Brent	**Cabinet** **26 January 2015** **Report from the** **Chief Finance Officer**
For Action/Noting	Wards affected: ALL

Financial Report – November 2014

1.0 Summary

1.1 The report sets out the overall financial position of the Council for 2014/15 as at November 2014 and covers the following topics:

- Budget monitoring summary
- Council Tax & NNDR collection rates
- Debt analysis
- Capital Programme summary
- Financial Control

2.0 Recommendations

2.1 To note the attached Finance report.

2.2 To approve the revenue budget virements in section 7 of the Financial Report appendix.

3.0 Detail

3.1 This report is the third quarterly Finance Report for 2014/15 for the Cabinet. This report covers the period to November 2014. Please see attached appended Finance Report.

4.0 Financial Implications

4.1 This report is entirely concerned with Finance and the detail is contained in the body of the appendix.

5.0 Legal Implications

5.1 There are no legal implications arising from this report.

6.0 Diversity Implications

6.1 There are no diversity implications arising from this report.

7.0 Staffing/Accommodation Implications (if appropriate)

7.1 There are no staffing/accommodation implications arising from this report.

8.0 Contact Officers

8.1 Conrad Hall, Chief Finance Officer
conrad.hall@brent.gov.uk

Eamonn Mccarroll, Operational Director – Finance
eamonn.mccarroll@brent.gov.uk

Brent	**Cabinet** **26 January 2015** **Report from the** **Chief Finance Officer**
For Action/Noting ALL	Wards affected:
Financial Report – November 2014 - Appendix	

1.0 Purpose

1.1 This report highlights the overall financial position of the Council as at November 2014. The report will cover the following topics:

Budget Monitoring summary
2014/15 Savings
Council Tax & NNDR Collection Rates
Debt analysis
Capital Programme summary
Financial Control

2.0 Budget Monitoring Summary

2.1 As at November 2014 the council's General Fund budget is forecast to be underspent by £2.2m at year-end, compared to the £2.1m under spend that was forecast in the last quarter (August). The net movement of £0.1m reflects underspend increases in Adult Services (£0.9m) and Regeneration & Growth (£0.1m) and a reduction in the over spend forecast in Children's and Young People (£0.4m). Against this Environment and Neighborhood's now forecasts a £0.3m over spend and the Public Health under spend has reduced by £1.0m. This underspend is not structural, and the one-off factors principally driving it are not anticipated to recur in 2015/16.

The position by department is as set out overleaf.

Department	Gross Expenditure Budget	Gross Income Budget	Net Budget	Forecast Outturn	Forecast Variance
	£m	£m	£m	£m	£m
Children & Young People	59.1	(17.6)	41.5	42.0	0.5
Adult Services	113.1	(22.1)	91.0	89.9	(1.1)
Regeneration & Growth	86.9	(54.8)	32.1	31.1	(1.0)
Environment & Neighbourhoods	72.6	(40.3)	32.3	32.6	0.3
Central Departments	35.8	(5.1)	30.7	30.7	0
Public Health	18.8	0	18.8	17.9	(0.9)
Total	**386.3**	**(139.9)**	**246.4**	**244.2**	**(2.2)**

The following budgets are ring fenced and are forecast to underspend by £0.3m at the year end which is unchanged from the previous quarter.

Ring-Fenced budgets	Gross Expenditure Budget	Gross Income Budget	Net Budget	Forecast Outturn	Forecast Variance
	£m	£m	£m	£m	£m
Dedicated Schools Grant	206.1	(206.1)	0.0	0.0	0.0
Housing Revenue Account	55.3	(55.2)	0.1	(0.2)	(0.3)
Total	**261.4**	**(261.3)**	**0.1**	**(0.2)**	**(0.3)**

The key issues underpinning these forecasts are as follows:

2.2 **Children & Young People**

The overall Children & Young People forecast is an overspend of £0.5m, which is a reduction of £0.4m from the £0.9m reported in the last quarter. The forecast overspend position is made up of a £0.5m overspend in Early Help and Education and a breakeven position in Children’s Social Care.

