.4) |

- 1.4. A forecast underspend of £1.4m at quarter three is a significant improvement to the £1.5m overspend forecast as at quarter two.
- 1.5. However, it should be noted that the forecast for Children & Young People has worsened since quarter two by £0.3m. The planned management action has therefore not had the anticipated impact, and whilst this in part reflects changes to activity data which cannot always be controlled in the very short-term it also reflects in part the need to strengthen the action being taken to control day-to-day discretionary expenditure and longer-term financial control.

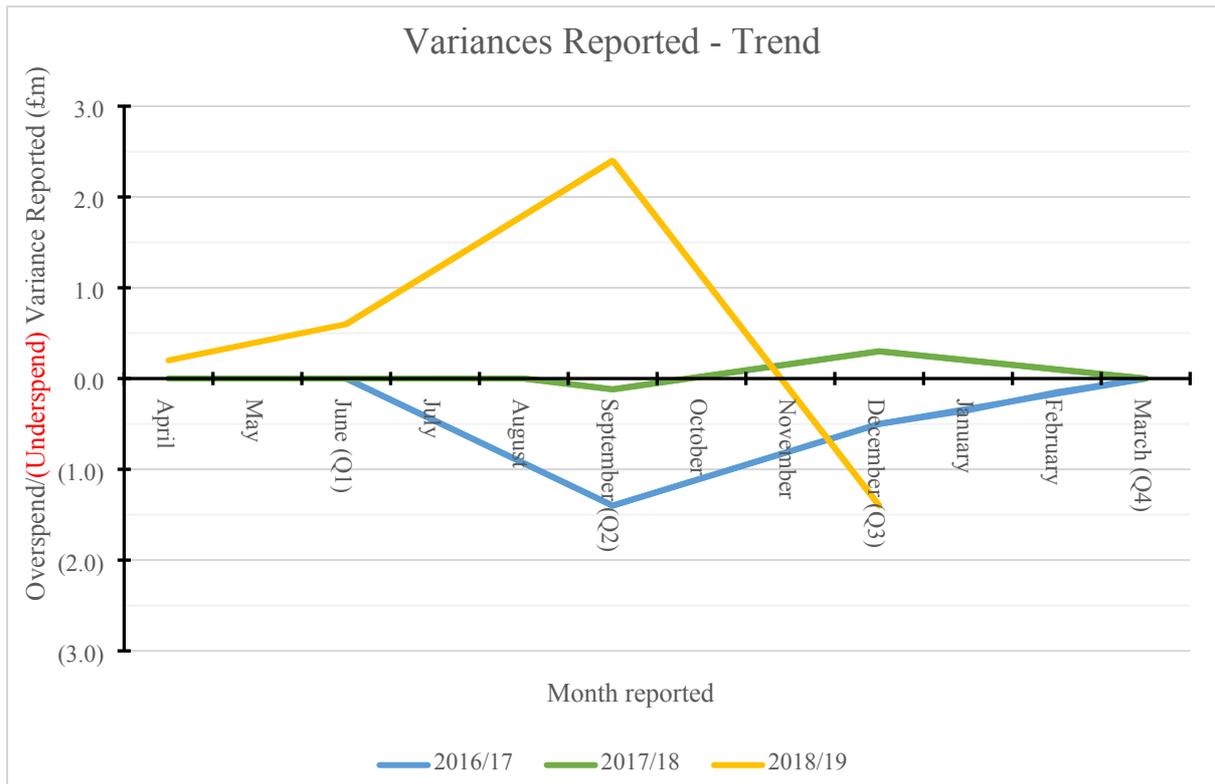
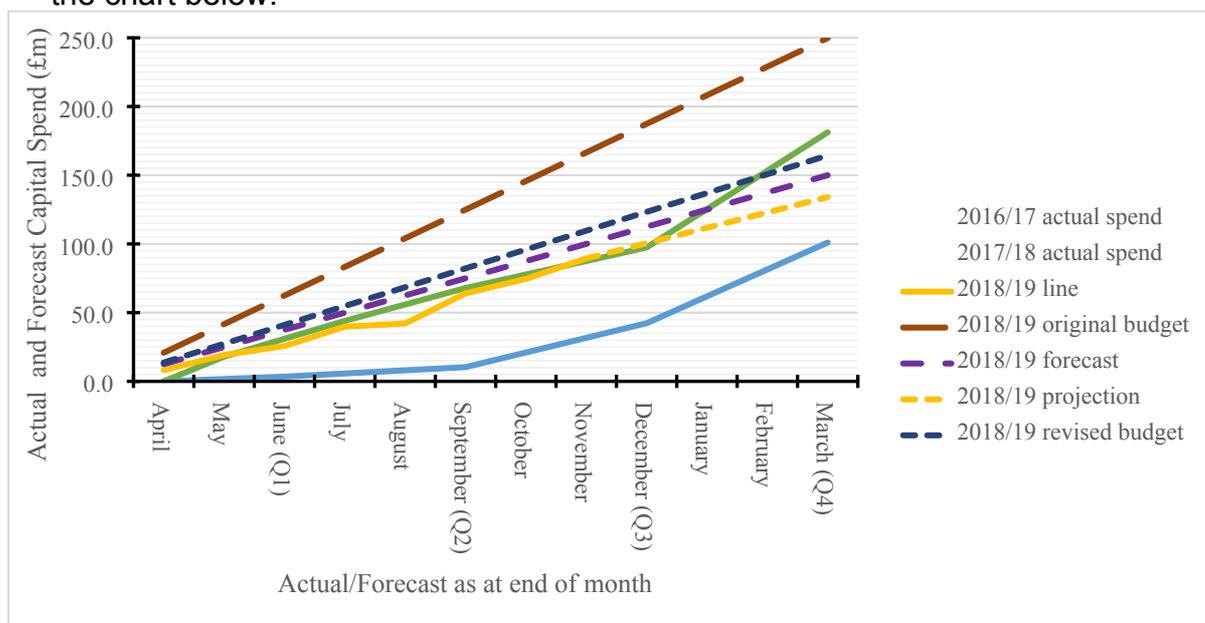


