Brent	**Cabinet** 20 July 2020
	Report from the Finance Director

2019/20 Revenue and Capital Outturn Report

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt:	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s):	Minesh Patel, Director of Finance Minesh.Patel@brent.gov.uk Tel: 020 8937 4043 Ben Ainsworth, Head of Finance Benjamin.Ainsworth@brent.gov.uk Tel: 020 8937 1731

1.0 Purpose of the Report

1.1 This report sets out the outturn of income and expenditure against the revenue and capital budgets for 2019/20.

1.2 Revenue

1.1.1. Overall, the council's revenue position was breakeven. Overspends in Community Well Being, on Adult Social care, and Children and Young People, in Localities and Forward Planning, Performance & Partnerships, were offset by underspends, especially within Regeneration and Environment. Other service areas spent to budget, with minor overspends being offset by minor underspends.

1.1.2. The Housing Revenue Account (HRA) also broke even after some adjustment to its plans to address the previously forecast overspend in year.

1.1.3. Additionally, the Dedicated Schools Grant (DSG) overspent by £4.9m due to an increase in demand for pupils with special educational needs (as set out in Section 3.9).

Overall revenue financial position 2019/20

	Budget (£m)	Actual (£m)	Actual Overspend/ (Underspend) (£m)
Assistant Chief Executive	7.8	7.8	0.0
Chief Executive Department	16.6	16.6	0.0
Children and Young People	48.8	50.3	1.5
Community and Well-Being	136.6	137.2	0.6
Customer & Digital Services	21.2	21.2	0.0
Regeneration & Environment	40.2	38.1	(2.1)
Subtotal Service Area Budgets	**271.2**	**271.2**	**0.0**
Central items (including Business Rates, Council Tax and Specific Grants)	(271.2)	(271.2)	0.0
Total General Fund	**0.0**	**0.0**	**0.0**
DSG Funded Activity	0.0	4.9	4.9
Housing Revenue Account (HRA)	0.0	0.0	0.0
Overall Position	**0.0**	**4.9**	**4.9**

1.2. Capital

1.2.1. The capital programme spent £29.2m less than its budget this year. This underspend is principally due to capital projects not progressing quite as fast as planned, especially in Housing Care Investment, Corporate Landlord and Public Realm. However, 89% of the council's in year capital programme was spent in year, and most of the remainder is available to be re-phased to 2020-21, as detailed in a separate report to cabinet.

Directorate	**Full in year Budget (£m)**	**Expenditure in year (£m)**	**Over / (under) spend in year (£m)**
Corporate Landlord	10.6	5.3	(5.3)
Regeneration	4.0	4.2	0.2
St. Raphael's Estate Regeneration	1.0	0.7	(0.3)
Housing Care Investment	203.0	186.0	(17.0)
Schools	10.8	9.6	(1.2)
South Kilburn	10.6	8.8	(1.8)
Public Realm	21.2	17.4	(3.8)
Grand Total	**261.2**	**232.0**	**(29.2)**

2.0 Recommendations

2.1 To note the overall financial position.

3.0 Detail

3.1. Assistant Chief Executive (ACE)

ACE Directorate	Budget (£m)	Actual (£m)	Overspend/(Underspend) (£m)
Chief Executive Office	0.5	0.3	(0.2)
Communications	0.5	0.6	0.1
Executive and Member Services	3.6	3.7	0.1
ACE Director	0.2	0.2	0.0
Strategy and Partnership	3.0	3.0	0.0
Total	**7.8**	**7.8**	**0.0**

3.1.1. This table provides an overview of the budget reported within ACE (Assistant Chief Executive), a new directorate created during the corporate restructure that took place in June 2019. This table also includes explanations for any reported variances against the year-end outturn. In summary, while there are overspends reported in some departments, mitigating actions were taken to bring the overall position to breakeven.

3.1.2. Communications have overspent by £0.1m compared to the budget due to a shortfall in income from film and advertising. This is primarily due to the general 'cooling' of the market for film location enquiries. This is covered by underspends with Chief Executive's Office. The JCDecaux contract commenced in January 2020 will help mitigate this pressure in the long term.

3.1.3. Executive and Member Services have an overall position of a £0.1m overspend due to higher levels of spend than anticipated on translation services. However, in the long term, mitigating actions have been put in place to ensure spend is contained within their overall budget.

