Brent	**Cabinet** 16 January 2023
	Report of the Corporate Director Finance and Resources

Quarter 3 Financial Report 2022/23

Wards Affected:	All
Key or Non-Key Decision:	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:	One: Appendix A: Savings Delivery Tracker
Background Papers:	N/A
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1. Summary

1.1. This report sets out the current forecast of income and expenditure versus the revenue budget for 2022/23 and other key financial data. Total pressures for the year are forecast to amount to £3.2m.

1.2. The £3.2m forecast overspend is made up of £1.6m pressures within the Dedicated Schools Grant (DSG), £2.3m pressures within the Children and Young People Directorate and partially offset by a £0.7m underspend within the Central Items budget.

1.3. The 2022/23 budget was set to accommodate the immediate short-term pressures arising as a result of the COVID-19 pandemic, for example income losses and increased demand in social care. The effects of COVID-19 also pose long-term financial risks to the Council, with the level of income generated potentially at risk, which could materialise through lower Council Tax and Business Rates collections. The 2022/23 budget is shown in the table

below and represents the budgets in the new corporate structure. Appendix B shows how the budget has moved from the old directorates to the new directorates. The 2022/23 budget includes a £2.7m savings target, which was agreed in February 2022, and Appendix A sets out the progress in delivery and any mitigating actions where relevant.

	Budget	**Forecast**	**Overspend / (Underspend)**
	£m	**£m**	**£m**
Adult Social Care and Health	127.4	127.4	0.0
Children and Young People	62.1	64.4	2.3
Communities and Regeneration	9.3	9.3	0.0
Governance	13.9	13.9	0.0
Finance and Resources	15.4	15.4	0.0
Resident Services	75.1	75.1	0.0
Subtotal Service Area Budgets	**303.2**	**305.5**	**2.3**
Central Items	(303.2)	(303.9)	(0.7)
Grand Total General Fund Budgets	**0.0**	**1.6**	**1.6**
DSG Funded Activity	0.0	1.6	1.6
Housing Revenue Account (HRA)	0.0	0.0	0.0
Net Total	**0.0**	**3.2**	**3.2**

DSG gross income and expenditure			
	Budget	**Forecast**	**(Under)/ Overspend**
	£m	**£m**	**£m**
DSG			
Income	(207.9)	(207.9)	0.0
Expenditure	207.9	209.5	1.6
Total	**0.0**	**1.6**	**1.6**

HRA gross income and expenditure			
	Budget	**Forecast**	**Under/ (Over)spend**
	£m	**£m**	**£m**
HRA			
Income	(52.7)	(52.7)	0.0
Expenditure	52.7	52.7	0.0
Total	**0.0**	**0.0**	**0.0**

1.4 At the time of writing, there are significant risks and uncertainty associated with inflation and pressures the Council may face as a result of the cost of living crisis. Inflation, as measured by the Consumer Prices Index, reached 11.1% in October and is currently at 10.7%. Given that many contracts increase in price based on inflation as measured at a specific month, (e.g. every September) this creates a significant risk for this financial year that costs could grow faster than forecast if inflation is higher than currently forecast. Should this occur, the Council will need to find in-year efficiencies in order to keep the budget in balance. As a last resort, the Council may need to utilise reserves to fund any further in year pressures.

1.5 There are also significant risks in the Council's Capital programme, with a forecast slippage of £35.6m and an underspend of £0.2m. This slippage is largely attributable to South Kilburn, Public Realm and Regeneration, with the underspends being largely offset by overspends in both the General Fund and HRA Housing programmes. The table below shows the forecast position for each Capital Directorate:

Directorate	Original Budget	Revised Budget	Current Forecast	FY Variance	
	£m	£m	£m	£m (Underspend)/ Overspend/	£m (Slippage)/ Brought Forward
Corporate Landlord	5.3	17.3	14.1	1.7	(5.1)
Housing GF	103.5	79.3	79.6	0.6	(0.3)
Housing HRA	47.1	59.4	60.1	2.8	(2.1)
PRS I4B	0.8	19.9	18.0	0.0	(1.9)
Public Realm	11.9	21.3	16.2	(0.5)	(4.6)
Regeneration	48.4	9.4	2.9	(1.3)	(5.2)
Schools	10.5	12.4	8.7	(3.5)	(0.2)
South Kilburn	22.5	26.4	10.2	0.0	(16.2)
St Raphael's	2.2	1.9	1.9	0.0	0.0
Total	**252.1**	**247.3**	**211.7**	**(0.2)**	**(35.6)**

1.6 The provisional Local Government Finance Statement was announced on 19th December 2022. The impact of this will be reported to Cabinet on 6 February

2023 as part of the Budget and Council Tax Setting report with the final settlement figures included in the reported to Full Council on 23 February 2023.

2. Recommendation

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

2.2 That Cabinet note the savings delivery tracker in Appendix A and detailed in Section 3.7 of this report.

2.3 That Cabinet approve the virements detailed in Section 3.7 of this report.

3. Revenue Detail

3.1 Adult Social Care and Health

Adult Social Care and Health	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Adult Social Care	104.5	104.5	0.0
Public Health	22.9	22.9	0.0
Integrated Health Partnerships	0.0	0.0	0.0
Total	**127.4**	**127.4**	**0.0**

Summary

3.1.1 Adult Social Care and Health is forecasting a breakeven position in Quarter 3.

3.1.2 Adult Social Care and Health was also forecasting a breakeven position in Quarter 2. Whilst the Quarter 3 position is still forecast to breakeven, there are some material variances explained in more detail below.

3.1.3 Mental Health (MH) are forecast to overspend by £0.9m at Quarter 3, largely due an increase in demand on supported living placements. Since June 2022 we have seen an 11% rise in client numbers (18 service users), and we currently have several long-stay service users being supported.

3.1.4 Occupational Therapy has a projected overspend of £0.5m. We have seen an increase in the Millbrook equipment costs, rising by an average of £0.05m a month compared to 2021/22 to date. 62% of costs are recharged to Health, so bear most of the increases, but a review is required to determine the cause of the increase.

3.1.5 Partially offsetting these pressures, there is a forecast underspend in Day Care services of £1.0m. The service, both internally and externally, are still being impacted by COVID-19 and it is yet to be seen if they will return to pre-

COVID numbers (369 service users in January 2020 compared to 303 in October 2022).

3.1.6 It has now been confirmed that Brent will receive an additional £2.4m funding from Government this financial year (£1.1m funding directly to the Local Authorities and £1.3m via the Integrated Care Board to be pooled together) to support with the pressures continuing to be faced by Local Authorities with delays to discharging people from hospital. The additional funding alongside Council resources will be utilised to provide additional staffing and funding for home care. The resource utilisation and new funding partially mitigates the pressures identified in Q2.

