Brent	**Cabinet** 17 July 2023 **Report from the Corporate Director of Finance and Resources**

Financial Outturn 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:	None
Background Papers:	None
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1. Summary

1.1 This report sets out the outturn for income and expenditure versus the revenue budget and capital programme for 2022/23 and other key financial data. The Council's General Fund outturned at break even. The Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG) also broke even. In 2022/23 the Council's capital programme spent £165m which equates to 71% of the approved budget.

1.2 Whilst the General fund as a whole broke even, there was a service overspend of £3.7m in the Children and Young People's department as a result of increased placement and staffing costs. Adult Social Care and Health overspent by £0.9m while other General Fund services outturned with modest variations. The budgeted use of corporate contingencies of £4.2m has resulted in an overall breakeven position for the General Fund.

1.3 Revenue Outturn

1.3.1 The table below analyses the various under and overspends at the end of the 2022/23 financial year across the service areas of the Council

Table 1 – Revenue Outturn 2022/23

Service Area	Revised Budget	Actual Transactions	Over/(Under) Spend
	£m	£m	£m
Adult Social Care and Health	128.6	129.5	0.9
Children and Young People	65.2	68.9	3.7
Communities and Regeneration	10.1	10.1	0.0
Finance and Resources	14.9	14.5	(0.4)
Governance	14.8	14.6	(0.2)
Resident Services	78.3	78.5	0.2
Service Expenditure	311.9	316.1	4.2
Central Items / Budgeted Contingency	(311.9)	(316.1)	(4.2)
General Fund (GF) Budgets / Outturn	**0.0**	**0.0**	**(0.0)**
DSG Funded Activity	0.0	0.0	0.0
Housing Revenue Account (HRA)	0.0	(0.0)	(0.0)
Total (GF, HRA, DSG)	**0.0**	**(0.0)**	**(0.0)**

1.4 Capital Outturn

1.4.1 For 2022/23 the Council spent £191.6m which equates to 82% of the approved capital programme budget and was under spent compared to budget by £41.1m as shown in Table 2 below.

Table 2 – Capital Expenditure

Capital Programme Item	Revised Budget	Outturn	Over/(Under) Spend
	£m	£m	£m
Corporate Landlord	17.9	13.4	(4.5)
Regeneration	9.4	2.5	(6.9)
St. Raphael's Estate Regeneration	1.9	0.8	(1.1)
Housing Care Investment	158.2	144.7	(13.5)
Schools	12.5	5.5	(7.0)
South Kilburn	11.5	11.2	(0.3)
Public Realm	21.3	13.5	(7.8)
Grand Total	**232.7**	**191.6**	**(41.1)**

2. Recommendation

2.1 To note the overall financial position for 2022/23.

3. Revenue Detail

3.1 Care, Health and Wellbeing

Summary

Table 3 – Care, Health and Wellbeing Outturn 2022/23

Adult Social Care and Health	Revised Budget	Outturn	Over/(Under) Spend
	£m	£m	£m
Adult Social Care & Integrated Health Partnerships	105.7	106.6	0.9
Public Health	22.9	22.9	0.0
Total	**128.6**	**129.5**	**0.9**

3.1.1. The Care, Health and Wellbeing department overspent by £0.9m, largely as a result of growth in client numbers for the service. In Quarter 3 the department was forecasting a break-even position.

Detailed Narrative

3.1.2. Whilst Public Health reports a break-even position, a £2.5m underspend on the main Public Health grant has been transferred to earmarked reserves to enable continued funding of delayed projects. This underspend on the grant was largely as a result being able to utilise other grant funding to deliver Public Health projects.

3.1.3. The £0.9m overspend reported comes from the Adult Social Care department. This largely comes from a growth in client numbers; in particular, Elderly Nursing Care clients grew by 18% between April 22 and March 2023.

3.1.4. There was also growth in the number of ‘transition’ clients moving from the CYP service to ASC. These clients tend to transition initially at a higher package cost, increasing costs in-year for the Learning Disability service. A number of these packages were not identified as relating to ASC until Q3 2022/23 and therefore partly account for the shift between the Q3 forecast and outturn at year end.

3.1.5. Conversely, client numbers in Day Care showed a slight 2% decline in 2022/23, as packages continue to remain below pre-pandemic levels.

3.1.6. Brent received an additional £2.4m in funding from Government in 2022/23 (£1.1m funding directly to the Local Authority, 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 was utilised in full to provide additional staffing, funding for home care and reablement.