The forecast overspend is entirely attributable to the Special Educational Needs (SEN) Transport budget and has been calculated using the number of pupils currently eligible to use the service and the mix of transport types (Council owned vehicles, local taxis, mileage paid to parents and Oyster cards).

A number of actions are being taken to contain this pressure, including;

- A reassessment of all transport eligible SEN pupils as part of the new eligibility criteria. This is due to conclude in December 2014.

- Where feasible offer parents mileage as part of recent SEN reforms to enable them to arrange their own transportation which can often be more cost effective than arrangements made by Brent.

- Working with schools to increase the number of SEN places available within the borough as part of the future planning of school places. Currently, 30% of transport eligible pupils attend out of borough SEN provision, which costs on average 3 times more than in borough transport provision.

- Funding an independent travel training scheme which is managed at Woodsfield School.

- To encourage the development of autistic provision and commissioning of provision with a local post-16 further education college (CNWL) to help young people with SEND to work and live independently which will help reduce post-16 transport cost.

All of these measures contribute to keeping transport expenditure down, while demand is increasing. The total number of SEN pupils is forecast to be 1,688 as at November 2014, which is up 3% from March 2014. Broadly, using the current average cost per pupil, the number of transport eligible pupils will need to reduce by 135 to keep the total cost within the overall budget envelope. Given, the rising child population this outcome is highly unlikely, particularly in light of the 3% increase in total SEN pupils forecast for this year. Evidence suggests that transport demand within Brent is expected to continue to rise in line with increasing population size in the borough and consequent rises in school rolls; latest figures indicate a projected increase in SEN pupils of between 15% and 17% from 2014 to 2020.

2.3 <u>Adult Services</u>

The overall forecast is for an under spend of £1.1m compared to an under spend position of £0.2m in the last quarter, a movement of £0.9m. This movement relates to an increased projection for income received for Continuing Health Care.

The 2014-15 budget incorporated a saving of £0.9m relating to identifying clients entitled to Continuing Health Care funding from the Clinical Commissioning Group. This saving target is presently forecast to be overachieved by £1.4m. The majority of this income to be received is backdated from previous financial years and therefore should be considered a one-off item.

Additionally there is also a net under spend across the service of £0.2m relating mainly to vacant posts held by the division in the first half of the year.

Against this under spend, Mental Health Residential Care continues to forecast an over spend of £0.5m. Brent Mental Health Services planned to reduce Residential care costs by reducing client numbers from 38 to 18 during the course of the year. This would be achieved by stepping down appropriate clients from direct residential care provision to a supported living model of care. However, as at the beginning of December the client numbers within residential care had not been reduced. There are specific schemes being introduced in the last quarter that are expected to decrease the number of clients and move towards the target reduction.

2.4 **Regeneration & Growth**

The department is reporting a £1m underspend, which was £0.9m in the last quarter. Customer Services is the main contributor to this position with a forecast underspend of £0.6m. This under spend breaks down as Local Welfare Grant anticipated to underspend by £0.5m (which is planned to be held in a reserve for future years use following the cessation of the grant from Central Government) and further saving of £0.1m due to the management of staff vacancies. In addition, a saving of £0.6m has been achieved from the Supporting People budget as a result of cost efficiencies from service retendering and a further £0.2m due to in-year staff vacancies with Housing. This is offset by a net overspend of £0.4m within Temporary Accommodation due principally to the increasing number of supported families in Bed and Breakfast.

The TA position is based on a detailed supply and demand model which identifies costs, the incidence of TA numbers during the year and across the different schemes and the impact of related housing benefit subsidy. Service managers are predicting that 3,283 families will be remaining in TA by the end of March 2015, an increase of 368 from the 2915 families in TA at the start of the financial year. This is as a result of the increased incidence of families presenting and being accepted as requiring Temporary Accommodation and the impact of increased numbers in bed and breakfast due to a shortfall in available rented properties. These increased costs are being minimized by maximizing the utilization of cheaper types of accommodation wherever possible. There continues to be significant risks attached to the Council's ability to control demand led pressures relating to TA service whilst ensuring that statutory duties are met.