Risks and uncertainties

3.1.8 Within Adult Social Care, longer term effects of the pandemic, demographic and inflationary pressures, as well as uncertain implications of the fair cost of care and social care reforms, all pose financial risks to the budget. Whilst the planned social care charging reforms have been delayed from October 2023 to October 2025, the sector must still work to ensure sustainable rates for care are paid with fair cost of care funding from the Government continuing for the next two years.

3.1.9 The cost of living crisis and the steep rise in inflation, heating and fuel costs may have an impact on spot placement requests from providers or providers looking for an in-year fee uplift to offset cost pressures. For 2022/23, the Adult Social Care budget was increased in order to meet projected demographic growth demand and inflationary increases. Due to continued rises in inflation this creates additional risk and uncertainty, and care package budgets are therefore being monitored closely whilst any placement fee increase requests from providers are also being reviewed in detail.

Savings and Slippages

3.1.10 A £0.1m saving is planned to be delivered from the ASC budget in 2022/23. This is expected from the continued increase in the number of people going through reablement, creating better quality reablement and clearer pathways, and minimised costs. There are currently no slippages anticipated against the delivery of this saving.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if better	Mitigations
The Adult Social Care providers' costs will increase to the anticipated level in line with inflationary assumptions.	A 1% increase on the cost of care packages could result in a £0.7m pressure.	A 1% decrease on the cost of care packages could result in a £0.7m reduction in	The Council is working closely with the service providers and provides robust challenge of individual package costs based

		anticipated costs.	on evidence as part of placement reviews.
Client numbers and unit costs stay within the forecast range	Additional budget pressures should there be clients beyond those predicted in the forecast	Client numbers falling below those forecast would reduce costs	The Council are monitoring both client numbers and package costs for each service. This should allow for early identification of pressures so mitigating actions can be taken.

3.2 **Children and Young People (CYP) (General Fund)**

CYP Department	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Central Management	0.9	0.9	0.0
Early Help	4.9	4.6	(0.3)
Inclusion	2.9	2.9	0.0
Localities	21.0	21.7	0.7
Looked After Children and Permanency	7.3	7.5	0.2
Forward Planning, Performance & Partnerships	23.4	25.1	1.7
Safeguarding and Quality Assurance	2.0	2.0	0.0
Setting and School Effectiveness	(0.3)	(0.3)	0.0
Total	**62.1**	**64.4**	**2.3**

Summary

3.2.1 There is currently a projected gross expenditure pressure of £4.3m within the Children and Young People department due to increased demand for placements and the impact of the use of agency staff for social work roles. The services where pressures are against are Forward Planning Performance and Partnerships (FPPP) which holds the placements budgets, Localities and Looked after Children and Permanency (LAC&P). However, mitigating actions put in place have reduced the pressure to a projected overspend of £2.3m in Quarter 3. This is a £0.6m increase compared to a reported pressure of £1.7m in Quarter 2. The increase has occurred due to additional pressures arising from placing children in residential homes (FPPP budget). The average number of children placed in residential placements has increased from 25 full-time equivalent (FTE) in 2021/22 to 34 FTE by 2022/23.

3.2.2 Actions undertaken by the department to control spend and mitigate the pressures in year so far amount to £2m and are included in the forecast. These are:

- £1.2m planned stepdown arrangements from residential placements to foster placements and/or semi-independent placements for young people aged 16+, and measures to move 21+ semi-independent placements into independent living arrangements.

- Holding posts vacant where possible across the department and detailed reviews of agency use to reduce the numbers across the department where it is safe to do so - £0.3m.

- Ensuring full adherence to the London-wide pledge that has been in place since June 2022 to manage the agency market more effectively and contain inflationary pressures on hourly rates for social workers and ensuring that all agency staff take a minimum of 20 days holiday during the financial year - £0.4m.

- A freeze on any non-statutory spending with approval for all spend over £1k being escalated to director level - £0.1m.

3.2.3 The department continues to put management actions in place to control spend. There is regular review of the contributions that health is making to individual residential placements with cases taken to a Joint Funding Panel to ensure that relevant agencies are contributing equitably to costs. The Quarter 2 report raised the issue of a forecast pressure against the (CWD) income from Health, and following review meetings, there has been an improvement and this shortfall has reduced from £0.4m to £50k. The additional scrutiny of non-discretionary spend is seeing a reduction in requests made at Children's Placement Panel. The department is prioritising reviews of the current payment processes and a deep dive into placement commissioning to identify opportunities for new approaches and efficiencies. This will report back in February 2023.

Forecast

3.2.4 The Forward Planning, Performance and Partnership service has a pressure against the placements budget of £2.9m. However, the planned mitigating actions as set out in the summary above have reduced the overall forecast pressure to £1.7m, reflecting a £1.2m increase from the Q2 position (£0.5m). The pressure is due to the following factors:

- £1m pressure due to an increase in the number of children placed in residential homes with 5 new placements on high weekly costs ranging from £7,500 per week to £10,600 per week. The pressure is the knock-on effect of an increase in children who require specialist provision that can support complex mental health needs but who do not meet the criteria for a tier 4 hospital setting.

- £0.4m pressure against the semi-independent provision budget supporting care leavers based on an increased demand, where overall numbers have increased by 23% compared to 2021/22. This increase is mainly due to the number of Unaccompanied Asylum-Seeking Children (UASC) who as care leavers need to be accommodated until the Home Office makes an asylum determination. There have been well-publicised national issues with the slowness of the asylum decision making process.

- £0.3m pressure because of the slippage of the savings target against a project to use the Gordon Brown Centre (GBC) to support looked after children and care leavers to develop their life skills for independent living which would result in cost avoidance against the placements budget. Adaptations for buildings to ensure full accessibility and allow expanded use of the GBC alongside core business were planned for completion by December 2023. These are behind schedule with completion anticipated by May 2024. Once in place, extended use of the GBC will generate additional income. As a result of the slippage, the saving cannot be achieved in 2022/23.

3.2.5 The pressure identified against the Localities service of £0.7m is a reduction of £0.1m compared to the reported Quarter 2 position mainly due to an improvement in the health contributions mentioned in the CYP summary section above. However, this is offset by demand led pressures against the Care at Home and Direct payment budgets for Children with Disabilities (CWD) i.e., £0.3m of the forecast overspend in Localities. The other £0.4m of the forecast overspend is due to staffing pressures, as the service currently relies on the use of agency staff to cover vacant positions and some long-term staff absence to manage caseloads. It remains a challenge to recruit permanent social work staff resulting in agency staff being in post for longer. Details of the current challenges were presented to the General Purposes Committee in November 2022 that set out agreed actions.