Savings & Slippages

3.1.7. In 2022/23, the department achieved £0.2m worth of savings as planned.

3.2 Children and Young People (GF)

Summary

Table 4 – Children and Young People Outturn 2022/23

Children and Young People	**Revised Budget**	**Outturn**	**Over/(Under) Spend**
	£m	**£m**	**£m**
Central Management	0.8	0.8	0.0
Early Help	5.3	4.6	(0.7)
Inclusion	21.7	23.9	2.2
Localities	2.1	2.1	0.0
Looked After Children and Permanency	7.7	7.7	0.0
Forward Planning, Performance & Partnerships	24.6	26.9	2.3
Safeguarding and Quality Assurance	2.9	2.8	(0.1)
Setting and School Effectiveness	0.1	0.0	(0.1)
Total	**65.2**	**68.8**	**3.6**

3.2.1 The CYP General Fund at the end of 2022/23 has overspent by £3.6m, which is £1.3m more that the position reported at Quarter 3 of a £2.3m overspend.

The Quarter 3 forecast highlighted an underlying pressure of £4.3m with management actions put into place to reduce the reported pressure to £2.3m. The £1.3m movement has arisen mainly because of increased pressures against the demand led services budgets in Forward Planning, Performance and Partnerships, linked to increases in placement costs, and in Localities, with the continued use of agency social work staff to cover vacant positions because of recruitment and retention challenges.

3.2.2 Actions undertaken by the department to control spend and mitigate the pressures following the Quarter 3 forecast included:

- Reviewing Residential, Mother and Baby and Semi-Independent placements and implementing step-downs where possible.
- Holding posts vacant across the department where it is safe to do so and utilising grant funding efficiently to release staffing underspends where possible.
- Ensuring that agency staff take a minimum of 20 days holiday in the financial year and that the London-wide pledge, that has been in place since June 2022 to manage the hourly rates for social workers, is fully adhered to.
- Implementing a spending freeze on any non-statutory spending with the approval of all spend over £1k being escalated to director level.

3.2.3 The total cost avoidance achieved from these measures was £1.3m

Detailed Narrative

3.2.4 The volatility of placement costs for Looked after Children (LAC) within the Forward Planning, Performance and Partnerships (FPPP) service has led to an overspend of £2.3m which is £0.6m more than the position reported at Quarter 3. The increase is mainly due to the increase in the residential placement costs. The overall pressure is because of the following factors:

- £1.7m pressure against the Residential Care budget as a result of the increase in the number of children placed in residential homes and in increasing placement fees. In 2022/23 here was a 22% increase in the number of CYP in residential homes from 25 at the end of 2021/22 to 32. Weekly costs have continued to increase with the highest ranging from £8,400 per week to £19,474 per week. This reflects increasing demand for specialist provision that can support complex mental health needs for children who do not meet the criteria for a Tier 4 hospital setting.
- £0.3m pressure against the budget for care leavers – semi-independent placements. There was an overall 15% increase in the number of care leavers being accommodated by the local authority compared to 2021/22 and on average prices increased by 6.6%, which led to a pressure against the budget of £1.4m. However, as this increase is the 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, the pressure is partly mitigated by (£1.1m) grant income received from the Home Office.

- £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. A decision has been taken not to undertake planned adaptations to the GBC due to the capital cost.

3.2.5 A programme of placement commissioning activity is underway which projects to deliver efficiencies against the placement budgets. This includes a full review of Brent's approach to the commissioning of accommodation for care leavers, including practice that supports their independence; reducing spend on residential placements through new approaches to market engagement and management; improving in-house foster care provision to recruit more foster carers and reduce use of higher cost IFAs and piloting a new wrap-around preventative mental health and wellbeing support service for looked after children to reduce the need for high cost specialist placements.