3.2. Chief Executive Department (CED)

CE Directorate	Budget (£m)	Actual (£m)	Overspend/(Underspend) (£m)
Legal, HR and Audit	8.8	8.8	0.0
Finance	7.8	7.8	0.0
Total	**16.6**	**16.6**	**0.0**

3.2.1. All departments within CED have spent within budget at the end of the financial year.

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

Operational Directorate/Service	**Budget (£m)**	**Actual (£m)**	**Overspend/ (Underspend) (£m)**
Central Management	1.2	1.1	(0.1)
Early Help	5.5	5.2	(0.3)
Inclusion	1.7	1.7	0.0
Localities	14.3	15.4	1.1
Looked After Children and Permanency	6.2	6.1	(0.1)
Forward Planning, Performance & Partnerships	18.1	19.1	1.0
Safeguarding and Quality Assurance	1.7	1.7	0.0
Setting and School Effectiveness	0.1	0.0	(0.1)
Total	**48.8**	**50.3**	**1.5**

3.3.1. The Children and Young People department overspent by £1.5m, an increase of £0.5m compared to the forecast outturn at Quarter 3. As part of management action to reduce the CYP overspend a mitigation plan was drawn up totalling £2.9m, however £0.3m included as part of the use of reserve assumption had already been committed. There was also an increase in the Localities overspend position of £0.2m mainly due to increased costs against the Care at Home and Direct payment budgets for the 0-25 CYP with disabilities service. The pressure overall for the department is because of the two main cost drivers i.e. the national challenge of recruitment and retention of social workers and demand for placements.

3.3.2. The Forward Planning, Performance and Partnership (FPPP) service has overspent by £1m in line with the reported position at Quarter 3. The department is managing to keep the numbers of children and young people taken into care at low levels when compared to neighbouring boroughs. At March 2020 the number of looked after children (LAC) remains low at 294 in comparison to available data of statistical neighbours in 2018/19 of 430. However, a challenge remains that these children who are in care are older, have needs that are more complex and are being placed in higher cost placements. The number of Care Leavers now aged 19-21 who were looked after has increased from 233 in March 2019 to 248 at the end of 2019/20, but the number is still lower than statistical neighbours averaging 279 in 2018/19.

3.3.3. The Quarter 3 report highlighted a pressure of £2.7m within the FPPP service with management action required to reduce the overspend to £1m. This mitigated position was achieved, due to a larger increase in the Unaccompanied Asylum Seeking Children (UASC) grant income than was previously forecast, a review of placements to ensure maximum health contributions are recovered and a contribution from a CYP reserve. These mitigating items are a total of £1.7m.

3.3.4. The Localities Service overspent by £1.1m in 2019/20. Overall the pressures in the service amounted to £2.9m. Management actions mitigating this pressure included reducing the number of agency staff, using the department's contingency and use of one off reserves. These actions totalling £1.8m reduced the overspend to £1.1m.

3.3.5. The use of agency staff has caused financial pressures. In addition, the Children with Disabilities (CWD) teams within Localities have been impacted by the increasing number of Education, Health and Care plans (EHCP). This is a national challenge and the Ofsted Annual Report 2018 stated that the level of demand for local authorities to undertake EHC needs assessments had increased by over 50% since 2015. This trend over the last 5 years evidenced locally in Brent has seen a 35% growth in the number of EHCPs. As at the end of 2018/19, there were 2,173 EHC plans and at the end of 2019/20, this number increased by 12% to 2,435. This has resulted in increased demands for children's social work and occupational therapy services.

3.3.6. The complexity of cases and turnover of staff within individual front line teams mean that in the year the Localities Service had averaged 16 more staff than the budgeted establishment, however as part of the mitigation plan to bring costs down , this number was reduced to 6.

3.3.7. The pressures mentioned above have been mitigated by underspends achieved in other services. The Early Help Service underspent by £0.3m due to an enhanced public health contribution to reflect the contribution the service makes towards 0-19 public health targets. The service, which also includes funding from the Troubled Families programme, in 2019/20, achieved a 100% performance against the programme's target and in claiming Troubled Families reward payments for qualifying families.

3.3.8. The Looked after Children and Permanency service underspent by £0.1m by the end of the financial year. This is also a demand led service however following an increase in funding allocation in 2019/20 to mitigate pressures, the service managed within budget and the underspend is due to in year vacancies held to mitigate pressures within the CYP department. There was also an underspend in the Setting and School Effectiveness service, due to the use of a non-ring fenced grant to offset pressures.