3.2.6 There is a £0.2m pressure against the LAC&P service which is a reduction from the previously reported position of £0.5m. This reduction is because of the use of £0.18m Unaccompanied Asylum-Seeking Children's (UASC) grant income allocated to fund the associated legal costs and following a review of the assumptions for the use of agency staff in the contact team. The overall pressure is due to the use of agency staff to cover vacant social work positions to keep caseloads manageable.

3.2.7 The underspend of £0.3m in Early Help is mainly due to the impact of in year vacancies which have been held across the service as part of a mitigating action, to support the pressure in the department.

Risks and uncertainties

3.2.8 The main risks and uncertainties impacting on the CYP department include issues such as inflationary pressures resulting in providers increasing costs significantly and the impacts on the cost-of-living crisis on care leavers and on vulnerable families, increasing demand and the impact of the Covid-19 pandemic. Continuing and long-term pressure implications will require additional intervention and solutions to be identified to achieve the outturn illustrated.

3.2.9 Recruitment and retention of skilled and experienced social work staff remains a risk in Localities, Looked After Children, and Permanency (LAC&P) services and this is evident with the increased pressure in the Q3 forecast as the services are still reliant on agency staff.

3.2.10 Across the Localities service agency staff occupy 44% of the establishment. Caseloads have remained consistently high since last year although the restructure has helped maintain safe caseloads per social worker. As at October 2022, there were 2969 open cases, which is 3% higher than October 2021. If demand continues to grow, this could create added pressure in these areas. Caseload levels and the use of agency staff will continue to be monitored and the drive to recruit permanent staff will continue.

3.2.11 The volatility surrounding the placements budget for looked after children (LAC) is a key challenge. If demand for residential placements continue to increase, this will increase the pressure as an individual high cost residential or secure placement can cost over £0.3m per annum. Ofsted are strengthening their reviews of children’s Residential Homes and there is a risk that this could lead to a reduction in the number of homes, causing higher demand for the rest of the homes and higher costs for local authorities competing for the same places. In response Brent has been successful in a DfE bid to build and run a children’s home which will help to manage costs and improve placement sufficiency. The home is expected to be operational in 2024/25. Brent is also joining a pan-London vehicle to ensure greater sufficiency of secure welfare residential placements which will be operational in 2025.

3.2.12 There is the risk of additional cost pressures being passed on to local authorities from semi-independent provisions due to the DfE introducing mandatory national standards from April 2023, which will be overseen by an Ofsted-led registration and inspection regime. The average weekly cost for semi-independent accommodation is c£844 per week for a looked after child and £731 per week for Care Leavers, and there is a risk that the weekly cost of both could increase by as much as 50%

3.2.13 The Children with Disabilities budget within the Localities service funds the care costs for children with Education, Care and Health Plans (EHCPs). There remains a risk that further increases in EHCPs would put additional pressure on the care packages budgets in this area and impact on staffing costs. The annual growth of EHCPs, whilst below national average, remains in the 5-7% range. Brent is working with a delivery partner as part of a DfE funded programme to return to a balanced financial position in relation to the High Needs Block of the Dedicated Schools Grant.

3.2.14 The forecast position is also dependent on estimated income from the Home Office for (UASC) and Care leavers of c£3m and health contributions from the ICP of £1.9m. There is a risk that, without effective joint operating agreements, health contributions could reduce, increasing the pressure against the CWD and placement budgets. In summary, any major fluctuations in these income streams would have an impact on the final outturn position. In mitigation, effective work in the last 3 months to build more robust systems for allocating local authority and health funding has reduced this risk.

Savings and Slippages

3.2.15 The department has a £0.3m savings target against a project to use the Gordon Brown Centre to support looked after children and care leavers to develop their life skills for independent living. The slippage is currently reflected as a pressure against the placement budget detailed in the FPPP forecast paragraph above.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if better	Mitigations
LAC and Care Leaver placements forecast assumes numbers of 800 and unit costs reflect current trends.	An increase in the number of high cost residential or secure placements would place pressure on the budget e.g., an increase by 4 placements in year, could cause an in-year pressure of c£0.6m (and £1.2m per annum)	Increased step-down arrangements result in falling number of residential placements. A single stepdown from a residential placement to a semi-independent placement could reduce expenditure by c£0.1m in-year.	Ongoing review of packages for best outcomes and focus on stepdown arrangements to support children to transition from residential to foster and/or semi-independent placements. Supporting the transition of care leavers to their own tenancies, to improve outcomes and independence. Innovative support and partnering with Health for CYP Mental Health and Wellbeing, among other preventative measures.
Health contributions for CYP placements and Children with Disabilities (CWD) packages will be lower than the 2021/22 levels.	The spend will not be mitigated by these contributions in proportion to the overall demand.	It will assist in mitigating overall net spend.	Maximising joint funding approaches with health to ensure contributions to placement costs where applicable. Targeted activity across ICS to ensure consistency in Continuing Health Care funding.

Pressures arising because of the Covid-19 pandemic will be managed within the growth funds allocated in 2022/23 as part of Business As Usual costs (BAU).	It may create overspends which the department may not be able to mitigate.	More likely to stay within budget as growth provided more likely to cover expected increases.	Ongoing monitoring and reporting to ensure management action is taken as early as possible to enable mitigation.
Mix of social work staff and caseloads in the Localities and LAC & Permanency service to include the use of agency staff.	If increases of 15% during the year, there could be up to £1m additional spend on agency social work staff to manage the pressure	There would be a reduction in the use of agency staff and the reduced caseloads could be attractive to social workers seeking permanent roles.	Continued management action to monitor caseloads across the service and review and manage social work resources.

3.3 Communities and Regeneration

Communities and Regeneration	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Communities and Strategy	4.7	4.7	0.0
Regeneration	4.6	4.6	0.0
Total	**9.3**	**9.3**	**0.0**

Summary

3.3.1 Communities and Regeneration is currently forecasting a break-even position for 2022/23.

Communities and Strategy

3.3.2 The Homes for Ukraine scheme has resulted in 363 hosts having signed up to host 666 guests. 277 guests have already arrived in Brent, and these include 62 children. The government is providing funding of £10,500 per person to cover all the checks required, initial cash payments to refugees, support in areas such as finding work, accessing benefits and learning English, rematching refugees with new hosts should the relationship break down and helping them move on to other suitable accommodation when the hosting comes to an end. The Council is also responsible for administering Thank-you payments to hosts each month for up to a year while they host their Ukrainian guests Implementing this scheme has placed a significant administrative and financial burden on the Council that requires a cross council approach, specifically from Adult Social Care, Children's Social Care, Housing and Legal services.