3.2.6 The Localities service overspent by £2.2m which is £1.5m more than £0.7m forecast overspend reported at Quarter 3. The movement is because of increased staffing pressures as the Quarter 3 forecast assumed that a number of positions filled by agency staff would be replaced by permanent staff, but after two recruitment drives, this was not the case and agency staff were kept on longer to manage caseloads. There was also increased pressures against the demand led budgets. The overall pressure has arisen because of:

- £1.3m pressure due to the continued use of agency social workers to cover vacant positions and some long-term staff absence to manage caseloads. There is a national challenge to recruit and retain permanent social work staff. Across the Locality teams in 2022/23, agency workers occupied 46% of the establishment.
- £0.7m pressure against the Children with Disabilities area (CWD) in the Localities service, is because of increased demand against the CWD Placements budget which includes Direct payments, Care at Home, Residential and Day Services with numbers rising from 518 CYP supported in 2021/22 to 579 in 2022/23, a 12% rise. A cost driver of the pressure in this area is the increasing number of Education, Health, and Care Plans (EHCPs) which is also affecting the High Needs Block of the Dedicated Schools Grant (DSG).
- £0.2m of the pressure has arisen due to demand led pressures arising from client subsistence costs and additional legal costs incurred in the year.

3.2.7 The pressures in the department have been partly offset by underspends in the Early Help Service where positions were held vacant as part of a mitigating action to support the pressure in the department and also utilising grant funds efficiently. Also, within Early Help and the Inclusion Service, some positions where partly vacant because of restructures that took place in the year.

3.2.8 There are a number of actions in place to address the workforce pressures across the service, including working in collaboration with our neighbouring local authorities on effective and targeted recruitment and retention activity. Compliance with the London Pledge to ensure that agency worker rates are kept to the agreed cap is closely monitored at Director level and a weekly Establishment Board has been created to scrutinise all agency recruitment, and corresponding activity to achieve permanency through conversations with agency staff to convert to permanent roles. A workforce development plan is in place with metrics linked to savings and reductions in agency spend.

Savings and Slippages

3.2.9 The department had 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 reflected as a pressure against the placement budget detailed in the FPPP forecast paragraph above.

3.3 Communities and Regeneration

Summary

Table 5 – Communities and Regeneration Outturn 2022/23

Communities and Regeneration	Revised Budget	Outturn	Over/(Under) Spend
	£m	£m	£m
Communities and Strategy	4.9	4.9	0.0
Regeneration	5.2	5.2	0.0
Total	**10.1**	**10.1**	**0.0**

3.3.1 Communities and Regeneration spent to budget. This is a net result of a small number of overspends being offset by a small number of underspends.

Detailed Narrative

3.3.2 Communities and Regeneration spent to budget. Underspends in Building Control and directorate budgets in Communities and Strategy and Regeneration offset overspends in Strategy and Partnership, Planning and Development services and Employment, Skills and Enterprise. Planning and Development services income dropped significantly in the last quarter, and reduced income remains a risk for 2023/24.

Savings and Slippages

3.3.3 Communities and Regeneration savings were in Building control, these savings were delivered in 2022/23, with the service underspending. However, Building control had received one off growth in 2022/23, there is a risk of an overspend in 2023/24 unless there is a growth in demand for their services.

3.4 Finance & Resources

Summary

Table 6 – Finance and Resources Outturn 2022/23

Finance & Resources	Revised Budget	Outturn	Over/(Under) Spend
	£m	£m	£m
Finance	9.3	9.3	0.0
Audit and Investigations	1.2	1.2	0.0
Digital Services	0.4	0.4	0.0
Property & Assets	4.0	3.6	(0.4)
Total	**14.9**	**14.5**	**(0.4)**

3.4.1 The Finance & Resources department underspent by £0.4m. This came from the Property & Assets service, with the other services breaking even. In Quarter 3, Finance & Resources were forecasting an overall break-even position

Detailed Narrative

3.4.2 Finance & Resources achieved an overall underspend of £0.4m. This is all attributed to the Property & Assets service.

3.4.3 Within the Property service around £0.2m of the underspend came from the early delivery of a 2023/24 savings target, with the Civic Centre car park fee increase implemented in 2022/23. The remainder came from one-off contractual savings within Facilities Management due to contractual requirements not being met, and penalties imposed.

Savings & Slippages

3.4.4 In 2022/23, the department achieved £0.2m worth of savings as planned.

3.5 Governance

Summary

Table 7 – Governance Outturn 2022/23

Governance	Revised Budget	Outturn	Over/(Under) Spend
	£m	**£m**	**£m**
Executive and Member Services	4.2	4.4	0.2
Human Resources	4.0	3.7	(0.3)
Legal Services	5.4	5.3	(0.1)
Procurement	1.1	1.2	0.1
Total	**14.7**	**14.6**	**(0.1)**

3.5.1 The Governance department has underspent by £0.1m. This is a net result of a number of budgetary pressures being more than offset by general efficiencies across the department. In Quarter 3, the department had projected a break-even position, which has since moved to some variances against the budgetary assumptions; these are discussed below.