3.3.9. In 2019/20, the CYP department had a target to deliver savings of £1.4m. There was slippage due to delays to the Youth Service Roundwood savings and the reduction of non-case holding staff. These slippages have largely been contained in year as services have identified compensating underspends until the savings are fully implemented. It is not anticipated that these will lead to recurring pressures in 2020/21.

3.3.10. In 2020/21 CYP management will continue to scrutinise of the use of agency staff, and will continue to take steps to improve recruitment and retention of social workers. A shortage of social workers and other case holding staff is an acknowledged regional issue, which requires a coordinated regional approach over the medium term. In 2020/21 there remains the risk of the volatility of demand for social care placements for Looked after Children and Care Leavers. These placements will be closely monitored as 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.

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

Community Well-Being	**Budget (£m)**	**Actual (£m)**	**Overspend / (Underspend) (£m)**
Housing (GF)	10.0	10.0	0.0
Public Health	20.8	20.8	0.0
Culture	5.1	5.1	0.0
Adult Social Care	100.7	101.3	0.6
Total	**136.6**	**137.2**	**0.7**

3.4.1. Within Housing Needs, the average number of households requiring temporary accommodation fell from 2175 to 2030 when compared to the previous year. The resulting fall in expenditure was more than matched by a significant drop in grant income, with the MHCLG Flexible Homelessness Support Grant falling from £7.8m to £5.2m. Despite this reduction, a total of £1.2m of housing grants were taken to reserves to fund expenditure in future years. Within Private Housing Services, £2.2m of HMO licensing income was generated, £1m of which was put into reserves to fund future licensing activity. The council did not receive permission from central government to extend Selective Licensing for HMOs in the borough as originally intended, so this income will not be generated in future years and instead the reserve will be utilised to support this service.

3.4.2. The breakeven position on Public Health includes a movement to reserves of £0.5m. This is earmarked for the anticipated increased expenditure on Pre-Exposure Prophylaxis (PrEP) medication in 2020/21.

3.4.3. The Adult Social Care outturn position for 19/20 was £0.6m over budget. This is attributable to unachieved savings due to delays in the retender of Homecare and Day care contracts (£0.4m), and a delay in the deregistration of Tudor Gardens as a residential home to turn it into a supported living scheme (£0.2m).

3.4.4. There was a planned £0.4m Continuing Health Care (CHC) saving which was not fully achieved. However, this was offset through an over-achievement of savings delivered through the recommissioning of Housing Related Support contracts. The Council has recruited a dedicated CHC social worker to be able to challenge health more robustly when the Council considers that social care packages should be jointly funded. The effects of the recruitment of this additional support should enable this saving to be fully achieved in 20-21.

3.4.5. The Adult Social Care position was only achieved through the use of its remaining reserves drawn down to augment the in-year budget. Some of this covered one off legacy costs such as £0.5m relating to ordinarily resident cases that determine to be Brent Council’s responsibility. Elsewhere, non-recurring iBCF funding were used to offset delays on the NAIL programme.

3.4.6. An analysis of the outturn position shows some financial issues going into 2020/21, other than those relating to covid-19. The HMO licensing income will be lower in 2020/21 and the plans for the enforcement team will need to be adapted over the medium term as the HMO reserves are used up.

3.5. Customer & Digital Services

Customer & Digital Services	**Budget (£m)**	**Actual (£m)**	**Overspend/(Underspend) (£m)**
CDS Director	0.3	0.3	0.0
Customer Services	10.8	10.7	(0.1)
Digital Services (SICTS)	0.0	0.0	0.0
ICT Client and Applications	5.9	6.0	0.1
Procurement	1.2	1.2	0.0
Transformation	3.0	3.0	0.0
Total	**21.2**	**21.2**	**0.0**

3.5.1. The Customer & Digital Services directorate is a new directorate created during the corporate restructure which took place in June 2019. The final outturn for CDS is a breakeven position. Below is an explanation of the variances between departments.

3.5.2. Customer Services underspent by £0.1m due the early delivery of savings planned for 2020/21 and general vacancies across the service. ICT Client and Applications overspent by £0.1m due to additional interim costs within the Information Governance service.

3.5.3. The CDS Director cost centre previously had insufficient budget to cover planned spend as at Q3, which was rectified following review in Q4. The Procurement outturn was £0.2m higher than the Q3 forecast following the agreed capitalisation of salaries.