3.3.3 The Council have accepted and support seven Afghan refugee families. There is also three family who will be moving to Brent, under the Find Your Own Home part of the Afghan resettlement schemes, which Brent has accepted and will also support. The government is providing time limited funding, based on the number of Afghan refugees in the borough. The successful settlement of Afghan refugees permanently in the borough will require the Council to provide ongoing services to many of the refugees including support to move into permanent secure housing and education. Although there aren't any bridging hotels in Brent, there are some in neighbouring boroughs. If suitable accommodation is not found for refugees there is a real risk that some will become homeless causing additional pressures, Brent has already accepted the homeless duty for seven families. We are able to apply for the same funding under the ARAP or ACRS scheme for these families, but this diminishes year on year. The homelessness costs will fall on the Council along with cost of providing long term support needed by many refugee families.

Regeneration

3.3.4 The Regeneration department are forecasting a break-even position for the financial year. There is an under-achievement of income, largely in the Planning department, however this is being offset by an underspend in salaries across the department.

Risks and uncertainties

Communities and Strategy

3.3.5 The main financial risks of the Homes for Ukraine scheme are that the government has so far only committed to funding the programme for one year and there remains potential for significant costs helping refugees find alternative accommodation and housing them in temporary accommodation if the host relationship breaks down and/or when the scheme comes to an end.

Regeneration

3.3.6 The main risk in Regeneration is the uncertainty surrounding the potential for sustained under-achievement of income as a result of the current economic climate. Income in this area is being closely monitored and mitigating are being explored.

Savings and Slippages

3.3.7 A £0.1m efficiency saving is planned to be delivered from the department budgets in 2022/23. This saving is on track and there is currently no slippage anticipated.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if better	Mitigations
Application and Pre-application fee income will continue to be lower than the income target for the rest of the financial year	Lower than forecast fee income will create budgetary pressures within the Regeneration department	Higher income volumes will generate additional revenue for the Council	Continuous monitoring of the fee income to identify budgetary pressures as early as possible

3.4 Governance

Governance	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Legal Services	5.1	5.1	0.0
HR Services	3.9	3.9	0.0
Executive & Membership	3.9	3.9	0.0
Procurement	1.0	1.0	0.0
Total	**13.9**	**13.9**	**0.0**

Summary

3.4.1 The Governance Services are forecasting a break-even position for 2022/23.

Risks and uncertainties

3.4.2 There are no materials risk for this department at present.

Savings and Slippages

3.4.3 A £0.1m efficiency saving is planned to be delivered from the department's budget in 2022/23. This saving is on track and there is currently no slippage anticipated.

3.5 Finance and Resources

Finance and Resources	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Finance	8.9	8.9	0.0
Audit & Investigations	1.1	1.1	0.0
Shared Technology Services	0.2	0.2	0.0
Property & Assets	5.2	5.2	0.0
Total	**15.4**	**15.4**	**0.0**

Summary

3.5.1 Property and Assets are forecasting a breakeven position.

3.5.2 Finance, Audit & Investigations and Shared Technology Services are forecasting a breakeven position.

Risks and Uncertainties

3.5.3 There are no materials risk for this department at present.

Savings & Slippages

3.5.4 A £0.1m efficiency saving is planned to be delivered from the department's budget in 2022/23. This saving is on track and there is currently no slippage anticipated.

3.6 Resident Services

Resident Services	Budget (£m)	Forecast (£m)	Overspend /(Underspend) (£m)
Resident Services Directorate	0.4	0.4	0.0
Customer Access	16.5	16.5	0.0
Housing	3.1	3.1	0.0
Environment and Leisure	43.9	43.9	0.0
Transformation	11.2	11.2	0.0
Total	**75.1**	**75.1**	**0.0**

Summary

3.6.1 Based on current trends and assumptions around the inflation and the rising cost of living implications until the next of the financial year, the Resident Services department is forecasting a break-even position for 2022/23.

3.6.2 The department's finances have been significantly impacted by the global pandemic and continue to be affected by the cost of living crisis and high levels of inflation. The 2022/23 budget has been set accordingly, based on assumptions around future demographic and inflationary trends. However, there remain some risks and uncertainties that could impact the final financial outturn position for the year.

3.6.3 The department is taking a number of actions to support Brent residents and businesses and mitigate the impact of the cost of living crisis. Payments under the government's Energy Rebate scheme have completed with 90,000 eligible households in Band A to D properties receiving payments totaling £13.5m. Payments totalling £1.8m were made under the council's discretionary scheme to applicants in higher bands and residents on Council Tax support.

3.6.4 A Household Support Fund (HSF) grant has been awarded by the government in two tranches. Brent's share of the first tranche was £2.8m, which was used in full to support households with children receiving free school meals, 0-4 years children whose parents/guardians are on Housing Benefits, pensioners and one third has also been used to support families through a Resident Support Fund (RSF). A second tranche was £2.7m, which is used to provide 6 weeks of support for children receiving free school meals, 0-4 year olds whose parents/guardian receive Housing Benefit, disabled residents receiving Housing Benefits and residents who receive Housing Benefits but did not quality for the £650 from central government. A £0.9m will also be made available for reactive support through RSF applications.

3.6.5 The Council made payments to eligible businesses from the much-delayed COVID-19 Additional Relief Fund (CARF). This Fund was intended to support those businesses affected by the pandemic but that have been ineligible for existing support linked to business rates. As of the completion of the CARF scheme on 30 September 2022, £7.0m has been granted to 1,286 businesses.

3.6.6 While these measures are much needed by Brent households and businesses, the Council has taken additional steps to provide more support to residents and businesses. The Council's RSF has been in place since August 2020 to provide help with the cost of living. This can include, but is not limited to, household bills, arrears in rent, mortgage, council tax, food, fuel, digital equipment and emergency funds. The RSF has now supported 5,857 households with a total of £9m.

3.6.7 In addition to this, the Council is investing £32m in the Council Tax Reduction Scheme, supporting around 28 thousand households in the borough.

Risks and uncertainties

Housing

3.6.8 As the cost of living crisis deepens, with energy costs and day-to-day expenditure increasing steeply, there has been a rise in homelessness applications, resulting in an increased use of temporary accommodation (TA).