Detailed Narrative

3.5.2 The Governance department has achieved an overall underspend of £0.1m for the financial year 2022/23.

3.5.3 This position is a result of higher than budgeted expenditure on third party payments being more than offset by underspends on staffing due to vacancies, general efficiencies across the department and additional income from schools.

Savings and Slippages

3.5.4 There were no savings planned from this department for 2022/23.

3.6 Resident Services

Summary

Table 8 – Resident Services Outturn 2022/23

Residents Services	**Revised Budget**	**Outturn**	**Over/(Under) Spend**
	£m	**£m**	**£m**
Resident Services Directorate	0.4	0.3	(0.1)
Customer Access	17.8	17.9	0.1
Environment & Leisure	44.5	44.2	(0.3)
Transformation	11.9	12.0	0.1
Housing GF	3.7	4.0	0.3
Total	**78.3**	**78.5**	**0.2**

3.6.1 The Resident Services department has overspent by £0.2m. This is a net result of a number of budgetary pressures being partially mitigated by an early achievement of savings. In Quarter 3, the department had projected a break-even position, which has since moved to some variances against the budgetary assumptions; these are discussed below.

Detailed Narrative

Resident Services Directorate

3.6.2 The Directorate budget shows an overall £0.1m underspends, which is a result of general efficiencies across the department.

Customer Access

3.6.3 The Customer Access service has a net overspend £0.1m. The overspends incurred were predominately attributable to staffing costs as additional resource was deployed to support increased demand as result of the cost-of-living crisis.

3.6.4 The overspend was partially mitigated by higher than budgeted income generated by the Registration and Nationality service as bookings related to marriage ceremonies increased following promotion of the authority's marriage space in the Civic Centre.

3.6.5 The service has achieved a £0.3m saving linked to increased automation, staffing efficiencies and contract management.

Environment and Leisure

3.6.6 The Environment and Leisure service has an overall underspend of £0.3m. This is a net position which has been achieved as a result of the following variances against budgets:

- £0.2m overspend within the Energy Team due to settling historic water bills
- £0.1m under recovery of income in Parking services
- £0.2m overspend on Healthy Streets due to a reduction in the TfL LIP funding
- £0.1m income loss at Bridge Park due to slower than anticipated service recovery
- (£0.2m) underspend in Regulatory Services due to staff vacancies
- (£0.2m) underspend in Public Realm due to higher than budgeted contractor rebates income
- (£0.4m) underspend within the Directorate due to staff vacancies, a reduction in training and conferences, as well as consultancy spend (£0.1m) other general efficiencies across the service.

3.6.7 The service has achieved a £0.3m saving associated with a review and a reduction in operating costs of the Brent Transport Service and increased income from damage cost recovery from developers and builders where damage is caused to the public highway.

<u>Transformation</u>

3.6.8 The Transformation service has an overall overspend of £0.1m, which is mainly due to additional licenses costs being partially offset by staffing underspends due to vacancies.

3.6.9 The service has achieved a £0.3m saving due to staffing efficiencies.

<u>Housing</u>

3.6.10 The Housing service is showing a net £0.3m overspend for the year. This is due to additional Council Tax costs on new temporary accommodation provision being partially offset by released funds from the provision for uncollectable debt following a rent accounts cleansing exercise.

3.6.11 The service has achieved a £0.5m saving associated with reducing demand for Temporary Accommodation due to an increased supply within the Housing Partnerships Service.

Savings and Slippages

3.6.12 In 2022/23, the department has achieved £1.4m worth of savings as planned.

3.7 Collection Fund

3.7.1 The budgeted net collectible amount for Council Tax (after exemptions, discounts and Council Tax support) was £179.2m in 2022/23. The actual net collectible amount as at 31 March 2023 increased to £179.6m, an increase of £0.4m since April 2022. The increase during the year was due to new properties being completed above assumed levels and a reduction due to additional Council Tax Support payments to residents, producing a cumulative Council Tax surplus on the Collection Fund of £12.4m after accounting adjustments for items such as impairment for doubtful debt, and write-offs. The in-year collection rate was 93.4%, 1.1% higher than the amount achieved in the previous year, although collection will continue to be attempted in future years.