2.5 **Environment & Neighbourhoods**

Environment and Neighbourhoods is projecting to overspend by £0.3m, compared to a break even forecast in the previous report. This adverse position is primarily due to a combination of under achievement in income compared to budget within both Brent Transport Services (BTS) the Registration and Nationality Service and additional costs incurred within BTS.

The projected overspend within BTS is as a result of the service being unable to meet its target trading surplus due to under budgeted costs of vehicle insurance amounting to £0.1m, additional running costs of the ageing fleet and the vehicle tracking system and additional costs of £0.1m relating to increased use of the managed service contract (Drivers and attendants) with Drakes. Similarly, the projected overspend within the Registrars Service of £0.3m is due to a forecast reduction in income from Citizenship Ceremonies and the Nationality Checking Service. Numbers of customers in both these areas have been much reduced this year as the Home Office deployed Nationality Officers to deal with the Passport application backlog over the summer allowing a backlog in Nationality applications to build up. The Home Office announced in early December that their commitment to clear this latter backlog by the end of 2014/15 would not be honoured following a change in policy as a result of a critical report from the Chief Inspector of Borders and Immigration. The overspend reflects this unexpected change in policy.

The total overspend in these areas is partially offset by underspends in Regulatory Services and Parking, which can be credited to unfilled vacancies and subsequent delayed work programmes within Regulatory Services and additional income within Parking and Street Lighting relating to parking permits.

The Directorate is reviewing the level of spend across all areas of its operation as well as looking at ways of increasing the level of income generated with a view to reducing the current projected overspend.

2.6 Central Departments

Central Departments as a whole is forecast on budget this month. In comparison to last quarter, the position has remained unchanged, with some exceptions as further highlighted. Legal service is anticipated to overspend due to budget pressures caused by the volume and complexity of cases that they are managing.

The overspend in Legal Services is being offset by underspends elsewhere in Central Departments, most notably within HR - Learning & Development and Contract team where there are a number of planned vacancies representing early delivery of savings of the pending restructure along with some posts being filled part year.

Public Health is reporting an under spend of £0.9m which is a decrease in under spend on the last quarter of £1.0m. The reasoning for this change is that there is £1.9m of expenditure (£0.4m revenue and £1.5m capital) to be reallocated into the Public Health budget. The ensuing underspends this creates in the service areas and the capital budget will be transferred to an earmarked reserve.

This remaining underspend reflects staffing vacancies within Public Health that have been carried throughout the year as well as less activity than had been forecast upon the Sexual Health (GUM contracts).

2.7 Ring Fenced Budgets

Dedicated Schools' Grant

Of the 82 schools in Brent, 65 remain under the local authority umbrella and are referred to as maintained schools. At present, six of the 65 maintained schools in Brent are in a deficit position. Schools in deficit are required to apply for a licensed deficit and abide by the terms of the licensed deficit policy. Currently five licensed deficits have been approved and one (Salusbury Primary School) has been recently resubmitted following some concern. This is currently being reviewed to ensure that it is robust, prior to approval.

Prior to 2011/12 the DSG experienced considerable spending pressures relating to Special Educational Needs, in particular due to a large increase in the number of statemented pupils and the provision of specialist SEN placements. This resulted in a cumulative deficit on the DSG of £7.2m at the end of 2011/12. A deficit recovery plan was agreed by the Schools Forum that aimed to clear the deficit by the end of 2014/15. As at November 2014, the deficit is on track to be cleared by the end of 2014/15.

At the end of 2013/14 the maintained schools carried forward a combined revenue surplus of £17.6m. The carry forward surplus for 2014/15 is expected to be at similar levels.

Housing Revenue Account

The Housing Revenue Account is currently forecasting an underspend of £0.3m which is mainly due to the changes in the ground maintenance (i.e. moving to the public realm contract with Veolia and potential savings on Wetton's contract due to non-performance) and the Repairs contract with Wates Living Space.

3.0 Savings

3.1 The table below summarises the 2014/15 savings by service area and a forecast as at November 2014. Out of £17.8m of committed savings, £17.6m (98.9%) are forecast to be delivered, which is unchanged from the previous quarter.