3.6.9 In addition, the affordable Private Rented Sector (PRS) is contracting meaning there is a lack of supply to move households on from TA, which puts further pressures on the budget. Although, the opening of internal provision through Anansi and Knowles house has alleviated this pressure to some extent, both schemes are now full and silted up due to the lack of move on accommodation available.

3.6.10 The current economic climate could also have an impact on the rent collection rates and result in increases in rent arrears. Collection rates are being closely monitored and there are ongoing investigations to better understand the drivers for the movements.

3.6.11 In November, a top-up to the Homelessness Prevention Grant has been announced to recognise that some vulnerable households may find themselves at risk of homelessness and may need additional support. This results in additional £1.1m to Brent that will be spent on maximising upstream homelessness prevention, as well as helping to meet temporary accommodation costs in areas of increased demand.

Environment and Leisure

3.6.12 The Highways service is reliant on a reduced TfL LIP (Local Implementation Plan) funding, which is due to severe financial pressures on TfL. The funding allocated by TfL for 2022/23 is circa £1.3m, a significant reduction from the £2.2m pre-COVID formula based allocation. The service has secured additional S106 funding, and also delivered improvements under the Recovery Programme, which has helped to generate additional capital fees. This resulted in a net under recovery of £0.2m for 2022/23. An additional impact is on the capitalisation of staff fees resulting in a £0.4m budget gap. The service is restructuring to align with future resource requirements.

3.6.13 There is uncertainty around the amount of parking income to be received, as the service continues to recover to pre-pandemic levels. A shortfall in income is currently projected to be £0.4m against budget.

3.6.14 Within Brent Transport services, increased prices on Taxi routes are putting additional pressures on the budget, which could cost an additional £0.4m. Brent continues to monitor the mitigations in place to reduce the impact of these costs.

3.6.15 Within Leisure, reductions in income are experienced due to slower than anticipated recovery of facilities resulting in a £0.2m shortfall. The income levels are being closely monitored and income maximisation strategies are being put in place.

3.6.16 As energy costs double for leisure centres, the risk of provider failure is increasing, forcing the Council to make difficult choices. An option is to support operators by subsidising their operating costs. Closing sites due to rising utility costs would also have a significant impact on both communities and income levels. The Council is working closely with the leisure providers to ensure continuity of the affordable service. A current forecast budgetary pressure of £0.4m is planned to be mitigated through the use of departmental reserves.

3.6.17 It is now known that public sector organisations are not eligible for support through the Government’s proposed Business Energy Bill Relief Scheme. There is an anticipated £2m budget gap in the energy budgets in 2022/23 that is planned to be mitigated through the use of reserves.

3.6.18 The identified pressures are partially mitigated by a £0.2m underspend due to an early delivery of savings.

Savings and Slippages

3.6.19 A £1.4m saving is planned to be delivered from the department budgets in 2022/23. The main savings are expected from a continued reduction in demand for Temporary Accommodation through increasing the supply, from achieving operational efficiency within the Brent Transport Services and further efficiency savings within the Customer Access service There are currently no slippages anticipated against the delivery of these.

Summary of Key Assumptions

Key Assumption	Downside if worse	Upside if better	Mitigations
The additional numbers of homeless people can be managed within the existing budgets.	Each person costs on average £340 per week to accommodate, so a delay for 13 weeks (1 quarter) of 20 people will cost an additional £0.1m.	Faster progress on homeless pathways will reduce expenditure by £340 per person per week.	The service is focusing on moving homeless clients along the various pathways. Use of Homelessness Prevention reserves could help to offset the pressures if required.
Rent collection rates for the Housing Needs service will not fall below the anticipated level.	A 5% worsening in the collection rate will cost £0.4m.	A 5% improvement in the collection rate will recover £0.4m.	Collection rates are being closely monitored and investigations into the drivers for the movements in the collection rates are ongoing.
Parking income will continue to recover to pre-pandemic levels.	Increased pressure on the budget if income falls below the current forecast level.	If activity recovers faster than expected, then this would increase the income collected	Income will continue to be monitored. CCTV enforcement has been increased with additional cameras for 22/23, and a review of the existing cameras.

SEN Transport taxi spend is within budget and expected client numbers.	Every additional child requiring transport via taxis costs the Council an average of £11,300 per annum.	Reduction in the growth requirement for future years.	The service is monitored as part of the shared service with Harrow. Client numbers can therefore be planned for. A strategic review of this service is taking place to look for efficiencies.
Energy costs stay within the expected forecast.	Additional pressures on the reserves.	Reduced pressure on the Council's reserves.	The service is working closely with the contractors to build projections and mitigate impacts.

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 £183.8m. The actual net collectible amount as at 30th November 2022 is £186.1m. This increase is attributable to the development of new flats in the borough, with more properties being completed as the borough recovers from the pandemic. However, it is expected that this figure may decrease during the year if relief granted to residents, via Council Tax Support, increases due to the cost-of-living crisis. This is being closely monitored to assess the overall impact over the timeframe of the medium-term financial plan. As at the end of November 2022, the amount collected was 71.0%, an increase of 1.3% when compared to the in-year target. The amount collected in the same period last year was 68.4%, however, pre-pandemic collection rates in the same period were around 2.4% higher (73.4%).

3.7.2 The budgeted gross Business Rates payable is £153.4m. The actual gross figure at 30th November 2022 is £153.2m with a net collectible amount (after exemptions, reliefs and discounts) totalling £126.3m. Reductions to this may occur due to reductions in properties and successful appeals against rateable values. As at the end of November 2022, the amount collected was 68.2%. The amount collected in the same period last year was 63.8%. Prior to the pandemic the levels collected during the same period were around 5.8% higher (74.0%). Similar to Council Tax, if the under-collection of Business Rates continues throughout the year it will have an adverse effect on the Council's cashflow and possible implications for the Medium Term Financial Strategy.

3.7.3 Movements between the budget and actual collectable amounts affect the overall level of balances held in the Collection Fund at year-end after deducting charges, with deficits requiring repayment by all of the precepting authorities in future years. The income due to the General Fund from the

Collection Fund is forecast on budget with no variation expected in the current year.

Pay Award

3.7.4 When setting the budget for 2022/23, it was assumed that the pay award for 2022/23 would cost £3m, equivalent to an approximately 2.5% increase. This represented a 0.75% increase on the pay award for 2021/22, which had also not been agreed as of the time the budget was being prepared. At the time, inflation was increasing (CPI was 5.4% in December 2021), but was only just over half of the current inflation rate (10.7% in November 2022). Therefore, the assumption was considered to be a prudent one as it accounted for the expected increase in pay in line with the increasing cost of living.