3.7.2 The budgeted net collectible amounts for Business Rates (after exemptions, reliefs and discounts) was £112.8m. The actual net collectible amount as at 31 March 2023 increased to £119.3m, an increase of £6.5m since April 2022. This increase is a result of changes to mandatory reliefs and the taxbase. The Collection Fund had an in-year deficit of around £61.2m, of which £22.5m will be funded by the GLA and £20.3m from central government. Brent's share will be funded from an earmarked reserves specifically earmarked for this purpose. As at the 31 March 2022, the amount collected was 91.3%, this is higher than the amount collected in the same period last year, at 87.3%, as payment deferrals to support businesses overcome the impact of COVID-19 have been reduced, and enforcement activity has re-commenced.

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. For Business Rates, additional grants were paid to the General Fund which have been moved to reserves to repay Brent's share of the deficit over the next two years as described in paragraph 3.7.2.

3.8 Dedicated Schools Grant (DSG)

Summary

Table 9 – Dedicated Schools Grant Outturn 2022/23

DSG Funding Blocks	Revised Budget	Outturn	Over/(Under) Spend
	£m	£m	£m
Schools Block	118.9	119.1	0.2
High Needs Block	67.7	67.4	(0.3)
Early Years Block	23.2	22.2	(1.0)
Central Block	2.1	1.9	(0.2)
Total	**211.9**	**210.6**	**(1.3)**

3.8.1 The overall DSG outturn for 2022/23 is a surplus of £1.3m, against grant funds of £211.9m. This surplus is a movement from the reported Quarter 3 forecast position of £1.6m deficit and this is mainly due to a reduction (£3.1m) in the pressure assumed against the High Needs Block (HNB). This in-year surplus is mainly driven by a £1m underspend against the Early Years Block due to the Department of Education's (DfE) in-year adjustment and a £0.3m surplus against the High Needs Block (HNB), a positive outturn for the HNB.

3.8.2 The cumulative DSG deficit carried forward from 2021/22 was £15.1m. This has reduced to £13.8m at the end of 2022/23. However, there remains a risk that the EY Block surplus could be clawed back by the DfE in 2023/24 following the final allocations based on the results of the January 2023 census to be confirmed in July 2023.

3.8.3 The financial year 2022/23 was the final year of the statutory override set out in the School and Early Years Finance Regulations 2020 which requires local authorities to either carry forward any cumulative DSG deficit to set against the DSG in the next funding period of carry forward some or all the deficit to the funding period after that. The government has now extended the arrangement for another three financial years from 2023/24 to 2025/26.

Detailed Narrative

3.8.4 The Schools Block overspent by £0.2m due to pressures against the growth funds 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. This pressure is mitigated by a £0.2m underspend against the Central Block, resulting mainly from reduced reliance on temporary staff throughout the year.

3.8.5 The Early Years Block which passes on 95% of its funding to providers has underspent by £1m. This is mainly due to the DfE's in-year adjustment to the EY Block funding in July 2022, following the completion of the January 2022 census. The EY Block is a self-contained block based on headcount therefore, there is a risk that the DfE may claw back the funding following an in-year adjustment expected in July 2023.

3.8.6 The High Needs Block Qtr. 3 forecast assumed an overspend position of £2.8m, however the outturn position reflects a £0.3m surplus. The movement is because of the following:

- £1.2m increase against the recoupment income expected from other local authorities that have placed children in Brent schools, following finalized confirmation of pupil information from schools and actual charges processed.
- £0.6m reduction in the expected top-up funding for in-borough schools following final confirmation of pupil details which takes place at the end of the year.
- £0.6m reduction in forecast against out of borough Special schools also as a result of final confirmation of pupil details.
- £0.4m reduction against the Post 16 SEND expenditure which previously assumed a breakeven position. The budget was set based on the expenditure trend from prior years and actual expenditure is usually confirmed in the last quarter of the financial year due to the volatile nature of pupil attendance at these settings.

3.8.7 The historic deficit which started in 2019/20 was as a result of the increasing number of children with Education, Health and Care plans (EHCPs) with their education being funded from the HN Block. The growth in EHCPs has also impacted the General Fund as the social care costs are funded from the Children with Disabilities budget within the Localities Service. In 2022/23 there was an 11% increase in the number of EHCPs. However, the 13% increase in HN Block funding allocation in 2022/23 and work undertaken as part of the HN Block Deficit Recovery Management Plan, have resulted in the positive outturn for the financial year.

3.8.8 In 2022/23 Brent was invited to participate in the DfE programme called Delivering Better Value (DBV) in SEND for local authorities which provided dedicated support and funding to help local authorities with HNB deficits reform their high needs systems. The first phase of the programme included a comprehensive diagnostic to identify root cause cost drivers, mitigating solutions or reforms and support in developing a quality assured Management Plan. The findings confirmed that in Brent, the increased expenditure leading to the deficit was fuelled by increases in the number of children with EHCPs. It also confirmed that Brent had already taken steps via the existing Management Plan to identify mitigating solutions. Following the discovery phase, Brent successfully bid for a £1 million grant to deliver the actions in the Management Plan. The funding is over two financial years i.e., 2023/24 and 2024/25.

3.8.9 The DBV programme will not address the historic deficit, but the current Management Plan and efficiencies identified from the programme may allow funds to be released to address historic deficits. Some of the existing actions to reduce costs include improving the sufficiency of local places with a £44m capital investment to deliver 427 SEND places to , increase the amount of special provision within the borough, particularly for secondary phase pupils and investment in a Post-16 Skills Resource Centre for 16–25-year-old SEND students; rolling out the Graduated Approach to SEND across 88 schools and 200 settings, aimed at the early identification of children’s needs and delivery of appropriate support in order to manage demand. Also, as part of the DBV programme, the grant funding will enable targeted support to be provided which will focus on managing demand for EHCPs to deliver efficiencies that reduce costs.

3.8.10 A combination of these longer-term recovery actions and anticipated funding increases will go towards reducing the cumulative deficit.

3.9 Housing Revenue Account (HRA)

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

3.9.2 The HRA has achieved a break-even position for 2022/23, which is consistent with the position reported at Quarter 3.

3.9.3 Within Customer Services, lower than budgeted income from major works service charge billing was offset by additional income from new builds.

3.9.4 Within Property Services, overspends associated with repairs on void properties and increased disrepair compensation payments were offset by staffing underspends due to vacancies and lower than budgeted interest charges due to higher than anticipated rates on balance held. In addition, the capital programme had slippage in spend and not as much borrowing took place as budgeted at the beginning of the year.

4. Capital Programme

Table 10 - Capital Programme Outturn for 2022/23

Capital Programme Item	Revised Budget	Outturn	Over/(Under) Spend
	£m	£m	£m
Corporate Landlord	17.9	13.4	(4.5)
Regeneration	9.4	2.5	(6.9)
St. Raphael's Estate Regeneration	1.9	0.8	(1.1)
Housing Care Investment	158.2	144.7	(13.5)
Schools	12.5	5.5	(7.0)
South Kilburn	11.5	11.2	(0.3)
Public Realm	21.3	13.5	(7.8)
Grand Total	**232.7**	**191.6**	**(41.1)**

4.1 The Council's corporate strategy drives an ambitious five-year capital investment programme totalling £827m which is financed from a combination of capital receipts, grants, contributions, reserves and external borrowing.

4.2 For 2022/23 the Council spent £191.6m which equates to 82% of the approved capital programme budget and was under spent compared to budget by £41.1m as shown in Table 10. Because of the project-based nature of capital expenditure, there can be relatively larger variance in expenditure over time compared with revenue expenditure.

Corporate Landlord

4.3 Corporate Landlord has had an underspend of £1.8m and slippage of £2.6m for an overall budget variance of £4.5m. The ICT Investment Fund is in its second year out of a four-year programme and has slippage of £1.4m on projects that will be spent in future years. £1.2m of slippage can be attributed to the Digital Strategy programme owing to time spent on the project discovery phase and identifying digital savings. The largest areas of underspend include £0.5m for the LED Programme, £0.5m for Oracle Cloud Release 2, £0.3m for Family Wellbeing Centre, and £0.2m for Flexible working equipment.

Regeneration

4.4 Within the financial year Regeneration has appointed a main works contractor at Picture Palace and feasibility works have been completed on Design works, both are part of the Harlesden regeneration. Harlesden High Street Heritage Action Zone has also now appointed a main works contractor. The programme has experienced slippage of £6.9m across their programmes. The Morland Garden mixed development project will deliver new affordable homes, a modern adult education centre and affordable workspace. The project experienced delays in the appointment of a design and build contractor for the development and there will be further delays in the delivery whilst outstanding objections to the stopping up order are being resolved. This led to slippage of £4.8m from 2022/23 and will be spent in 2023/24, subject to resolution of the current objections. The Picture Palace and Designworks Schemes have also experienced slippage of £1.6m with the fit out work yet to commence. The Wembley Housing Zones project which will provide new homes, leisure, retail and workspace in Wembley town centre experienced slippage of £0.5m following a longer than anticipated time frame to appoint the developer partner for the scheme.