3.6. Regeneration & Environment (R&E)

R&E	Budget (£m)	Actual (£m)	Overspend / (Underspend) (£m)
Environmental Services & Directorate	33.3	31.8	(1.5)
Regeneration Services	1.0	0.5	(0.5)
Property Services	5.9	5.8	(0.1)
Total	**40.2**	**38.1**	**(2.1)**

3.6.1. The underspend of £1.5m within the Environmental Services & Directorate area is the net impact of a £2.8m underspend offset by £1.3m pressures.

3.6.2. The underspends of £2.8m have occurred in a number of services, which include:

- £1m underspend on Public Realm contact due to a reduction in waste tonnage that resulted in higher than anticipated income, as well as over provisions for property growth and for rebasing of recyclate in line with the terms of the contract.

- £0.8m underspend due to additional income generated above the budgetary expectations. This includes additional income from cemeteries, improved income performance relating to permits and fixed penalties, increased income from licensing and larger than expected collection of court costs.

- £0.7m underspend relating to continued scrutiny of departmental spend and general efficiencies across the directorate, as well as releasing funds set aside for projects across the departments that did not materialise.

- £0.3m underspend on staffing costs as a result of prolonged staff vacancies, new vacant posts not yet filled or new staff not yet on the higher spinal point.

3.6.3. The £1.3m pressure includes:
- £1m under-recovery of income within the Parking service; and
- £0.2m overspend in Brent Transport Services.

3.6.4. The pressure in the Parking service is due to a £0.5m shortfall in permit income and £0.2m lower level of diesel surcharge permits sold compared to the budget savings target, as well as £0.2m fall in income due to decreased motoring activity as a result of the government’s social distancing measures. The overspend in Brent Transport Services is due to identified additional cost pressures around taxi routes and the staffing contract with Drake as a result of the increase in passenger numbers this year.

3.6.5. The underspend in the Regeneration Services is predominately attributable to two factors. The first factor is additional income generated from planning fees resulting in £0.4m over-achievement in the Development Control area. The second factor is £0.2m underspend in Building Control due to staffing vacancies whilst the new structure for the team is implemented.

3.6.6. The Property Services underspend for the year is £0.1m and is a net result of a £0.3m underspend reduced by £0.2m pressures. A £0.3m underspend is a result of Business Rates charge for 2019/20 being lower than budgeted (one year impact only) and £0.1m underspend is due to cleansing of old accruals that are no longer needed. The overspend of £0.2m is within the Knowledge and Strategy service and is largely attributable to additional agency resource that was required.

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 net collectible amount at year-end was £151.8m, a slight increase of £0.1m since December 2019 as new properties were completed within the borough and recorded with the Valuation Office Agency. The overall shortfall against the budget is due to total number of new properties in the borough being completed later than forecast and therefore having a reduced effect on the tax base. At year-end the amount collected was 0.16% 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 net collectible amount at year-end was £123.5m, a decrease of £3.6m since December 2019. The primary reasons for the movement since the previous quarter are: 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. At year-end the amount collected was 0.47% below the in-year target and 0.79% below the amount achieved in the previous 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 turned out on budget.

3.8. Dedicated Schools Grant

Funding Blocks	DSG Funding (£m)	Outturn (£m)	Over/ (Under)spend £m
Schools Block	229.9	230.9	1.0
Sixth Form funding	3.6	3.4	(0.2)

High Needs Block	58.7	62.5	3.8
Early Years Block	24.6	25.2	0.6
Central Block	2.3	2.0	(0.3)
Total DSG	**319.1**	**324.0**	**4.9**

3.8.1. The Dedicated Schools Grant (DSG) expenditure budget for 2019/20 was a total of £319.1m, which consists of £316.6m of grant income and £2.5m of DSG reserves, released in consultation with Schools Forum as one off funding.

3.8.2. Overall the DSG is in deficit of £4.9m, mainly due to pressures against the High Needs block, the pupil growth fund within the Schools Block, and the Early Years block allocations. This is the first year that the Council's DSG budget will be in a deficit position, however it is the same challenge faced by most Councils including most London Boroughs that had forecasted to be in deficit positions at the end of 2019/20. The DfE regulations (the School and Early Years Finance (England) Regulations 2020) make clear the requirement for any DSG deficit balance to be held within the local authority's overall DSG and carried forward to be funded from future years funding and/or recovery plans agreed with the DfE. This also means that authorities cannot fund a deficit from the general fund without the Secretary of State's approval.

3.8.3. The schools block deficit of £1m is mainly due to a £1.4m pressure against the growth budgets, which covers the cost of the choice and fair access panel (CAFAI) arrangements for new arrivals to Brent schools, as well as the impact of rising rolls in schools as pupil numbers grow. The growth in pupil numbers has mainly been within the secondary school phase and in 2020-21, this budget has been increased in line with forecast secondary growth following a consultation with schools and with the agreement of Schools Forum.

3.8.4. The pressure was offset by underspends in other schools block funded budgets, including a £0.2m underspend on the funds allocated to schools, mainly due to changes to National Non-Domestic Rates (NNDR) allocations. The original allocations were prudently estimated to ensure there was enough funding overall to cover any NNDR rate increases. Following a revaluation in 2019/20, schools funding has been updated to account for these changes.

3.8.5. The early years block which passes on 95% of its funding to providers totals £24.7m and this includes a £1m contribution from reserves to mitigate a pressure due to a prior year adjustment to DSG income, which resulted in a £1m underspend in 2018/19 as a result of take up being lower than anticipated. The deficit of £0.6m is mainly due to pressures arising from the impact of maintaining 2-year-old provision at £6 per hour, a higher rate of funding than that received from the DfE.

3.8.6. The central services block of the DSG totals £2.3m and underspent by £0.3m. This is mainly due to underspends against the cost of the admissions service, which follows team restructures and system changes relating to improvements in the digital delivery of admissions support.

3.8.7. The overspend in the high Needs block is complicated and is explained by the table below, and the following paragraphs:

DSG High Needs Block	**Net Budget (£m)**	**Outturn (£m)**	**Variance (£m)**
Place funding in Brent Special Schools and ARPS	8.1	8.2	0.1
Top up funding in Brent Special Schools and ARPs	15.8	16.3	0.6
Top ups to mainstream settings in Brent	10.3	10.0	(0.2)
Targeted Funding	0.1	0.1	0.0
Post 16 Top ups	2.1	3.8	1.7
Out of Borough top ups	1.8	3.7	1.9
Residential and independent settings	8.3	8.9	0.5
Pupil Referral Units	3.0	2.9	(0.1)
Education Otherwise/ Awaiting Placement	0.8	0.5	(0.3)
Recoupment Income	(0.3)	(1.6)	(1.3)
Early Years Inclusion Fund	1.1	1.4	0.3
Support for Inclusion	1.0	1.2	0.2
SEN services	6.7	7.3	0.7
High Need Block- Income	0.0	0.0	(0.3)
Total Expenditure: High Needs Block	**58.7**	**62.8**	**3.8**

3.8.8. The high needs block budget in 2019/20 is supported by £1.1m (or 0.5%) of Schools Block income and by £1.5m of DSG reserves. The overall budget is in a £3.8m deficit. This is predominantly due to pressures of £4.5m against the high needs placements budgets, with the significant growth in the number of children with Education, Health & Care Plans (EHCPs) being the main driver of this pressure. This deficit also includes a £1.7m pressure on the post-16 placements budget, which is seeing an exponential annual increase in EHCP numbers as young people with EHCPs can now stay in education until the age of 25. The pressure also includes £0.5m additional charges for placements in other boroughs where the school is above capacity however, the DFE have recently confirmed that this charge should not be incurred by the commissioning local authority. It is therefore expected that this will be a significant cost avoidance in 2020-21.

3.8.9. Pressures amounting to £1.5m in the high needs placements budgets are also due to significant increases in expenditure against out of borough placements in mainstream and special schools, as well as residential and independent schools, where there have been significant increases in the number of EHCPs in the reception year group. The increases in numbers of EHCPs have also had a knock on effect on other high needs block funded services, such as the Educational Psychology Service and Speech & Language Therapy Service, which together result in an additional £0.8m pressure. These pressures have partly been mitigated by underspends of £0.7m on recoupment income received from other Local Authorities.

3.8.10. The DSG budget set for 2020/21 does not recover any of the deficit incurred in 2019/20 and the deficit will be disclosed as an earmarked usable reserve in line with DfE regulations (the School and Early Years Finance (England) Regulations 2020). The regulations make clear the requirement for any DSG deficit balance to be held within the local authority's overall DSG and carried forward to be funded from future year's funding and/or recovery plans agreed with the DfE.

3.8.11. Longer-term actions will be required to recover the deficit and a task group will be set up by the council to coordinate and monitor these actions. Some of these actions to reduce costs and mitigate the deficit include developing Alternative Provision education in the borough, increasing the amount of special provision within the borough for secondary phase pupils and 16-25 year old SEND students. The work of the DSG High Needs task and finish group has been slightly delayed due to Covid-19.

3.8.12. Also, new Additionally Resourced Provisions (ARPs) are being developed utilising the West London Alliance (WLA) of Local Authorities to develop its commissioning arrangements to address cost pressures for the High Needs block and a full and comprehensive banding review of EHCP funding. A combination of these longer-term recovery actions and anticipated funding increases will reduce the deficit.

3.9. HRA

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

3.9.1. The HRA has a balanced budget, whereby the expenditure budget of £53m is matched by income. The outturn for 2019-20 is in line with budgets. During the year, HRA faced budget pressure of £0.5m, mainly relating to in-year impact of committing to London Living Wage for the Estate Cleaning Team and associated costs of bringing the service in-house from September 2019. This budget pressure was mitigated through a combination of favourable variance on budgeted cost of financing on new borrowing £0.2m, and service charge recovery from leaseholders £0.3m.

3.10. Capital

Directorate	Full year Budget (£m)	Expenditure (£m)	Over / (under) spend (£m)
Corporate Landlord	10.6	5.3	(5.3)
Regeneration	4.0	4.2	0.2
St. Raphael's Estate Regeneration	1.0	0.7	(0.3)
Housing Care Investment	203.0	186.0	(17.0)
Schools	10.8	9.6	(1.2)
South Kilburn	10.6	8.8	(1.8)
Public Realm	21.2	17.4	(3.8)
Grand Total	**261.2**	**232.0**	**(29.2)**

3.10.1. The Council has an ambitious five year capital investment programme totalling £1.1bn which is financed from a combination of capital receipts, Council's resources and external borrowing.

3.10.2. The Council spent £232m, this equates to 89% of the approved capital programme budget and was under spent to budget by £29.2m or 11% as shown in Table 1 below. The underspend is planned to be carried forward to 2020/21 financial year. The reasons for the underspend to budget are explained below.

- Corporate Landlord – £5m loan was profiled to be made to the United College Group (UCG) for development works on their north west college site in year.

- Regeneration – Overspend due to Morland Gardens project commencing earlier than planned.

- St Raphael's Estate – Budget allocated to design procurement not fully spent in the year to be carried forward to next year.

- Housing Care Investment – £6m underspend on street properties acquisition programme to reduce housing pressure to be continued in 2020/21. The underspend is due to difficulties in identifying and securing a suitable pipeline of street properties and identified properties not producing the target yield required to make the acquisition viable. This was partly driven by property market conditions due to Brexit and economic uncertainty. £5m due to delayed works at some sites (Honey Pot Lane, Learie Constantine securing vacant possession and agreeing leases, BICC redevelopment and Brondesbury Road clinic) and restricted access to residents block to undertake planned works due to the coronavirus pandemic. £6m on Key Worker units acquisition payment profiled in year will be made in 2020/21.

- Schools – £1.8m on annual maintenance programme and schools expansion programme planned to be carried forward and completed in 2020/21.

- South Kilburn – underspend relate to delays on acquisition of schemes (William Dunbar and Saville, Crone Court and Austen House) planned in the year.

- Public Realm – £3.8m underspend across infrastructure improvement programmes (such as landscaping, sports and culture, and highways s106 schemes) and footways work delayed with some planned works stopped due to the COVID-19 outbreak will recommence in 2020/21.

3.11.3. As the end of the financial year saw the outbreak of the coronavirus (COVID-19), the government imposing a lockdown across the UK and disruption to construction activities, the Council is continually reviewing its capital programme to assess the financial and delivery implications of the crisis on programmes and projects planned to be completed within the next financial year. With the exception of a few contractors/companies that ceased working on site or reduced their site activities but are now resuming as from May onwards, most of our capital programmes and projects have been progressing albeit with social distancing measures in place. There are no material impacts anticipated from the recent review undertaken.

4.0 Financial Implications

4.1 This report is about the Council's financial position in 2019/20. There are no direct financial implications in agreeing the report.

5.0 Legal Implications

5.1 Managing public money responsibly is key legal duty. There are no direct legal implications in agreeing the report.

6.0 Equality Implications

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

7.0 Any Other Implications (HR, Property, Environmental Sustainability – where necessary)

7.1 Not applicable

8.0 Proposed Consultation with Ward Members and Stakeholders

8.1 Not applicable

<u>Report sign off:</u>

Minesh Patel
Finance Director