Service Area	2014/15 Savings	Percentage of 2013/14 budget	Forecast Savings	Forecast Variance
	£m		£m	£m
Children & Young People	3.2	7.1%	3.0	0.2
Adult Services	4.5	4.8%	4.5	0.0
Regeneration & Growth	2.7	7.6%	2.7	0.0
Environment & Neighbourhoods	3.4	9.6%	3.4	0.0
Central Departments	4.1	11.6%	4.1	0.0
Total	**17.8**		**17.6**	**0.2**

3.2 Children and Young People are forecasting a shortfall against their savings target. As described in paragraph 2.2 above this relates to SEN Transport, in particular savings due to efficiencies in routing (£0.1m) and savings arising from new eligibility criteria (£0.1m). Whilst new eligibility criteria has seen a 2.5% reduction in SEN pupils that are eligible for transport, the total number of reductions has not been enough to deliver the savings committed.

4.0 Debt & Income Collection Analysis

4.1 The Council collects income from individuals and businesses for a range of reasons. The main types of income are:

Charges for Social Care Services
Council Tax
Business Rates (National Non-Domestic Rates)
Parking Fines
Housing Rents

We also collect a wide range of fees and charges for everything from Land Registry Searches to Planning Applications and Licenses.

4.2 Oracle debt includes invoices raised by service areas and is collected by the Finance Service Centre. The table below shows the balances for 2014/15.

	Apr	May	June	July	Aug	Sept	Oct	Nov
	£m	£m	£m	£m	£m	£m	£m	£m
Opening balance	7.3	7.4	6.2	7.7	7.3	6.2	6.4	9.9
Invoices Raised	2.1	0.8	2.3	0.9	0.3	1.0	4.5	4.7
Collected	(2.0)	(2.0)	(0.8)	(1.3)	(1.4)	(0.8)	(1.0)	(3.4)
Closing Balance	**7.4**	**6.2**	**7.7**	**7.3**	**6.2**	**6.4**	**9.9**	**11.2**

Of the outstanding debt of £11.2m, 29% relates to invoices up to 60 days past their due date, 34.24% related to invoices less than 30 days and 25.25% relates to debt over 360 days old and is being pursued by the FSC debt recovery team. £0.9m of this debt being pursued is secured against an asset.

The increase in collection balances reflects the increase in value of invoices raised in October and November. Of invoices raised In November £1.2m related to other Local Authorities, £0.8m to the NHS, £0.9m to schools and £0.3m for Section 106 income.

4.3 The ABACUS system records debt relating to social care fees and charges for council run services including residential care, day care, home care, adaptations, equipment etc. The table below shows the balances for 2014/15:-.

	Apr	May	June	July	Aug	Sept	Oct	Nov
	£m	£m	£m	£m	£m	£m	£m	£m
Opening Balance	**10.4**	**10.4**	**10.2**	**10.3**	**10.3**	**10.2**	**9.9**	**9.3**
Invoices Raised	0.7	0	1.5	0.7	0.8	0.7	0.8	0.8
Collected	0.7	0.2	1.4	0.7	0.9	1.0	1.4	0.6
Closing Balance	**10.4**	**10.2**	**10.3**	**10.3**	**10.2**	**9.9**	**9.3**	**9.5**
Balance disaggregated to:								
Unsecured client debt	7.9	7.8	7.9	7.9	7.8	8.7	8.1	7.7
Secured (against Property) client debt	2.5	2.4	2.4	2.4	2.4	1.2	1.2	1.8

The level of unsecured Adult Services debt is a large proportion of the overall debt (81%). Between October and November a portion of unsecured client debt has been reclassified as secured client debt explaining the movement between October and November.

Ongoing cross-council projects between Client Affairs, FSC and Legal (for example introducing a specialist Adult Debt Recovery Team working with Client Affairs) have begun to reduce the level and proportion of unsecured debt and this is expected to continue along with reductions in overall debt as projects continue to progress.

These projects are also ensuring that the Council takes account of the impact of the implementation of the Care Act from April 2015.

4.4 In terms of Council Tax, the total amount required to be collected for 2014/15 is £83.9m (excluding the GLA share) and the collection rate target is 95.9%.