St Raphael's

4.5 The St Raphael's budget of £1.9m relates to Phase 1 of the infill scheme, There have been viability challenges for the development causing slippage of £1.1m. The emphasis has now shifted with the Council is now working towards the delivery of the Estate improvement works. These works are set to commence in 2023/24.

Housing Care and Investment

4.6 Schemes onsite have seen delays due to material and labour shortages; this in turn created pressure on supply chains. Schemes onsite have also seen delays due to boundary disputes. Brent Indian Community Centre, Preston Park and Learie Constantine some of the largest developments onsite saw slippage totalling £1.6m. A significant component of the variance is attributable to unused contingency (£21.5m), which is an indication of the difficulties faced in progressing schemes generally. I4B, the Council's wholly owned subsidiary utilised an additional £20m of loan during the year for their capital acquisitions. A number of schemes at the pre contract stage had to be paused on the grounds they were no longer viable due to rising build costs. The schemes paused in the year were Kilburn Square, Windmill Court, Lidding Road and Seymour Court, the impact of the decision to pause resulted in slippage totalling £7.0m. The higher-than-expected tender returns are a reflection of wider macroeconomic variables, e.g., Brexit and war in Europe. Elsewhere across the programme, Claire Court/Watling Garden, a significant scheme at the pre contract award stage, saw delay due to the agreement of contractual terms and conditions resulting in slippage of £3.3m.

Schools

4.7 During 2022/23 the Roe Green Kitchen Project was completed, and 6 schools condition improvement projects were also finalised. 28 places at Additionally Resourced Provision (ARP) across 3 x ARP in Primary Schools happened and the final closure of the remaining Primary School Expansion projects. The School's programme has experienced slippage of £7m. The Special Educational Needs Expansion (SEND) programme has experienced slippage of £5m. This currently includes the programme contingency budget which will be moved to future years. There has been delays to the SEND expansions at a number of the school sites as the delivery plans are finalised, but a competitive procurement process has yielded savings on the consultancy fees for the project. Following the completion of the Uxendon Manor School expansion project, a £0.3m underspend has been achieved. The School's asset management programme has slippage of £0.8m due to delays by a contractor who is experiencing financial challenges.

South Kilburn

4.8 The South Kilburn programme is a 15 year programme that aims to transform the South Kilburn area into a sustainable and vibrant neighbourhood. The Decentralised Energy Network has experienced slippage of £1.3m as the concept designs had to be updated to meet the revised London Plan low carbon district heat network requirements. The regeneration scheme has seen higher than anticipated leaseholder acquisitions of £1m at several sites within the remaining programme of which budgets can be brought forward from future years to cover the spend.

Public Realm

4.9 The highways programme has experienced slippage of £4.6m owing to delays in the planned programme. The Highways Legacy project is forecasting slippage of £0.1m which is carry over from LIP schemes implemented late in March and spend will be achieved in Q1 of FY23/24. £0.5m has been slipped into the new year for the Footway reconstruction as the contractor could not commit to completion on time so a new contractor to complete in the new year. The Carriageways and structures projects have slippage of £0.4m in total. The injection patching project started later in the year due to inclement weather conditions causing slippage of £0.2m. The Hostile Vehicle Measures project has experienced delays in feasibility due to obstruction from developments with £0.9m slipped into the new year. Further investigations have been required into the underlying structural issues on Wembley High St. leading to slippage of £0.9m. The Public Realm stump programme is ongoing and £0.4m over budget. The project will be exploring efficiencies in future years to cover this. The joint work in Kilburn Town Centre with Camden have been delayed due to design issues resulting in slippage of £1m and Church End has slippage of £0.7m due to the lighting works which need to take place.

Capital Financing

4.10 The capital financing budget outturn for 2022/23 is £23.8m. A review of the MRP policy has resulted in an increase in the charge in year which has been funded through the Capital Financing Reserve. Investment income has increased with the rise in interest rates but has been partially offset with the associated increase in rates for new borrowing in year.

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

7. Equality Implications

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

8 Consultation with Ward Members and Stakeholders

8.1 Not Applicable

9. Human Resources

9.1 Not applicable

Report sign off:

Minesh Patel
Corporate Director of Finance & Resources