3.7.5 The significant increase in the inflation rate since December 2021 has been driven primarily by the increase in energy prices, exacerbated by the war in Ukraine. These were events which could not have been predicted with any certainty at the time of setting the budget for 2022/23, but have resulted in a cost of living crisis. The agreed pay award for 2022/23 is for an increase of £2,229 (including London weighting) per employee. The total pay award is estimated to cost the General Fund £8.9m in 2022/23 at an average 5.6% increase per employee, with the largest percentage increases being applied to the lowest grades. The increase has not yet been reflected in the service budgets, but is expected to be applied in December.

3.7.6 The increased cost to the General Fund budget from the pay award is to be funded from corporate contingencies, partially offset by the reversal of the National Insurance increase (£0.3m) for November to March. However, it should be noted that this is an ongoing cost, which will itself be subject to inflationary pressures in 2023/24. A further update on this will be provided to Cabinet in the February 2023 budget report.

Savings

3.7.7 The 2022/23 budget includes a £2.7m savings target, which was agreed by Full Council in February 2022. Appendix A sets out the progress in delivery against this savings target and any mitigating actions.

3.7.8 In the Draft Budget report to Cabinet in November 2022, a package of savings for 2023/24 was presented, which included £1.3m of efficiency savings from the former Regeneration & Environment Directorate budgets (2023-24 CORP6). Following a review of this budget, it has been determined that £0.7m of these savings have been delivered early. This provides an additional £0.7m within the budget in 2022/23 to mitigate some of the pressures described in this report.

Virements

3.7.9 The table below shows the virements which have been entered to adjust the budgets at Corporate Directorate level during 2022/23. Cabinet are recommended to approve these virements.

	2022/23 Opening Budget	**In-year growth**	**Transfer of functions between services**	**Technical Adjustments**	**2022/23 In-Year Budget at 30.11.2022**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Adult Social Care and Health	**127,347**	0	(809)	(1,529)	**125,009**
Children and Young People	**61,584**	0	(17)	95	**61,662**
Communities and Regeneration	**5,854**	55	298	(1,127)	**5,080**
Resident Services	**69,631**	590	1,332	129	**71,682**
Governance	**14,691**	0	91	(1,490)	**13,292**
Finance and Resources	**16,308**	8	(408)	(3,584)	**12,324**
Central Items	**(295,415)**	(653)	(487)	7,506	**(289,049)**
Total Budget	**0**	**0**	**0**	**0**	**0**

3.7.10 In-year growth items are budget movements from the Central Items budget to Departmental budgets which were not actioned at the start of the financial year. These are growth items that were agreed when the 2022/23 budget was set but required evidence of assumed need before being funded.

3.7.11 Transfers of functions between services are budget movements between Corporate Directorates, which occur when a department is moved from one service to the other. The virement ensures that department and the related budget remain together. An example of this is the adjustments required to reflect the Corporate Restructure in September 2022.

3.7.12 Technical adjustments are budget movements resulting from either events which are provided for in the MTFS, but only confirmed during the year (e.g. pay award), or budget movements resulting from changes to processes (e.g. centralisation of budgets).

3.8 Dedicated Schools Grant (DSG)

Funding Blocks	**Overall DSG Funding 2022/23**	**Forecast Expenditure**	**Overspend/ (Underspend)**
	£m	**£m**	**£m**
Schools Block	114.8	114.9	0.1
High Needs Block	67.8	70.6	2.8
Early Years Block	23.2	22.0	(1.2)
Central Block	2.1	2.0	(0.1)
Total DSG	**207.9**	**209.5**	**1.6**

Summary

3.8.1 The DSG forecast is reflecting a deficit of £1.6m, against grant funds of £207.9m for 2022/23, an improvement compared to the Quarter 2 position of £2.2m deficit mainly due to an underspend reflected against the Early Years Block. The overall pressure however remains against the High Needs (HN) Block. The overall DSG allocation has reduced by a £0.2m from the position reported in Quarter2 of £208.1m due to a further adjustment by the Department for Education (DfE) to the HN Block funding.

3.8.2 The HN budget, excluding the proportion allocated to academies, is £67.8m. This allocation includes a £1.2m transfer from the Schools Block. In November 2022, the HN Block funding was reduced by £0.2m due to a recoupment for school place funding for Brent pupils in other local authority areas, following an import/export review by the DfE in July 2022. This adjustment was included in the forecast spend reported in Quarter 2.

3.8.3 At the end of 2021/22, the DSG budget was in deficit of £15.1m. The overall forecast in year deficit of £1.6m will increase the cumulative forecast DSG deficit to £16.7m by the end of this financial year.

Forecast

3.8.4 The overall £1.6m DSG deficit is a £0.6m reduction from the reported deficit of £2.2m in Quarter 2. This is mainly due to a £1.2m increase in the EY Block funding offset by a £0.6m increase in the forecast spend against the HN Block.

3.8.5 The Early Years (EY) Block is projecting an underspend of £1.2m. This is mainly resulting from the DfE's in-year adjustment to the EY Block funding in July 2022 following the completion of the January 2022 census. This position is likely to change over the next few months as payments to childcare providers for the autumn term would determine if there has been an increase in the number of take up hours for early years' provision from September 2022. In addition to this, there is likely to be an increase in take up hours for 2-year-olds in January 2023, informed by the results a recent sufficiency planning review carried out by the Early Years' team, which will also have an impact on the projected underspend.

3.8.6 The Schools Block is projecting a small overspend of £0.1m following an increase in requests from schools experiencing falling rolls to support redundancy costs resulting from restructures required to reduce overall expenditure.

3.8.7 The change in the HN forecast position from Quarter 2 is due to an additional £0.6m pressure arising from an estimated 47 full-time equivalent (FTE) EHCPs based on an average cost of £12,700 placed in in-borough mainstream settings.

3.8.8 The pressures in the HN Block are due to continual increases in EHCP numbers. The growth in EHCPs is a London and national trend whereby the number of children assessed as meeting the threshold for support continues to increase. However, the HN funding has not increased in line with the growth in overall pupil numbers creating financial pressures. At the end of October 2022, there were 3160 children with EHCPs, which represents a growth of 7.6% increase compared to the 2021/22.

3.8.9 The HN forecast position consists of a £2.8m pressure mainly arising from increased top-up payments for children with EHCPs where an average mainstream school top-up payment would cost £12,700 per child to an independent non-maintained special school place costing an average of £58,000 per child. The position is further analysed below:

- £1.4m forecast pressures against academies and special schools and in-borough mainstream schools' top up funding due to increased number of pupils with special educational needs placed within the borough. This includes £0.57m for the allocation of the Teacher's Pay and Pensions grant (TPPG) 2021/22 passed onto the Special Schools and Pupil Referral Units.