Table Two: Overall capital programme position 2018/19

Net capital spend is forecast to be over 90% of the revised budget.

| 2018/19 | Original Budget (Incl. 17/18 c/fwds) | Revised Budget | Forecast Outturn | Variance |
|-------------------------|---|-----------------------|-------------------------|-----------------|
| | £m | £m | £m | £m |
| Corporate Landlord | 7.8 | 6.5 | 6.4 | (0.1) |
| Regeneration | 8.7 | 9.9 | 9.2 | (0.7) |
| South Kilburn | 8.2 | 18.4 | 12.2 | (6.2) |
| Public Realm | 19.5 | 20.2 | 17.4 | (2.8) |
| Schools | 24.4 | 27.7 | 25.0 | (2.7) |
| Housing | 21.9 | 15.4 | 15.8 | 0.4 |
| Housing Revenue Account | 53.8 | 32.4 | 32.9 | 0.5 |
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| Pipeline | 50.0 | 0 | 0 | 0 |
| Grand Total | 249.8 | 164.5 | 150.0 | (14.5) |

- 1.6 The Capital Programme is currently forecast to underspend by £14.5m, principally on South Kilburn, Public Realm and the Schools as shown in table two below. The reasons for the underspends are detailed in section three below.
- 1.7. In previous years the council has underspent on its capital budget, as shown in the chart below.



2. Recommendation

- 2.1. To note the overall financial position and the actions being taken to manage the issues arising.