Council Tax collection for 2014/15 was 73.9% at the end of November 2014, compared to 74.3% for October 2014. There are a slightly higher total of instalments profiled to be collected in the second half of this year than last year, and there has been a recent review of single person discounts which has meant that some bills have been increased, but collection has not taken place as yet. After taking these factors into account, the final collection percentage is currently anticipated to be similar to last year's figure of 95.7%, but there are risks to this forecast if collection against the newly created bills does not fall into line quickly. Last year's figure was 0.5% below the London average of 96.2%. Brent had the 21st highest collection of the London boroughs (the same as the previous year).

4.5 Following government legislation, the Council introduced Council Tax Support (CTS) in April 2013, whereby a large number of residents now pay a proportion of their bills, instead of receiving full Council Tax Benefit. For 2014/15 there has been a significant reduction in the total of CTS granted, largely due to falling unemployment. The total granted for 2013/14 was £28.7m, compared to an anticipated £26.7m in 2014/15. Therefore, that the total cash collectable will be over £1.0m higher as a result (after allowing for the GLA share and anticipated collection rates). There has also been an in increase in cash collectable as a result of new properties coming in to rating and a reduction in discounts and exemptions. The overall effect of this (including the reduction in CTS) is to increase Brent's share of the collectable income by approximately £2.5m. Therefore even if the overall collection rate fell slightly compared to last year, the actual amount of income will increase substantially.

4.6 For NNDR, the total amount collectable is £110.0m (where Brent retains a 30% share as a result of legislative changes to Business Rates) and the collection rate target is 97.7%. As at November 2014, the collection rate was 75.6%, below the equivalent rate of 76.3% in November 2013. This is due to payees now being able to pay in 12 monthly instalments (as a result of government legislation) as opposed to 10 instalments in 2013/14, which has reduced collection to November by 2.6%. There has been a difference in timing of payments on some of the Brent Council accounts, which has increased the collection rate by approximately 2% compared to last year (largely relating to the bill for the Civic Centre which had only just been issued this time last year). Therefore overall collection is very similar to last year taking these factors in to account. Monthly collection percentages for NNDR are more volatile than for Council Tax, as they are affected by changes in the Rating List (e.g. if a property with a large rates bill comes in to rating during the month, until a payment is made this will reduce the overall collection percentage, or if one is removed from rating or has a substantial rateable value reduction the collection percentage will increase until the refund due is made). This has much more effect than for Council Tax, as an individual property's NNDR bill can be several hundred thousand pounds (or in rare instances over £1m).

4.7 In 2012/13 Brent collected 97.6% of the total NNDR due. This was the 17th highest of the London boroughs, up from 20th the previous year. The London average was 98.4%. Collection is higher in inner London, with the outer London average being 97.8%.

4.8 Parking debt is analysed by measuring the total number of Penalty Charge Notices (PCNs) issued against the expected yield of the total debt raised, as shown below:

Month	Debt Raised £m	Issued PCNs	Forecast £m	Cash collected on 14/15 PCNs £m	Cash collected from previous years debt £m	Total cash collected £m
Apr-14	1.3	14,079	0.7	0.6	0.1	0.7
May-14	1.4	15,659	0.8	0.6	0.1	0.7
Jun-14	1.1	14,139	0.7	0.2	0.5	0.8
Jul-14	1.2	13,844	0.7	0.6	0.1	0.7
Aug-14	1.0	12,898	0.7	0.6	0.1	0.7
Sep-14	1.0	13,035	0.7	0.6	0.1	0.7
Oct-14	1.2	13,822	0.7	0.6	0.0	0.6
Nov-14	1.0	12,353	0.7	0.6	0.0	0.6
Total	**9.1**	**109,829**	**5.7**	**4.6**	**0.9**	**5.5**

4.9 Whilst there are variations in the volume of PCNs issued during the current year, the level of revenue forecast remains broadly the same as 2013/14, representing around 63% of actual debt raised. The method of forecasting is based on a prevailing 18 month PCN yield multiplied by the volume of sales by month.