- £0.8m pressure against the out-of-borough mainstream and academies budget due to increased number of pupils placed in these settings and a HN Block recoupment of funding to be allocated to other local authorities for out of borough placements; following a review by the DfE in July 2022.

- £0.5m pressure against the independent day special schools' budget due to increased number of pupils placed in these settings.

- £0.1m pressure against the SEN services budgets mainly due to the cost of children placed in alternative settings and awaiting placements.

3.8.10 Longer-term actions to recover the deficit are included in the DSG HNB Deficit Management Plan reported to Schools Forum. A task group chaired by the Corporate Director of CYP coordinates and monitors actions in the Plan, which include reducing costs by managing demand for EHCPs through training to improve the capacity of schools to meet pupil needs, developing Alternative Provision education in the borough, improved commissioning arrangements and increasing the amount of special provision within the borough, particularly for secondary phase pupils and 16–25-year-old SEND students. The estimated impact of the mitigating items from the Plan in 2022/23 amount to £4m.

3.8.11 The Council is also part of one of the DfE's programmes to provide dedicated support to help local authorities set a sustainable high needs system called Delivering Better Value (DBV) in SEND programme. The DfE has made provision of £85m over 3 years from 2022/23 and will support 55 local authorities in deficit to reform the high needs systems with the aim of improving delivery of SEND services for children and young people while ensuring services are sustainable.

3.8.12 The first tranche of local authorities including Brent, are currently in the diagnostic phase of the DBV programme. This phase will be focused on identifying sustainable changes that will drive high quality outcomes for children and young people and the findings will support Brent in developing a further grant application up to £1m to help implement changes identified. The funding will not mitigate the deficit, but efficiencies identified during the course of the programme along with the longer-term recovery actions and anticipated funding increases will reduce the deficit.

Risk and Uncertainties

3.8.13 The risk remains that the number of children and young people with Education Health and Care Plans (EHCPs) will continue to grow but the HN Block funding will not increase in line with continued growth. Over the years, this has created financial pressures with a majority of authorities holding deficit balances. In addition, the impact of the cost-of-living crisis could see providers requesting high inflationary price increases.

3.8.14 The DfE in agreement with the Department for Levelling Up, Housing and Communities (DLUHC) has extended the statutory override which permits local authorities to carry forward a deficit balance against the DSG from 2022/23 to 2025/26. There remains a risk for the council if the expectation is that local authorities' balances should cover the DSG deficit beyond this extended period.

3.9 HRA

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

* The HRA budget is comprised of £57.2m expenditure and £57.2m income

Forecast

3.9.1 The budgets for the Housing Management function are contained within the ring-fenced Housing Revenue Account (HRA), which has a balanced budget set for 2022/23.

3.9.2 The HRA is forecasting a break-even position for 2022/23. Within property services, this is a net result of overspends on voids and disrepair claims being offset by underspends due to staffing vacancies and a reduction of the capital programme. Within customer services, income reductions attributed to major works service charge billing being offset by additional rental income from new builds. There are also a number of other risks and uncertainties in this fund that could pose financial pressures.

Risks and uncertainties

3.9.3 High levels of uncertainty around the inflation and rising interest rates pose a financial risk to the HRA. This has an impact on the cost of materials and repairs, as well as the cost of new build contracts. Rising energy costs are to be passed on to tenants and leaseholders resulting in an increased risk of non-collection. Rising cost of living is likely to further impact rent collection rates and consequently result in increased rent arrears. In addition, an increase in service requests relating to damp and mould is likely to put additional pressures on the budgets.

3.9.4 Other pressures involve the capital programme as there is no new government funding having been made available to meet environmental priorities and requirements such as carbon reduction works to homes.

3.9.5 The increased costs experienced by the HRA would have to be met by rent inflation and modifying service delivery. It is now confirmed that the government will limit social housing rent increases next year to 7% and the HRA will need to find additional savings in order to close the gap between rental income and cost of service delivery.

3.9.6 These risks are being continuously monitored and reflected in the HRA Business Plan and the Council's Medium Term Financial Strategy (MTFS).

4. Capital Programme

4.1 The table below sets out the Capital Programme current forecast to the revised budget position as at Quarter 3 for 2022/23.

Directorate	Original Budget	Revised Budget	Current Forecast	FY Variance	
	£m	£m	£m	£m (Underspend)/ Overspend/	£m (Slippage)/ Brought Forward
Corporate Landlord	5.3	17.3	14.1	1.7	(5.1)
Housing GF	103.5	79.3	79.6	0.6	(0.3)
Housing HRA	47.1	59.4	60.1	2.8	(2.1)
PRS I4B	0.8	19.9	18.0	0.0	(1.9)
Public Realm	11.9	21.3	16.2	(0.5)	(4.6)
Regeneration	48.4	9.4	2.9	(1.3)	(5.2)
Schools	10.5	12.4	8.7	(3.5)	(0.2)
South Kilburn	22.5	26.4	10.2	0.0	(16.2)
St Raphael's	2.2	1.9	1.9	0.0	0.0
Total	**252.1**	**247.3**	**211.7**	**(0.2)**	**(35.6)**

4.2 Variances are being forecast on various projects against the current revised budget. Breakdown of such variances into overspend, underspend, accelerated spend or slippage along with explanations are detailed below.

4.3 **Corporate Landlord**

4.3.1 Corporate Landlord has a budget variance of £4m, owing to slippage of £5.1m and an overspend of 1.7m.

4.3.2 The Civic Centre and Property Management budget have updated their asset management plan and programme of works required during the year, leaving a budget requirement of £1.4m for which they are considering options on how to meet, including savings that have been achieved across the rest of the board. Digital Strategy has a slippage of £1.1m which will now move forward to the next financial year. This is a 3-year rolling programme, there is currently a pilot being undertaken, and the budget will be required in future years. There is a slippage of £2.6m in ICT infrastructure, project business cases have been approved and they are currently in the procurement process, some of this will be spent in the next financial year. There is also slippage of £0.7m across the remaining programs including the Family Wellbeing Centre.

Risk and Uncertainties

4.3.3 There is a risk that the Civic Centre project may not be able to complete all their anticipated asset management programme works in this financial year due to budget constraints.