3. Detail

Children and Young People (General Fund)

- 3.1. The Children and Young People department is forecast to overspend by £1.8m. This compares to a broadly balanced budget position in 2017/18. The overspend is mainly caused by a temporary spike in demand for Children's Social Care in the last 12 months. There are three main demand led causes of the overspend in 2018/19; higher numbers of cases in the Localities service, higher spending on supporting children in care and care leavers in need, and increased numbers of LAC placements for non-asylum seeking children. These three areas of demand are each causing a pressure of approximately. £1m+, or over £3m in aggregate. This report shows and describes the mitigations and management actions being taken against this pressure.

CYP General Fund position

| Service Area | Budget | Forecast | Variance |
|---|---------------|-----------------|-----------------|
| Central Management | 0.8 | 0.8 | 0.0 |
| Early Help | 5.3 | 5.2 | (0.1) |
| Inclusion | 1.7 | 1.2 | (0.5) |
| Localities | 10.1 | 10.9 | 0.8 |
| LAC and Permanency | 5.8 | 6.7 | 0.9 |
| Partnership, Planning and Performance (CYP PPP) | 16 | 16.9 | 0.9 |
| Safeguarding, Quality Assurance | 1.7 | 1.6 | (0.1) |
| Settings and School Effectiveness | 0.2 | 0.1 | (0.1) |
| Total | 41.6 | 43.4 | 1.8 |

- 3.2. The total number of cases of individual children referred to and supported by the Localities service, excluding Children with Disabilities (CWD), rose from 1,350 in October 2017 to a peak of 1,601 in the summer of 2018. The Ofsted ILACS inspection report in May 2018 stated that the service ‘makes good decisions about levels of risk and need’, but it recognised that partner agencies should be completing more early help assessments. CYP have since worked with partners to reduce the number of statutory assessments taking place. In addition work was undertaken to improve processes at the ‘front door’ to make sure only appropriate cases passed onto the service. Case numbers have fallen throughout the autumn and are now at a level which can be supported by the budgeted establishment. Following the social work realignment which committed to safe social work case-loads, the budgeted establishment can support 1,350 cases (excluding CWD).
- 3.3. The Localities service is now taking action to reduce the number of agency social workers whilst maintaining the commitment to safe caseloads. This year the service has had to run over establishment, with up to a third of the case holding staff being agency workers. The full year impact of this would be a £1.1m overspend. The plan is to reduce agency social worker FTE each month until year end, which should reduce this pressure by up to £0.3m. CYP management will carefully manage this action as a change of social worker is disruptive to a child’s wellbeing. This action is of course dependent upon case numbers remaining within budgeted levels, but assuming this stays level the service will be in a better position to operate within budget in 2019/20.
- 3.4. The proportion of front line social workers employed via agency contract remains at 33%. Use of agency staff elsewhere has also contributed to financial pressures across CYP. Management are taking action to contain costs by ensuring that Agency staff take holidays, limit the length of any handover periods, and ensuring rates paid are within approved levels. Since October all requests for recruitment have required Operational Director approval if they are to go ahead. These mitigation measures are costed across various service areas.

- 3.5. Spending by the LAC and Permanency service on supporting children in care and care leavers in the first half of 2018/19 increased compared to the same period last year and this will result in an over spend. Some of this is emergency spend, but other support is discretionary and management are implementing spending controls to contain this. A review of entitlements for LAC and Care leavers resulted in reduced monthly spend on client support in October. Management have committed to a target reduction of £0.1m for the rest of the year as a mitigation against the overspend.
- 3.6. The total number of cases currently held within the LAC and Permanency service is within the safe thresholds recommended by Ofsted and so it has been agreed to reduce agency FTE in December and January, so that the service is under establishment. CYP management will do so carefully to avoid disruption to a child's wellbeing caused by a change of social worker. This will create an underspend against the establishment budget until year end. In the medium term the number of care leavers is forecast to rise, so this will need to be reviewed in 2019/20. The resulting forecast after the mitigating actions described above for the LAC and Permanency service is £0.9m overspent.
- 3.7. The CY PPP budget is mainly made up of placements costs. Whilst LAC numbers remain low at approximately 300, (42 per 10,000 compared to a national average of 60 per 10,000), the placements budget also covers adoption allowances and care leavers in semi-independent or staying put placements. The total number of placements supported in October is 630, which is marginally lower than the average for 2017/18 of 635. There are two higher cost residential school placements, but the increase in expenditure compared to last year is mainly due to the unit cost increases. The cost of an independent foster carer has risen by £50 (6%), and the cost of a residential home has risen by £100 (3%). The service is also forecasting less income as there are now fewer UASC children within the LAC cohort, which means that fewer of the placements are supported by the government's UASC grant and so this is a pressure on CYP budgets.
- 3.8. In the medium term it is expected that suppliers on the West London Alliance framework will hold their prices over the next two years, and there is evidence to show that placements procured through this framework are cheaper than those which have been spot purchased. Adhering to the framework is therefore important to achieving a balanced budget on placements in future. The forecast overspend on placements for 2018/19 is £1m. The cost of social care for Children and Young people has now been recognised as a national issue, and the autumn budget announced some limited funds to help meet this pressure in 2019/20.
- 3.9. Other mitigating actions against the overspend position involve scrutinising all expenditure, delaying staff recruitment where possible, deferring training requests for the rest of the year, and recognising in the forecast underspends achieved in advance of the recommended future savings proposals. Any overspends that have not been managed down by the year-end will in the first instance be met by draw-downs from departmental reserves.

Community Well-Being (General Fund)

- 3.10 The Community Well-being department has a budget of £132.3m and is forecasting to spend within budget. Within this, the four parts of General Fund Community Well-Being are all forecasting to break-even: non-HRA housing net budget (£7.3m), Adult Social Care (budget £105m excluding winter funding including BCF funding), Culture (budget of £5.3m) and Public Health (budget of £21.7m).
- 3.11. Adult Social Care is expected to make £2.4m of savings in 2018/19. Most (£1.9m) of these savings are expected to be delivered through the New Accommodation for Independent Living (NAIL) programme. This will be a challenging saving to achieve due to delays in the private market delivering NAIL schemes which has consequently led to further delays to the Council to mobilise these schemes. The total planned NAIL savings are still expected to be delivered, but later in the programme life. Therefore, it is likely that at least some of the planned NAIL savings for this financial year will need to be funded through the iBCF grant in this financial year only.
- 3.12. The other planned saving of £0.4m of additional Continuing Healthcare Funding is at present forecast to be achieved. However, it is also proving to be challenging to sustain as there has recently been a reduction in funding for jointly funded packages following recent reviews where it has been determined that these packages no longer have the same level of ongoing health requirements as when the packages were previously assessed. The department is continuing to challenge the CCG decisions robustly, but joint funding remains a key risk.
- 3.13. There has been a significant growth in the demands for Older People's and Learning Disabilities Services which reflects demographic growth but also an increase in acuity meaning that the Council is receiving more cases of older people with multiple long-term conditions including Dementia and younger adults with more complex Learning Disabilities. If these trends continue this will create a budget pressure for Adult Social Care.
- 3.14. The Council is receiving £1.3m from Department of Health and Social Care to support the NHS to manage winter pressures through enabling patients to be discharged from hospital earlier and reduce delayed transfers of care attributable to social care. Therefore the Council will spend this funding to purchase additional residential and nursing placements and homecare packages as well employing additional social work and occupational therapy staff. This spending plan has been agreed with local health partners. This funding is also been provided for 2019/20 and will form part of the Better Care Fund pooled budget.
- 3.15. The 2018/19 non-HRA housing net budget is £7.3m. The planned conversion of properties from Temporary Accommodation into either Affordable Rent or Discounted Market Rent which would bring higher income is behind schedule. The delays have been caused by strict rules regarding the different types of

housing. Whereby a property deemed suitable as Temporary Accommodation may be deemed unsuitable as a different type such as Affordable Rent after conversion, even with the same tenants. In addition, some customers have rent arrears which also prevents conversion from taking place. However the forecast overspend will be covered through the Flexible Homelessness Support Grant and will not lead to a budget deficit.

- 3.16. The continuation of the Housing Association Lease Scheme (HALS) for Temporary Accommodation (TA) is at risk. HALS are seen to be one of the most cost effective TA schemes and currently make up 52% of TA usage (1,101 families of the 2,134). HALS schemes cost the council £31pw prior to October 2018 and £11pw subsequently, with housing benefit now covering an additional £20/week of the management fees charged.

Performance, Policy and Partnerships

- 3.17. Performance, Policy and Partnerships is forecast to breakeven overall. There is a forecast overspend within the Communications budget of £0.3m, due the timing of delivery of additional income to meet its savings target. However, this is compensated by an underspend within the Transformation team budget of £0.3m due to vacant posts within the budgeted establishment. It should be noted that some of these posts are intentionally being held vacant to tie in with the proposed savings to be delivered by PPP in 2019/20.

Regeneration & Environment

- 3.18. Regeneration and Environment department is currently forecasting an underspend position of £3.2m. The expectation, subject to discussion at CMT, is that £2.2m of this should be retained in departmental reserves at the year-end, to fund either (or a combination of):
- A contribution to the planned investment in improving the condition of the roads and, especially, pavements; or
 - Transformational project work to improve the department's ability to generate future income.
- 3.19. The underspend has been achieved through several key management controls and fiscal discipline. Of the total £3.2m:
- £1.2m is the result of holding staffing vacancies as they arise, including to ensure that recommended savings for 2019/20 can be delivered early;
 - £0.5m which had been earmarked for works on potholes which will now be met from the additional government funding of £0.7m (for Brent) announced in the Chancellor's budget in October
 - £0.5m arises from adjustments to the accounts with West London Waste, with budgeted additional costs not being realized to quite the degree anticipated and some income being returned to the council; and
 - Further underspends of £1m as set out in paragraph 3.23, below.
- 3.20. A pressure still remains within the Parking and Street lighting service which is currently forecast to overspend by £0.3m a £0.2m improvement from last quarter's reported position of £0.5m overspend. This reduction is mainly due to

the increase in revenue projected for penalty charge notices (PCN), and the use of capital resources to fund the costs of CCTV replacements. The overall pressure is attributable to a shortfall in income as a result of factors such as the delay in approving the introduction of the diesel car permit surcharge and income shortfalls against parking permit sales and pay & display usage. These pressures are also offset by an increase in revenue from suspensions and dispensations.

- 3.21. Due to the volatile nature of the service, the Brent Transport service is currently forecasting an overspend position of £0.1m due to SEN demand increases. Although the 2018/19 budget was increased during the budget process through a combination of corporate contingencies and earmarked reserves following increases in demand highlighted in previous years i.e. 11.4% increase in 2016/17 and a 22% increase in 2017/18, a pressure has still arisen.
- 3.22. These pressures have been offset by underspends from increased income generation expected in Environmental Health areas i.e. pest control, funerals and cemeteries of £0.4m. Regeneration is also anticipating additional income of £0.5m arising from building control due to additional project works won, planning fee income and additional income from street trading. Further underspends of £0.5m have arisen as a result of in year vacancies across the department. There is also a projected underspend of £0.1m against the Public Realm contract mainly due to not having to fund additional bin deliveries this year and the impact of an in year vacancy.

Resources

- 3.23. The Resources department is forecast to breakeven overall. There is a forecast overspend within the Digital Services budget due to additional use of contractors to deliver service improvements. There is also a forecast overspend within the Procurement budget due to additional use of interims ahead of the planned restructure. Both of these issues are one off and are not planned to reoccur in 2019/20. Mitigating actions are being taken to offset these overspends and so at present the overall forecast remains as breakeven.

Central items - Collection Fund

- 3.24. The budgeted net collectible amount for Council Tax (after exemptions, discounts and Council Tax support) is £143.2m. The actual net collectible amount as at October 2018 was £140.9m, an increase of £0.2m since July 2018. This is expected to increase further during the year as more properties are built in the borough and recorded with the Valuation Office Agency, but is unlikely to achieve the budget set this year. This is being closely monitored, and the shortfall is forecast to be eliminated over the timeframe of the medium term financial plan. For context, the budgeted net collectible amount in 2017/18 was £132.9m and the actual amount at the end of the year was £132.5m. As at the end of October 2018 the amount collected was 0.1% higher than the in-year target, an improvement compared to the previous year.

3.25. The budgeted net collectible amounts for Business Rates (after exemptions, reliefs and discounts) is £133.7m. The actual net collectible amount as at October 2018 is £136.6m, a decrease of £0.7m since July 2018. This figure can vary during the year as new assessments are made, which may be entitled to certain reliefs, and assessments are deleted, if businesses either leave the borough or go into administration. As at the end of October 2018 the amount collected was 2.6% lower than the in-year target. This is not a cause for concern as it is primarily attributed to the timing of recording income and performance is expected to get back on track during the year.

Central items - Corporate Savings targets

3.26. At present two corporate savings targets are held centrally, Procurement and Civic Enterprise savings.

3.27. Procurement savings of £8m were committed between 2017/18 and 2018/19. The target for 2018/19 is £4.5m and a balance £1.7m remains as at quarter three. Further work is being undertaken to manage this as the pipeline of contracts is regularly reviewed and so far an estimated £1m of further savings have been identified to go against this target. This work will continue and it is expected that in the medium term this target will be achieved.

3.28. Civic Enterprise savings of £2.5m were committed between 2017/18 and 2018/19. £1.3m of savings have been delivered, leaving a balance of £1.2m as at quarter three. Further work is being undertaken to identify additional income streams to be badged against this target and it is expected that this target will be achieved in the medium term.

Central items - Capital financing and other central items

3.29. The capital financing budget for 2018/19 is £23.0m, this is currently forecast to be spent as below. Zero variance on this is being forecast.

| | £m |
|---|-------------|
| Interest Payable | 23.5 |
| Interest Receivable | (13.3) |
| Capital Financing and Minimum Revenue Provision | 12.8 |
| Total | 23.0 |

Dedicated Schools Grant

3.30. The Dedicated Schools Grant (DSG) expenditure budget totals £315m which is supported by £312m of grant income and £3m of DSG reserves released in consultation with Schools Forum as one off funding. The £315m represents the total cost of funding education to early years and school age pupils in the borough before recoupment of funds by the Department for Education to fund

the borough's Academies. In addition £3.5m of sixth form funding is received and passed onto maintained schools with sixth form provision. Overall the DSG is forecast to overspend by £0.1m, but there are large variations on the High Needs block and the pupil growth fund. The overspend can be met from DSG reserves in 2018/19, but the growing cost of High Needs provision is a serious concern for future years. This position is replicated across London and nationally. Brent's DSG funding is not yet in deficit, unlike the situation faced by some other local authorities, and it is interesting to note that the DfE recently released a consultation proposing that "negative reserves" be allowed, which would not only be an undesirable accounting device to try and delay, slightly, a serious problem materialising, but suggests that the scale of the issue nationally is not yet appreciated by the DfE.

- 3.31. There will be little variance in the net position of the funds allocated to schools (£229m), the funding formula is already set for 2018/19 and in-year academy conversions will have little net impact.
- 3.32. The Early Years Block budget is £24m. The position of the block's income and expenditure should be broadly balanced as 95% of funding received for each child is passed on to fund providers, with 5% (£1.2m) funding centralised early years support. The number of children in provision in January 2018 was slightly lower than in January 2017, so it is likely that the income and expenditure outturn will be marginally lower than the £24m budgeted.
- 3.33. The Central Block of the DSG (£2.4m) funds central services for schools and this is forecast to spend to budget at this stage.
- 3.34. There will be variances to budget in the High Needs Block (£54m), and the growth budget which is funded from the main schools block. The High Needs block underspent in recent years but is now experiencing growing demand led pressures. The block supports high needs pupils in specialist provision, in mainstream settings, and provides specialist support services. Although there has been an increase in the amount of in-borough places, which are less costly than places out of borough, the increase in number of High Needs children and increased severity of need means there is a forecast overspend of £3m on the total cost of these placements.
- 3.35. The rise in demand includes increased numbers of post 16 places where approx. 180 young people are now supported compared to 150 in the previous year, a rise of 20% well in excess of demographic growth. The number of Education Health and Care Plans (EHCPs) is approximately 2,200, compared to 1,600 statements three years ago. Many of these plans are for children in mainstream settings, and additional funding is allocated to the schools according to need. This is an additional pressure on the High Needs Block. Work is continuing with a Schools Forum sub-group on addressing the pressures for the 2019/20 budget.
- 3.36. There will be compensating underspend against the growth contingency budgets (£3m) which are prudently set aside for localised primary growth and for the demographic bulge in Secondary phase pupil numbers. Final

allocations will be known at the end of the autumn term, but the indications from the number of primary place offers made are that there will be an underspend on these budgets of at least £2m. It should be noted that the DfE will change the amount of funding allocated for growth in 2019/20, essentially by adopting a national formula for this rather than letting councils plan these budgets locally. It is expected that this will result in a £1.2m funding reduction for Brent in 2019/20.

- 3.37. The underspend on growth budgets will substantially compensate for the overspend on high needs, with DSG reserves meeting the balance of the High Needs pressures. This should leave DSG reserves of at least £3m at year end, but this will need to be held against the high risk of a repeated overspend of the High Needs Block in 2019/20 and diminished funds for growth. The blocks will continue to be monitored and reported to Schools Forum in addition to Cabinet.

Housing Revenue Account

- 3.38. Overall the HRA is forecasting to spend in line with the net budget of £2.5m. However, there are some unbudgeted pressures estimated at £0.3m that will require close monitoring to ensure it is contained within existing budgets.
- 3.39. The pressures relates to £0.1m for cleaning contract inflationary uplift higher than budgeted for, £0.1m to fund a new tenants' employment hub, and £0.1m for un-accrued payments to third parties for decanting tenants in previous years.
- 3.40. Salary budgets will partially offset budget pressures during the transformation programme due to a number of posts being unfilled partway through the year, also leasehold service charge actuals are higher than budgeted and will contribute towards mitigating the risk.
- 3.41. The final accounts for leaseholder major works billing is currently being finalised and invoices expected to be issued in January 2019.

Capital – Overall

- 3.42. The programme for 2018/19 currently stands at £164.5m. The original budget of £249.8m has been revised to take account of budget virements and an extensive re-profiling exercise across the three year programme. The programme is currently forecast to spend £150m for the year which is 91% of target.

| 2018/19 | Original Budget (Incl. 17/18 c/fwds) | Revised Budget | Forecast Outturn | Variance |
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| Housing | 21.9 | 15.4 | 15.8 | 0.4 |
| Housing Revenue Account | 53.8 | 32.4 | 32.9 | 0.5 |
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| Grand Total | 249.8 | 164.5 | 150.0 | (14.5) |

Corporate Landlord

3.43. Cabinet originally agreed a budget of £7.8m. Transfer of the Energy scheme to South Kilburn and other minor changes reduced the budget to £6.5m. At this stage the programme is showing an immaterial underspend. A small underspend is expected on the Digital Strategy Programme with mobilisation issues meaning that most of the expenditure is now expected to occur in 19/20 and 20/21. This is partly offset by an overspend on the ICT programme.

Regeneration

3.44. The programme is currently forecasting to spend £9.2m or 93% of budget for 2018/19 with the underspend spread across a number of small projects.

On Wembley Housing Zones officers are working closely with the design team and cost consultants to develop design options. The size of the final scheme will be dependent on the acquisition of the adjoining land.

St Raphael Estate Regeneration Programme is in feasibility/concept phase, to inform the consultation process that has recently commenced with residents.

South Kilburn

- 3.45. South Kilburn Regeneration scheme is forecasting to spend £12.2m of the £18.4m budget for 18/19. The £6.2m variance is spread across several schemes however the main contributory factor is difficulties in meeting the acquisition targets in accordance with the current programme. Additional resource has been added to the Property Acquisition Team to help address the rate of purchases.

Public Realm

- 3.46. The expected outturn for the programme is currently reported as £17.4m against an approved budget of £20.2m. This is mainly due to delays in confirming S106 funded schemes within the highways and infrastructure portfolio.
- 3.47. On street lighting (LED) programme, the PFI contract came to an end 30th November 2018 and a compliant procurement route has been identified to enable the contractor to continue installation without interruption beyond the end date. As of end October 2018 16,700 LED upgrades out of a total of approximately 21,000 have been completed. The CCTV programme is reporting that the additional work within the Harlesden & Tokyngton area will be completed within the existing timescales.

Schools

- 3.48. The expected variance for the schools programme is £2.7m in 18/19, a minor movement from previous report. The main reason for the variance being a reduction in the Phase 4 Primary programme forecast which has been revised to reflect the outcome of the School Place Planning Strategy presented to cabinet in November 2018. In addition, there has been a release of unused contingency that was built into the school place expansion programme. The School Capital Improvement programme forecast has also been reduced to reflect the need to re-schedule works from 18/19 to 19/20 to address previously unforeseen requirement to undertake works in the next significant school holiday period.

Housing, Care & Investment

- 3.49. Cabinet originally agreed a total Housing budget of £105.6m for 2018/19 (Housing GF, HRA & I4B) which was revised to £81.8m after taking account of 17/18 carry forwards and the re-profiling exercise. The most notable movements relate to the Church Road, Major repairs and Maintenance and NAIL (HRA) schemes, which has been re-profiled to future years. The programme budget for 2018/19 was also initially expected to cover the NAIL Plot 3 project which is now unlikely to progress as the developer's request to consider a leasing scheme was reviewed and rejected. Alternative NAIL proposals are now being considered.

The main variance for 18/19 relates to the NAIL Purchase and Refurbishment project which is expected to overspend by £0.4m and enfranchisement by £0.5m.

I4B

- 3.50. The I4B programme has spent £19m as at October 18 and is expected to underspend by £2.9m reflecting both a challenging market and the requirement for i4B to meet the revised yield targets.

Pipeline

- 3.51. The pipeline provision (£50m) has been pushed back into 19/20 as it is unlikely that any pipeline schemes will be approved and ready to spend during the current financial year. A report is scheduled for January 2019 Cabinet setting out in detail the capital pipeline proposals and making recommendations as to which schemes should be prioritised for the main programme. This is necessary as the proposals include over 100 individual potential schemes worth £1bn, which exceeds the c£360m provision built into the current three year programme.

Conclusion

- 3.52. Currently, the forecast shows that the revenue financial position for the council in 2018/19 is of a forecast underspend of £1.4m. There are some further risks identified that could develop into overspends if the council is unsuccessful at addressing them.
- 3.53. Work has been undertaken on the profiling of the capital budget, and the forecast expenditure for 2018/19 of £150m is challenging, but achievable.

4. Financial Implications

- 4.1. This report is about the council's financial position in 2018/19, but there are no direct financial implications in agreeing the report.

5. Legal Implications

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

6. Equality Implications

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

Report sign off:

CONRAD HALL
Chief Finance Officer