4.10 The brought forward enforcement debt relating to previous financial years is £3.4m (£1.7m from 2012/13 and £1.7m from 2013/14). A bad debt provision was created for this debt, based on an expected recovery rate. To date approx. £0.9m of this debt has been collected.

4.11 HRA Council Tenant debt is analysed in three categories; Current Tenants, Former Tenants and Other Non-Rental Debts.

The table below shows the balances for 2014/15.

	August £'000	November £'000
Current Tenants	1,464	1,540
Former Tenants	588	709
Other	571	579
Total	**2,623**	**2,828**

Overall debt has increased from £2.623m in August to £2.828m in November. This indicates a 7.8% increase in outstanding debt compared to the previous month. The increase in tenant debt reflects:

- An increasing number of residents claiming they are unable to pay their rent. This is due to changes in employment, changes in benefit rates and people who are in employment but now not eligible to claim housing benefit as they are just above the threshold.
- Debt Relief Orders and IVA are becoming more increasing.
- DWP sanctions are increasing.
- Court hearings being adjourned due to the tenants citing disrepair.
- Issues with successions and introductory tenancies which are having an impact on arrears.

4.12 Additional resources have been allocated to the specific areas of debt where low levels of collection are prevalent, to maximise income collection and improve collection rate on council tenants' debts.

4.13 Approximately 25% of the total debt at the end of November relates to Former Tenants arrears where tenants have left their properties owing rent to the Council. This is a historic issue that has not been fully addressed in previous years and as a result a significant amount of these arrears are now being proposed for write off for the following reasons:

- Residents are deceased and left no estate.
- Residents are vulnerable and/or in care with no means to repay the debt.
- Debts are over 6 years old.

5.0 Capital

5.1 The following table sets out the 2014/15 Capital budget and forecast as at November 2014. The Revised Budget column reflects the budget position as approved by Cabinet at its meeting on 13th October 2014. The amended budget reflects changes to that which have been separately approved by Cabinet or are within the Delegated Authority of the Chief Finance Officer as there is a net nil impact to the capital programme overall.

Service Area	2014/15 Revised Budget as at October 2014	2014/15 Amended Budget	2014/15 Forecast Outturn	Forecast Variance
	£m	£m	£m	£m
Adult Services	0.6	0.1	0.1	0
Children and Young People	0.3	0.3	0.3	0
Environment & Neighbourhoods	12.5	12.8	12.8	0
Finance & IT	0.4	0.4	0.4	0
Regeneration & Growth	93.6	88.2	88.2	0
Regeneration & Growth (HRA)	23.7	23.7	23.7	0
Total	**131.1**	**125.5**	**125.5**	**0**

Adult Services

5.2 The 2014/15 amended budget has been reduced by the sum of £0.541m to reflect the virement of Supported Living grant budget to Regeneration and Growth to contribute to the New Accommodation for Independent Living (NAIL) – Capital schemes at Clement Close and Peel Road as per the previous Cabinet decisions. Of this total £0.230m will be vired in 2014/15 and the balance re-phased to 2015/16 in which there will a virement of £0.790m to contribute to the schemes.

Environment & Neighbourhoods

5.3 The 2014/15 amended budget reflects:

- the receipt of £0.299m additional grant funding in respect of the Pothole Fund. (i.e. Specific Grant Determination) and the associated increase in expenditure. As the additional expenditure is matched by additional resource there is a net nil impact to the Capital Programme overall which remains in balance.

- additional S106 allocations totaling £0.030m in respect of Gladstone Park Improvements and Street Trees. The additional expenditure is matched by additional resource from the S106 account and as such there is a nil impact to the Capital Programme overall which remains in balance.

- additional TfL schemes totaling £0.020m in respect of additional Quietways and Bus Route Improvements. The additional expenditure is matched by additional grant from the TfL and as such there is a nil impact to the Capital Programme overall which remains in balance.

Regeneration and Growth

5.4 The 2014/15 amended budget reflects:

- an increased budget of £0.230m in respect of the New Accommodation for Independent Living (NAIL) – Capital schemes at Clement Close and Peel Road as per the previous Cabinet decisions. There will also be an increase to the 2016/17 forecast budget totaling £5.032m in respect of these schemes.