4.4 Housing General Fund

4.4.1 Housing GF has an overall variance of £0.3m, which is made up of slippage of £0.3m and overspend of £0.6m.

4.4.2 There is £0.5m slippage forecast on the Clock Cottage project following a non-material amendment which has delayed the project by 16 weeks. The Bridge Park redevelopment project is expecting accelerated spend of 0.2m following the award of Technical Consultancy and Lead Designer contracts. A £0.4m overspend is forecast for the Preston Park project on account of the impact of inflationary pressure on scheme cost. There is currently a £0.2m overspend forecast on Peel Road as the final account negotiation progresses.

4.5 Housing HRA

4.5.1 Housing HRA has an overall variance of £0.7m, which is made up of slippage of £2.1m and overspend of £2.8m.

4.5.2 A £0.1m slippage on Eskdale Close is due to delays in progress with planning owing to unit mix amendments. Slippage of £0.2m is forecast for Pharamond Fho due to a shortage of piling works sub-contractors in the market resulting in a 12-weeks delay to the scheduled works. The £1.8m slippage forecast on Tower Block major works schemes (Kilburn Square and five other tower blocks) due to delays in commencing the work. A total of £0.2m overspend is forecast for Kilburn Square, Oman Avenue and Gloucester Close as the final account negotiation progresses. An overspend of £1m is forecast on External Fabric works as a result of enhanced work plan and £1.5m is forecast on

Domestic Electrics to cover for backlog Electrical Installation Condition Report (EICR) works. These works are expected to be funded from savings within the major repairs programme. The £0.1m overspend forecast on Aneurin Bevan Ct is on account of the ongoing inflationary pressure on scheme costs.

Risk and Uncertainties – Housing

4.5.3 Viability is becoming increasingly challenging for the New Council Homes Programme (NCHP) with the cost of raw materials and labour rising. To mitigate this, all new planning applications from the NCHP are able to commit to 50% affordable housing (or above where possible) however this may not improve viability enough for the scheme to progress. Work is ongoing to address schemes already within the programme with pressures.

4.6 PRS I4B

4.6.1 On I4B Private Sector Acquisitions, slippage of £1.9m is forecast as a result of updates reflecting the reduced purchase plan driven by the ongoing macro financial environment

Risk and Uncertainties

4.6.2 The impact of rising interest rates is that the purchase price I4B can afford to pay for properties drops, enabling it to access less properties on the market. In order to maintain its ability to purchase the price of properties on the market would have to drop. Whilst there are early indications that property prices may start to fall there has not yet been sufficient decreases to offset the rise in financing costs.

4.7 St Raphael's

4.7.1 The St Raphael's project is forecasting to spend to budget. The budget of £1.9m is for works related to planning application for Phase 1 of the scheme, and plans for further works will be firmed up in future subject to viability. The Council is now working towards the delivery of the Estate improvement works of which £12m is forecast for 2023/24 and £18m in 2024/25.

Risk and Uncertainties

4.7.2 The development works on the infill masterplan are currently on pause following recent cost estimates for the scheme. The viability will be assessed in the new financial year.

4.8 Public Realm

4.8.1 Public realm has a budget variance of £5.1m, owing to slippage of £4.6m and an underspend of £0.5m.

4.8.2 The £0.5m underspend relates to projects funded by S106, NCIL and invest to save currently forecasting under the maximum budget allocated. Due to the nature of funding it can't be used for other projects directly. There is a £0.5m slippage in the parks programme, primarily due to the pitch improvements project caused by a delay in the second phase of the pitch drainage work. There is a £0.5m slippage on landscaping due to all project expenditure being reviewed to now align with Forestry Commission bid, for which we have offered match funding. There is slippage of £2.5m in the highways area, primarily due to a contractor delay on footways, additionally £0.6m set aside for the Kilburn high street project will be spent next year. The remaining slippage £0.5m is forecast across sports and culture for Gladstone Park and S106 projects.

Risk and Uncertainties

4.8.3 Although TFL has reached a longer-term deal with the Government, funding for the London Boroughs is not expected to reach pre-covid levels, some of this has been offset by efficiencies and prioritisation, but budget allocation could be required to deal with emergency capital works in the future.

4.9 Regeneration

4.9.1 Regeneration has a budget variance of £6.5m, owing to slippage of £5.2m and an underspend of £1.3m

4.9.2 The Morland Gardens spend forecast has reduced given major works are not expected to start until January 2023 or later, giving rise to slippage of £5.2m. There is also a projected underspend of £1.3m on Picture Palace and Design works, some of this due to the original acquisition being lower than expected and the current estimate from the contractor for the fit out being lower than the budget, although this might change as the projects progress.

Risk and Uncertainties

4.9.3 The ongoing economic pressures are driving up development costs which are expected to have an impact on development activity within the Borough. A slowdown in developments commencing could reduce the expected income available from CIL.

4.10 Schools

4.10.1 The Schools Board has a budget variance of £3.7m, owing to slippage of £0.2m and an underspend of £3.5m.

4.10.2 £3.0m of the underspend is for the SEND Programme. The program contingency included in the budget and is not required currently as the programme is in its early stages. There is a £0.2m underspend relating to phase 3 primary expansion, primarily Uxendon Manor. The excess budget can be removed once project has completed fully. There is also £0.3m underspend relating to the contingency for the School AMP programme. The slippage of £0.2m is from the dedicated school's facilities grant, which depends on school progression on asset works and will be spent in future years.

Risk and Uncertainties

4.10.3 The Council has a statutory duty to provide schools places for children at all levels, so it is important that any forecast requirement is prioritised which may result in challenges with funding.

4.11 South Kilburn

4.11.1 South Kilburn has a budget variance of £16.2m, owing to slippage.

4.11.2 There is a £5.2m slippage due to acquisitions being forecast in future years primarily on Austen House and Blake Court. A £4.9m SCIL contribution from the NWCC projects will not be used within the financial year. There is a £4m slippage on the Carlton and Granville project, the project has moved into the construction phase after procurement and the forecast now reflects a more realistic schedule. There is slippage of £1m on the District Energy Network project which will be used in future years due to the concept design being reworked to meet the amended requirements of the London Plan. There is also a £1.1m slippage on the infrastructure works at Peel and Carlton Vale Boulevard.

Risk and Uncertainties

4.11.3 The mixed-use nature of the scheme relies on developers making the schemes viable and providing the affordable housing alongside the private units. Possible difficulties with high inflation could make this more difficult, so the programme is reviewed regularly to ascertain the potential impact on future phases.

5. Financial Implications

5.1 This report is about the Council's financial position in 2022/23, but there are no direct financial implications in agreeing the report.

6. Legal Implications

6.1 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.

8. Consultation with Ward Members and Stakeholders

8.1 Not applicable.

9. Human Resources

9.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance