Brent	**Cabinet** 14 January 2020
	Report from the Director of Finance

Quarter 3 Revenue Budget Monitoring Report 2019/20

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

1.1. This report sets out the current forecast of income and expenditure against the revenue budget for 2019/20 and other key financial data. From now on, the forecast for the capital budget will be reported in a separate agenda item.

1.2. Overall, the Council is expecting a breakeven position on the General Fund (GF). There are significant pressures in Children and Young People (GF) which are being mitigated down to a £1m overspend. These pressures are within the placements budget in the Forward Planning, Performance and Partnerships service, and in the Localities service as set out in section 3.3. There is also a £0.8m overspend forecasted within Adult Social Care service as detailed in paragraph 3.4.2. The £1.8m underspend within Regeneration and Environment as set out in section 3.6 offsets those overspends. All other departments within the General Fund are forecasting to spend to budget.

1.3. The Housing Revenue Account (HRA) is forecast to overspend by £0.5m as set out in paragraph 3.10.2.

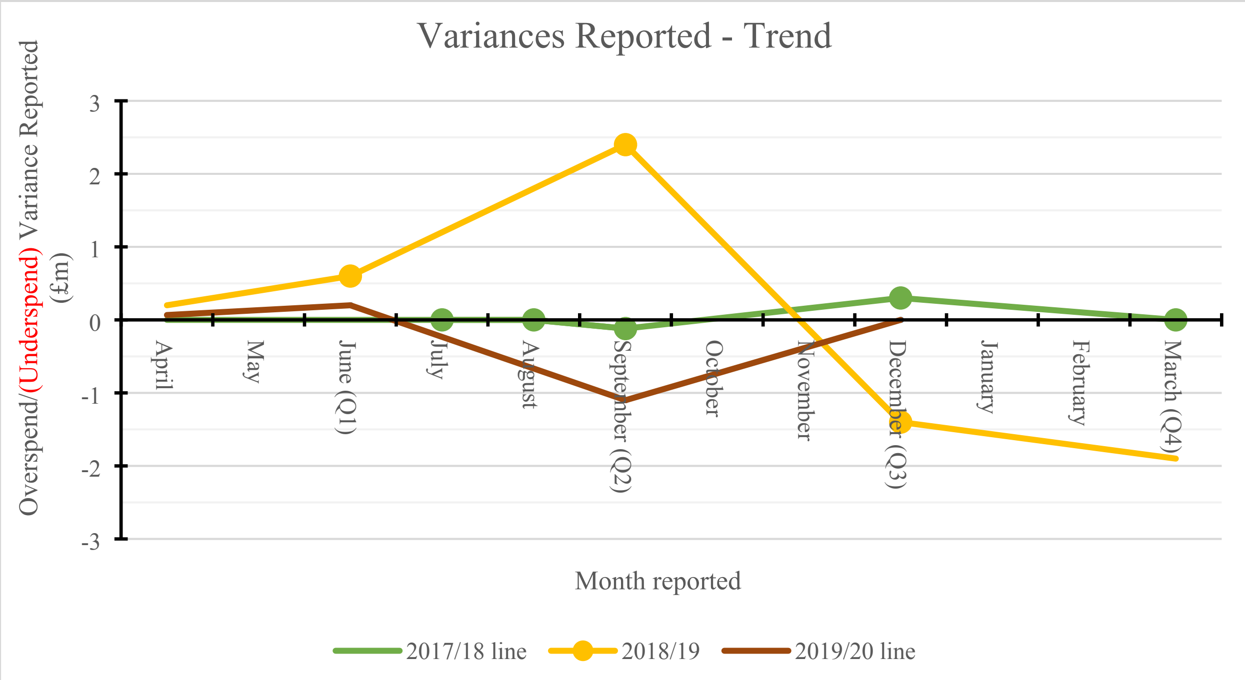
1.4. Additionally, within Children and Young People, Dedicated Schools Grant (DSG) is forecast to overspend by £4.3m due to an increase in demand for pupils with special educational needs (as set out in Section 3.9).

1.5. Table One summarises the overall revenue position.

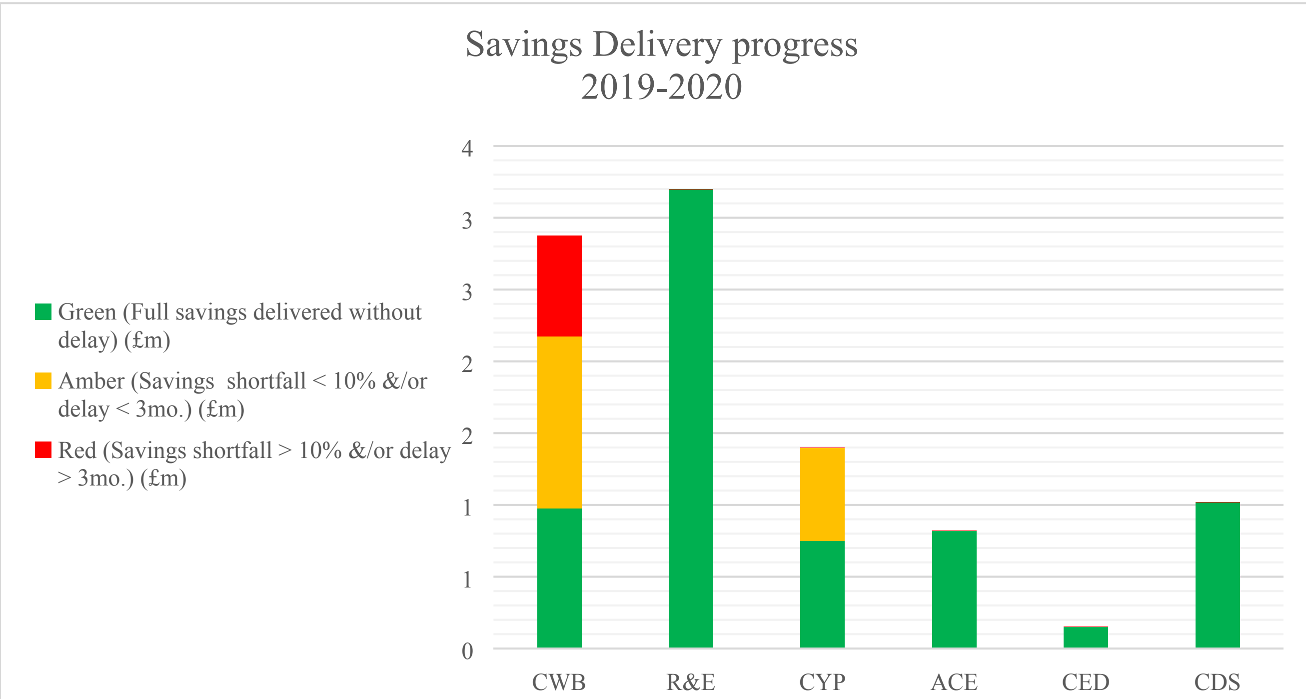
Table One: Overall revenue financial position 2019/20

	Budget (£m)	Forecast (£m)	Forecast Overspend/ (Underspend) £m
Assistant Chief Executive	7.7	7.7	0.0
Chief Executive Department	16.2	16.2	0.0
Children and Young People	48.0	49.0	1.0
Community and Well-Being	133.4	134.2	0.8
Customer & Digital Services	20.8	20.8	0.0
Regeneration & Environment	40.2	38.4	(1.8)
Subtotal Service Area Budgets	**266.3**	**266.3**	**0**
Central items (including Business Rates, Council Tax and Specific Grants)	(266.3)	(266.3)	0.0
Total General Fund	**0.0**	**0.0**	**0.0**
DSG Funded Activity	0.0	4.3	4.3
Housing Revenue Account (HRA)	0.0	0.5	0.5
Overall Position	**0.0**	**4.8**	**4.8**

1.6. The graph below shows the General Fund quarter three forecast in comparison to previous years.



1.7. The 2019/20 and 2020/21 savings proposals has been assessed and the chart below details the progress on 2019/20 savings.



1.8. The assessment shows that 73% or £6.9m of the 2019/20 savings has been delivered. The remaining £2.6m of undelivered savings are being monitored and mitigating actions are being taken. Full detail of the proposals with mitigating actions are set out in Appendix A.

2.0 Recommendation

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

3. Revenue Detail

3.1. Assistant Chief Executive (ACE)

ACE Department	Budget (£m)	Forecast (£m)	Forecast Overspend/ (Underspend) (£m)
Chief Executive Office	0.5	0.5	0.0
Communications	0.5	0.5	0.0
Executive and Member Services	3.5	3.5	0.0
ACE Director	0.2	0.2	0.0
Strategy and Partnership	3.0	3.0	0.0
Total	**7.7**	**7.7**	**0.0**

3.1.1. As at quarter three, all services within ACE are expected to breakeven by the end of the financial year.

3.2. Chief Executive Department (CE)

CE Department	Budget (£m)	Forecast (£m)	Forecast Overspend/ (Underspend) (£m)
Legal, HR and Audit	8.6	8.6	0.0
Finance	7.6	7.6	0.0
Total	**16.2**	**16.2**	**0.0**

3.2.1. As at quarter three, all services within CE are expected to breakeven by the end of the financial year.

3.3. Children and Young People (CYP) (GF)

Children and Young People Department	Budget (£m)	Forecast (£m)	Forecast Overspend/ (Underspend) (£m)

Central Management	0.8	0.8	0.0
Central Management Contingency	0.8	0.0	(0.8)
Early Help	5.7	5.7	0.0
Inclusion	1.6	1.8	0.2
Localities	14.4	15.3	0.9
LAC & Permanency	6.2	5.9	(0.3)
Forward Planning, Performance and Partnerships	16.6	17.6	1.0
Safeguarding and Quality Assurance	1.7	1.7	0.0
Settings and School Effectiveness	0.2	0.2	0.0
Total General Fund	**48.0**	**49.0**	**1.0**

3.3.1. The CYP department is managing to keep the numbers of children and young people taken into care at comparatively low levels when compared to neighboring boroughs, but those children that are in care are older, have more complex needs and are being placed in higher cost placements. This is causing a financial pressure of £2.7m in the placements budget in the Forward Planning and Performance and Partnerships service, which is £1.8m more than reported earlier in the year. There is also increased spend in the Localities, a statutory service where front line teams face issues on complex caseloads and securing permanent case holding staff. Mitigations have been agreed to limit the total overspend for CYP to £1m.

3.3.2. The total number of placements for Looked After Children (LAC) and Care Leavers have risen compared to 2018/19, this is partly because of an increase in the number of Unaccompanied Asylum Seeking Children (UASC), and further work is being undertaken on analyzing the increase. Brent's cohort of LAC contains an increasing number of adolescents and there is an increasing number of care leavers. There are signs of rising unit costs for semi-independent placements for care leavers, particularly for more complex cases. Unit costs are an average of £725 for a LAC in semi-independent settings, and £560 for a care leaver in semi-independent settings. This compares to £430 for a Brent Foster care placement. The mix of placements is changing with fewer in-house foster placements, and more semi-independent placements. CYP management are reviewing high cost placements, ensuring that government grants for UASC are fully claimed, and looking to maximize health contributions to placement costs where appropriate.

3.3.3. The total caseloads for teams in the Localities and Looked after Children service are close to levels budgeted for, but the high complexity of cases means lower individual caseloads. Also the use of agency staff and the current staffing mix are causing financial pressures. The complexity of cases and turnover of staff within individual front line teams mean that in the year to date the Localities service has averaged 16 more staff than the budgeted establishment, although this has now reduced to 12. The high complexity of recent cases had been noted in feedback from external inspection agencies. In combination, these items are causing £1m of financial pressure.

3.3.4. CYP management are increasing their level of scrutiny on agency staff, supported by improved data from the HR and MI teams, and are taking steps to improve recruitment and retention. This has resulted in only 11% of positions in the LAC and Permanency service being employed through an agency. However, 39% (69 Full Time Equivalents (FTE)) of employees in the Localities service as at the end of September were Agency. Agency social workers typically cost an additional £8k per annum compared to budget, causing £0.4m of financial pressure on the Localities budget. An additional pressure totaling £0.2m is that where permanent staff are recruited and retained, the average costs tends to exceed the mid-range salaries budgeted for. Shortage of social workers and other case holding staff is an acknowledged regional issue, which requires a coordinated regional approach over the medium term.

3.3.5. There has been successful work to improve the number of permanent management positions within the Localities service, supported by the introduction of the 'Golden Hello' and retention payments. In December 2018 55% of social work management posts at PO5 and PO7 were filled by agency staff. The current position is 25% of posts are either filled by agency staff or are vacant. This position will improve once the recently recruited posts at team manager level commence in role. There is less impact at senior social worker level of the golden hello (PO3). Existing agency staff feedback is that the differential in salary between agency and permanent is more significant than the perceived benefits of the "Golden Hello", pensions and sick pay. As an alternative CYP are targeting these roles through a 'grow your own' approach using the career development procedure introduced in early 2019. Two rounds of applications have been considered. During the most recent round of applications in November, 11 staff were approved to progress to the next level. This will improve long-term retention.

3.3.6. CYP currently has 20 ASYE (assessed and supported year in employment- newly qualified) and 12 international social workers in the department – the majority being within Localities. Many of these have been at recent corporate induction events. These staff must have protected caseloads in order to ensure they successfully adapt to their new role. Sufficient agency cover is being retained as they build up to full caseloads.

3.3.7. There is some flexibility in the use of budget resources across the services, with underspends in the LAC and Permanency service (e.g. in the fostering service) offsetting some of the overspend in the Localities service. Management look to hold vacancies where possible in individual teams. It should be noted that the client support budgets within the LAC and Permanency service of £0.8m are being successfully monitored to avoid additional pressures.

3.3.8. The overspend of £0.2m reported in the Inclusion service relates to expenditure on locum Educational Psychologists driven by the increased number of children being assessed for Education Health and Care plans. Additional professional resources have been required to fulfil the council's statutory assessment role within the legislated time limits, and the number of EHCPs (Education Health and Care Plans) continues to grow at 5% per year. Increased expenditure on statutory Special Educational Need functions cannot be charged to the DSG.

3.3.9. The Early Help service, which includes services funded by the government's Troubled Families program, is forecasting to spend to budget. Improved performance in claiming Troubled Families reward payments for qualifying families has reduced financial risk. The assurance, given at national level, of continued funds for the Troubled Families program in the next financial year means the service has been able to maintain its current level of resource and operations.

3.3.10. To mitigate the financial position, CYP management are continuing to ensure all government UASC grants and health contributions to social care placements are fully claimed. The department has £2m of earmarked reserves in total, £0.9m of which are marked specifically as contingency, and these can be used to offset the overspend. Other mitigating actions agreed across the department should, if successful, limit the overspend to £1m.

3.3.11. There are a number of risks to the forecasts above, these are described below and key assumptions detailed in the table that follows.

3.3.12. There is a clear risk of spending more on agency social workers to cover any increase in the total number of cases. The council is committed to maintaining safe caseloads per social worker, so a sharp increase in cases as experienced in the first half of 2018/19, will cause additional overspend on the Localities' budget. To mitigate this the Early Help service works with partner organisations to prevent cases unnecessarily escalating to the Localities service. Management will also monitor use of agency workers and continue to recruit permanent staff.

3.3.13. The other main risk is the volatility of demand for social care placements for Looked after Children and Care Leavers (within the Forward Planning, Performance and Partnerships budget). The number of LAC has risen during this year from approximately 300 to 325, but this remains lower than the 400 typical of our statistical neighbours. New placements may have to be found at short notice and can be extremely expensive when a secure accommodation or residential home placement is needed.

3.3.14. Other service areas, which contain financial risks, are those with delays to savings. This includes the delay to the Youth Service Roundwood Centre saving, and the reduction of non-case holding staff. Together the delays on these savings create a pressure of £0.2m, but this has largely been contained as services have identified compensating underspend actions for this year until savings are fully implemented.

3.3.15. The forecasts include key assumptions highlighted in the table below:

Key Assumption	Downside if worse	Upside if better	Mitigations
That total case-loads in the Localities and LAC & Permanency service remain within budgeted levels of c. 2,500	The commitment to safe caseloads per caseholder means that if the total number of cases increased by 15% for the majority of the year, there would be up to £1m additional spend on social work staff.	Up to one third of caseholding staff in front line teams are agency. If caseloads reduced spend could be brought down.	Caseloads are being monitored across the service to allow management of social work resources.
The current mix of LAC and Care Leaver placements remains broadly stable throughout the year. Unit costs remain stable.	This is potentially a volatile budget. Any new individual high cost residential/secure placement can cost up to £0.3m per annum. A net increase of 10 placements with Independent Foster Agency (IFA) carers at a cost of £850 per week would cost an additional £0.4m.	If demand drops then spending will fall in line with this. i.e. 10 fewer IFA placements saves £0.4m per annum.	Brent has a track record of maintaining stable and relatively low numbers of LAC. WLA commissioning function is being used to control unit costs. Increased scrutiny from senior management on placement costs.

3.4. Community Well-Being (CWB) (GF)

Community Well-Being (GF)	Budget (£m)	Forecast (£m)	Forecast Overspend/ (Underspend) (£m)
Housing (GF)	8.8	8.8	0.0
Public Health	20.8	20.8	0.0
Culture	5.1	5.1	0.0
Adult Social Care	98.7	99.5	0.8
Total	**133.4**	**134.2**	**0.8**

3.4.1. Community Well-Being Directorate report a forecast outturn of £134.2m against a revised budget of £133.4m, resulting in an adverse variance of £0.8m. As previously reported, there are one-off pressures totalling £0.5m relating to Ordinarily resident cases that were determined to be Brent Council's responsibility. These pressures are not reflected in the forecast as they are being met from reserves.

3.4.2. The adverse variance of £0.8m is primarily due to budget pressures within the Adult Social Care division, attributable to unachieved savings due to: delays in the retender of Homecare and Day care contracts (£0.5m), and a delay in the deregistration of Tudor Gardens as a residential home to turn it into a supported living scheme (£0.3m).

3.4.3. The Adult Social Care division is exploring in-year mitigations for the £0.8m placement cost pressures in Mental Health. It is anticipated that cost recovery measures being put in place will bring this budget in balance. There is a significant risk that the £0.4m Continuing Health Care (CHC) saving will not be achieved. In order to be able to challenge health more robustly when the Council considers that social care packages should be jointly funded a dedicated CHC Social Worker has been recruited.

3.4.4. Within Adult Social Care, one-off £0.1m agency staff cost pressures in Safeguarding and Deprivation of Liberty Safeguard (DoLS) service will be mitigated by sundry forecast underspend within the service.

3.4.5. The New Accommodation for Independent Living (NAIL) programme and deregistration of Tudor Gardens are being progressed which will mitigate placement cost pressures in Adult Social Care. A financial recovery plan is being developed to address the Mental Health placement cost pressures. The full year impact will materialise in 2020/21. A staffing restructure and recruitment drive is underway in Safeguarding and DoLS service to address staffing cost pressures. Homecare and Day Care contracts are being retendered with benefits in 2020/21.

3.4.6. Housing GF reports a break-even forecast for quarter three. Although the Flexible Homelessness Support Grant (from MHCLG) was reduced from £7.8m in 2018/19 to £5.2m in 2019/20, cost controls on reducing demand for more expensive forms of temporary accommodation have helped to contain budget pressures. The Cabinet approved the renewal of House in Multiple Occupation (HMO) licensing for a further 5 years. This is anticipated to generate income and assist cost recovery within the service.

3.4.7. The Public Health funding is ring-fenced towards activities with Public Health outcomes. The core costs are based on contracts with third party providers. There have been some cost pressures arising from: price increases for key drugs c£0.2m and increases in NHS Tariffs (the set of prices charged by providers of NHS care) of about £0.1m. The Public Health Grant is sufficient to absorb these cost pressures.

3.4.8. An ownership dispute in relation to Bridge Park Community Centre presents some challenges, with the potential to create budget pressures within Cultural Services. However, the forecast for this service area is a break-even position. Promotional activities to encourage increased membership of the leisure facility is expected to increase income.

3.4.9. The forecasts include key assumptions highlighted in the table below:

Key Assumption	Downside if worse	Upside if better	Mitigations
South Kilburn has generated a significant surplus for Housing Needs in recent years. As permanent residents have decanted properties, they have been utilised by housing needs for Temporary Accommodation prior to demolition.	Up to a £0.2m additional spend could result from the impact of Regeneration vote which meant a lower utilisation of decanted properties for Temporary Accommodation.		On-going cost controls on reducing demand for temporary accommodation.
Reablement and Winter beds are funded by Brent CCG	Up to £0.8m cost pressure to Adult Social Care if the funding is not provided by Brent CCG.		Demand management.
Demand growth had been factored into the forecast at the run rate for the first half year to September 2019.	As it is the case with demand led services, if the demand growth run-rate is higher than the first six months of the year, forecast adverse variance may increase significantly.	Forecast outturn could be less by up to £2m if demands remain at current levels.	Demand management.

3.5. Customer & Digital Services

Operational Directorate	Budget (£m)	Forecast (£m)	Forecast Overspend/ (Underspend) (£m)
Customer And Digital Services Director	0.1	0.1	0.0
Customer Services	10.8	10.8	0.0
Shared ICT Service	0.0	0.0	0.0
ICT Client And Applications Support	5.9	5.9	0.0
Procurement	1.0	1.0	0.0
Transformation	3.0	3.0	0.0
Total	**20.8**	**20.8**	**0.0**

3.5.1. As at quarter three, all services within Customer & Digital Services are expected to breakeven by the end of the financial year.

3.6. Regeneration & Environment (R&E)

R&E	Budget (£m)	Forecast (£m)	Forecast Overspend/ (Underspend) (£m)
Environmental Services & Directorate	33.2	32.0	(1.2)
Regeneration Services	1.2	0.7	(0.5)
Property Services	5.8	5.7	(0.1)
Total	**40.2**	**38.4**	**(1.8)**

3.6.1. The table above reflects the budgets and the projected outturn for each of the services within R&E. There has been an increase in the net budget from the last reported quarter because of a £0.8m transfer from the CYP department for the Jewish Free School PFI budget, to be managed within Property services going forward. The department is currently forecasting a net £1.8m underspend based on current trends.

3.6.2. The forecast underspend of £1.2m within Environmental Services & Directorate is the net impact of a £1.7m underspend offset by £0.5m forecast pressures. The underspend has arisen in a number of areas, which include:

- £0.8m of the underspend is on the Public Realm contract.
- £0.6m additional income forecast within the Cemeteries & Bereavement areas based on current volumes and historic trends.
- £0.1m underspend relates to efficiencies made across the directorate to fund projects within the department which will not be utilised.

3.6.3. The £0.5m forecasted pressure in Environmental Services is within the Parking service and is predominately attributable to a reduction in expected permit sales £0.6m, reduced by a £0.1m forecasted underspend in Street Lighting, which relates to the early delivery of earmarked 2020/21 savings. The service have business plans in place to undertake mitigation measures and minimise the income shortfall.

3.6.4. Regeneration service is currently reporting a forecast underspend of £0.5m which is mainly due to two items. The first is additional income generated in Building Control of £0.2m, and the second is £0.3m arising from staffing vacancies held within Building Control, Planning and Employment Skills & Enterprise.

3.6.5. Property Services is currently reflecting a forecast underspend of £0.1m. However, there are forecast pressures within Commercial Properties of £0.2m due to the risk of an increased number of void properties. This would both cause a shortfall in income because of void properties and increased running costs (as running costs would need to be funded by the service, rather than the tenant). There are pressures of £0.1m within Health and Safety to cover the costs of audit and assurance procedures and the cost of a systems upgrade for the accident reporting system. Within the Facilities Management budget, there are forecast pressures of £0.4m arising from additional premises related costs such as ad hoc maintenance costs, security costs for Challenge house, liquid fuel cost pressures, etc. The additional premises related costs are being mitigated this year as the service has a significant one-off underspend on business rates, which has more than balanced off the £0.4m pressure.

3.6.6. There are a number of services within the department funded by income generation, which can be volatile such as Parking, Building Control, and Planning etc. There are models in place to support the forecasts, but demand may vary from the forecasts. These will also continue to be monitored closely.

3.6.7. The forecasts include some key assumptions and the table below highlights a number of these assumptions.

Key Assumption	**Downside if worse**	**Upside if better**	**Mitigations**
Parking permit sales, which saw a 4%, reduction in volumes in 18/19 compared to 17/18. Forecast assumes similar volumes to 18/19 averaging circa 28,000 sales per month and assumes a shortfall in income.	If parking enforcement activity does not meet expectations, for example, due to adverse winter weather, the growth in parking permit sales will be less than anticipated and could cause a further shortfall in income.	If parking contraventions increase and are successfully enforced, the growth in parking permit income could be higher than anticipated.	Existing business plans in place to undertake mitigation actions, including working with SERCO to increase Civil Enforcement Officer productivity.
BTS – Confirmed Passenger growth for 2019/20 and additional pension costs identified can be contained within existing funds, but there may be a risk against increased taxi usage. Forecast assumes costs would also be contained within current budget.	Increased taxi usage could result in additional spend of up to £0.2m.	Spend could potentially be reduced by £50k if existing routes are realigned.	Savings benefits from review of all routes to improve cost efficiency.
The Commercial property portfolio would be able to manage voids effectively	The service would need to cover the costs of any void properties creating a	There would be no pressures to mitigate and all required income anticipated received.	Regular reviews of the portfolio, management of long standing debtors etc.

	pressure and there would be a shortfall against the income target while the properties remains vacant. Pressure could range from £0.150m - £0.600m.		
Income generating services to achieve income targets built into the 2019/20 budgets. Any potential impact arising from Brexit has not been factored in to the forecast and this can affect income generation across various areas in this department such as planning, building control, parking etc.	Shortfalls in income would create overspends which would need to be contained.	Income generated over and above the target would increase the underspend position or be applied as a mitigating factor to pressures, which could arise in the service.	Continued use of marketing and advertising strategies to attract demand and generate income.

3.7. **Central items - Collection Fund**

3.7.1. The budgeted net collectible amount for Council Tax (after exemptions, discounts and Council Tax support) is £153m. The actual net collectible amount as at September 2019 was £151.7m, which has increased marginally since June 2019 as new properties are built within the borough and recorded with the Valuation Office Agency. It is expected to increase further during the year but is likely to achieve a small shortfall on the budget set this year. This is being closely monitored and should not have an overall impact over the timeframe of the medium term financial plan. As at the end of September 2019 the amount collected was 0.58% lower than the in-year target due to properties that have recently been completed, billed and are in arrears.

3.7.2. The budgeted net collectible amounts for Business Rates (after exemptions, reliefs and discounts) is £132.3m. The actual net collectible amount as at September 2019 is £127.1m, a decrease of £3.3m since June 2019. 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. The primary reasons for the movement since the previous quarter is; the high levels of properties taken out of commercial use (e.g., demolished or converted), successful revaluation appeal decisions, and an increase in reliefs granted to businesses (such as supporting small business relief). As at the end of September 2019 the amount collected was 1.56% below the in-year target. The percentage collected is 1.85% above the same period in the previous year. During 2018/19 a large percentage of income was received in the final period of the year.

3.7.3. Movements between the budget and actual collectable amounts affect the overall level of balances held on the Collection Fund at year end after deducting charges. The income due to the General Fund from the Collection Fund is forecast on budget with no variation expected.

3.8. **Central items - Capital financing and other central items**

3.8.1. The capital financing budget for 2019/20 is £23.3m and is currently forecast to be spend to budget, as set out below.

	£m
Interest Payable	23.5
Interest Receivable	(13.3)
Capital Financing and Minimum Revenue Provision	13.1
Total	**23.3**

3.9. **Children and Young People (DSG)**

Funding Blocks	**DSG Funding (£m)**	**Forecast (£m)**	**Forecast Overspend/ (Underspend) (£m)**
Schools Block	234.6	233.7	(0.9)
High Needs Block	56.2	61.5	5.3
Early Years Block	22.6	22.6	0.0
Central Block	2.4	2.3	(0.1)
Total DSG	**315.8**	**320.1**	**4.3**

3.9.1. The DSG is forecast to overspend by £4.3m against grant funding due to demand for High Needs education support for the increasing number of children with EHCPs (Education Health and Care Plans), and increasing numbers of young people with EHCPs staying in post-16 education. The number of EHCPs has risen from 2,176 at the end of 2018/19 to 2,291 at the start of quarter three, which represents growth of 5% in 6 months. The total pupil population in Brent is not currently growing, it remains broadly level, however there are no signs yet of a slow-down in the growth of number of EHCPs.

3.9.2. The EHCPs specify the amount and type of support an SEND (Special Educational Needs and Disability) pupil requires and so dictate the cost. The growth is a trend both in London and across England, whereby the number of children assessed as meeting the threshold for support has increased sharply since the introduction of EHCPs in 2016. The rate of increase for High Needs exceeds the growth in overall pupil numbers, but High Needs funding has not increased in line with this, creating the financial pressure. The average cost of funding the services required by an EHCP is £20k, and can range from £11k for support in a mainstream school, to £83k in highly specialist out of borough settings. These unit costs are also under inflationary pressure from increases in staffing costs.

3.9.3. It is noted that there is particular growth in the numbers of young people remaining in education in post-16 who have EHCPs and who may have to be supported from the High Needs block until the age of twenty-five, as required by the Government's SEND reforms.

3.9.4. The High Needs forecast of £61.5m is based on the number of EHCPs as at the end of September, and could continue to grow. This overspend is partially offset by a £1m contribution from the Schools block agreed during budget setting by the Schools Forum. The remaining forecast overspend will deplete the DSG reserve of £2.5m, and cause a year-end deficit in the reserve of £1.8m. At 0.6% of total DSG, this will be a relatively small deficit compared to many other London Boroughs, most of which are forecast to finish the year with their DSG reserves in deficit.

3.9.5. The underspend reported on the Schools Block of £0.9m is the net result of a planned underspend of £1.1m to offset pressures in the High Needs Block, less the increased costs of funding Secondary Schools experiencing growth in pupil numbers.

3.9.6. Within the Schools Block there is a budget of £1.4m known as the pupil growth fund, which is overspending by £0.2m. This budget underspent in previous years, and the DSG was consequently top-sliced by the DfE (Department for Education) for 2019/20. The current budget has been set in line with prior year spend, with £0.7m committed to the school based 'CAFAI' (Choice Advice and Fair Access Interview) provisions for secondary age pupils who are new entrants to the English school system. This leaves £0.7m to fund growth in pupil numbers known as 'rising rolls', but this is forecast to be insufficient. The final rising rolls funding calculations are completed in-year, and the risk of overspend mainly depends upon the year on year increase in the year 7 intake. The growth fund will be reviewed by Schools Forum for the 2020/21 financial year, as secondary pupil growth will continue to increase. The growth fund is funded by the Schools block, so the budgeted level impacts upon the amount available for the mainstream funding formula.

3.9.7. Additional High Needs block funding for Brent has been announced at £4.8m for 2020/21. This would be enough to cover the 2019/20 overspend on the High Needs block, but demand modelling indicates further increases in demand in 2020/21 of £3.5m. The DfE are currently consulting on changing the terms and conditions of the DSG grant, so that the legal position is that deficits can be recovered from subsequent year's DSG funding as part of a multi-year recovery plan. This development should protect the General Fund from having to fund the deficit. However, it is clear that any successful DSG recovery plan will require additional year on year increases in funding.

3.10. **HRA**

HRA	**Budget (£m)**	**Forecast (£m)**	**Forecast Overspend/ (Underspend) (£m)**
HRA	0.0	0.5	0.5
Total	**0.0**	**0.5**	**0.5**

3.10.1. The HRA has a balanced budget, whereby the expenditure budget of £53.2m is matched by income.

3.10.2. The HRA is forecasting an adverse variance of £0.5m, mainly relating to in-year impact of committing to London Living Wage for the Estate Cleaning Team and the associated costs of bringing the service in-house from September 2019. The Estate Cleaning function is chargeable to both tenants and leaseholders. The Housing Management Team are currently reviewing the service charges for next year, in order to provide a cost neutral cleaning service in the next financial year.

4. Conclusion

4.1. Currently, the forecast shows that the General Fund revenue financial position for the Council in 2019/20 is at breakeven. HRA and Children and Young People (DSG) are also showing an overspend position of £0.5m and £4.3m respectively.

5. Financial Implications

5.1. This report is about the Council's financial position in 2019/20, but there are no direct financial implications in agreeing the report.

6. Legal Implications

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

7. Equality Implications

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

Report sign off:

MINESH PATEL
Director of Finance