- additional S106 allocations totaling £0.947m in respect of Alperton Station, Park Royal Station, Medical Facilities and Street Trees. The additional expenditure is matched by additional resource from the S106 account and as such there is a nil impact to the Capital Programme overall which remains in balance.

- a reduced forecast for expenditure in 2014/15 on the Expansion of Secondary/Primary School Places programme of works in the sum of £6.580m as a result of taking into consideration the impact of delays in progression of schemes as a result of protracted discussions with schools, planning requirements and land issues. However, the forecast for the programme of works over the medium term plan (2014/15 to 2016/17) has increased by £6.487m with the forecast for 2016/17 being constrained to the limit of secured funding for the works. This increase in the overall forecast has primarily arisen as a result of amendments to reflect the content of the Pupil Places Strategy report submitted to Cabinet in October 2014 and agreement from the EFA to the utilisation of time elapsed Targeted Capital Fund (TCF) grant to progress the Islamia scheme. The School Expansions programme has benefitted from additional TCF funding of £2.825m and school contributions totaling £1.193m. As the medium term forecast remains constrained within the level of the current secured funding there is a nil impact to the Capital Programme overall which remains in balance.

- additional expenditure of £0.028m on the landscaping Programme in respect of Harlesden Area Urban Greening Project as a result of a contribution to the scheme from Transportation. The additional expenditure is matched by additional resource and as such there is a nil impact to the Capital Programme overall which remains in balance

6.0 Financial Control

6.1 Financial control is essential to the operation of any large organisation. The council operates many standard processes, such as budgetary control, risk management and internal audit to ensure that controls operate as intended, and where exceptions are identified these are reported to senior officers and Members in order that corrective action can be taken. The particular issues that should be highlighted at this stage are set out below.

6.2 In 2013/14 43% of all internal audit reports showed a limited assurance level across the council, schools and BHP. The Audit Committee is monitoring the situation closely in 2014/15, including scrutinising recent reports where controls were considered less than satisfactory and requesting the attendance of the relevant Strategic Director or nominee to elaborate on the service response to findings.

6.3 As at 30th November 2014, 31 projects have been completed to draft or final stage. 23 reports have an assurance opinion associated with them, 17 (74%) are substantial, 6 (26%) are limited. Of the limited assurance reports, 3 relate to council operational systems, 2 to schools and 1 to BHP.

7.0 Virements Schedule

Members are asked to agree the revenue budget virements in the following table:-

Revenue Virement Schedule Q3 2014/15

Detail	Note	Adults £'000	Children & Young People £'000	Environment & Neighbourhoods £'000	Regeneration & Growth £'000	Assistant Chief Executive £'000	Human Resources £'000	Finance & IT £'000	Legal & Procurement £'000	Central Items £'000	Total £'000
Freedom of Information (FOI) Officer Post	1					52		(52)			0
Advocacy	1		(5)			5					0
Brent Multi Faith Forum (BMFF)	1					3				(3)	0
Performance Team	1		334			(334)					0
Schools Admission Team - Transfer from Customer Services	1		(95)		95						0
Private Tenancy Engagement Project	2				33	(33)					0
Museum Store	3			(64)	64						0
Pension Fund Contributions/Recharges	4						792	375	9	(1,176)	0
Healthwatch	5					117				(117)	0
Pay Award	6	84	134	78	97	21	42	50	21	(527)	0
Total		**84**	**368**	**14**	**289**	**-169**	**834**	**373**	**30**	**(1,823)**	**0**

Notes

1. The transfers of the FOI officer, Advocacy, BMFF, the Performance Team and the Schools Admission Team reflect the organisational changes in the Authority.
2. The Private Tenancy Engagement Project transfer reflects the conclusions of the Advice and Guidance Review to provide monies to Housing Needs to commission work to address private sector housing issues.
3. The museum store involves the movement of maintenance budgets to the Facilities Management Team.
4. The Pension Fund movements involve centralising recharges.
5. Growth monies for the Healthwatch project were originally held centrally and are now being allocated out.
6. This is the allocation for 2014/15 of the pay award agreed in November 2014.