



Cabinet
19 October 2015

**Report from the
Chief Finance Officer**

For Action

Wards Affected:
ALL/

Financial Report – August 2015

1.0 Purpose

1.1 This report highlights the overall financial position of the Council as at August 2015. The report will cover the following topics:

- Revenue Budget monitoring summary
- 2015/16 Savings
- Council Tax & NNDR Collection Rates
- Other debt analysis and collection
- Capital Programme monitoring summary
- Financial Control

2.0 Recommendations

2.1 That the Cabinet notes the financial position of the Council as at the end of August 2015, and the actions being taken to contain the forecast overspend.

3.0 Revenue Budget Monitoring Summary

3.1 As at August 2015 the overall forecast is that the general fund revenue budget will be overspent by £2.5m by the year end, compared to £2.6m reported to Cabinet on 27 July 2015. Urgent additional expenditure controls have been introduced in order to reduce expenditure in the latter part of the year. This includes staffing recruitment decisions being signed off by the corporate management team before they proceed, and significantly greater oversight and authorisation of lower level purchase orders by senior managers and directors. Where possible, managers across the organisation have also been instructed to seek to deliver underspends against their budgets in order to compensate for the overspends incurred elsewhere.

3.2 The table below sets out the forecasts against the revenue budget by department.

Department	Gross Expenditure Budget	Gross Income Budget	Net Budget	Forecast Outturn	Forecast Variance
	£m	£m	£m	£m	£m
Regeneration & Growth	94.2	(69.5)	24.7	25.9	1.2
Children & Young People	48.8	(9.4)	39.4	40.7	1.3
Adult Services	104.5	(20.3)	84.2	84.2	0
Chief Operating Officer	110.5	(43.9)	66.6	66.6	0.0
Public Health	18.8	0	18.8	18.8	0.0
Service Area Total	376.8	(143.1)	233.7	236.2	2.5

- 3.3 These forecast overspends against the agreed budget, whilst a significant cause for concern, do need to be seen in some context. Other London boroughs are reporting more substantial overspends, often in the areas of temporary accommodation and children's social care, which are where Brent's overspend is focused. It is also important to bear in mind that the forecast overspend amounts to just slightly more than 1% of the agreed net budget. Furthermore, the council set a challenging budget for 2015/16 with savings of £27.5m to be delivered in year. Seen in this context the projected overspend, even if not corrected by the year-end, would still represent delivery of over 90% of the planned savings. This is not to underplay the vital importance of delivering against the agreed budget, but the context is nevertheless important to understanding the financial position.

Regeneration & Growth

- 3.4 The department is reporting a projected overspend of £1.2m, compared to the £0.65m overspend that was forecast in the previous report to Cabinet in July. The significant contributing factors leading to the adverse position are the temporary accommodation and Brent START budgets.
- 3.5 All across London there are significant pressures on local authority temporary accommodation budgets. Relatively speaking Brent is managing to contain the pressures – we are one of only four Boroughs where the numbers of people in emergency accommodation (typically bed and breakfast) has declined since the beginning of the year. A series of measures have been introduced within the Housing Needs service that has pulled the forecast over spend back from £2.1m to £1.5m. Subsequently officers have further reviewed the situation and are proposing three further measures to pull the projected overspend back to £1m – namely reducing the percentage of TA debt, redirecting Discretionary Housing Payments towards this area and securing an additional supply of self contained accommodation to relieve further the pressure on bed and breakfast, which is the most costly form of temporary accommodation.
- 3.6 It is unlikely that the remaining overspend will be recovered before year end and additional corporate expenditure controls are being implemented in order to try to deliver a balanced budget position at the end of the financial year. The measures recently announced in the Welfare Bill and those that have been trailed in advance of the new Housing Bill will further exacerbate the situation. In the light of this work is well underway

on a Temporary Accommodation Reform Plan which will propose more radical solutions to address the inevitable increase in demand.

- 3.7 The Brent Start budget is forecast to be overspent by £0.20m compared to £0.35m reported previously. The forecast includes projected claw back in 2014-15 by the Skills Funding Agency (SFA) and anticipated grant reduction. Performance against the Skills Funding Agency contract during the 2014/15 academic year has not been as strong as anticipated, leading to a potential claw back against the grant previously allocated. The anticipated claw back for 2015/16 is currently estimated at £300k. There have been a number of contributory factors to the claw back, including a reduction in classroom capacity associated with the need to vacate Madison House at short notice. Mitigation measures being undertaken include a cleansing of all management information to ensure the final claim is fully accurate (and therefore maximising the grant draw down) and the provision of additional courses that will deliver further qualification outcomes. The Skills Funding Agency are aware of the situation and the Operational Director is in regular dialogue with the SFA relationship manager.

3.8 **Children & Young People**

The Children & Young People's department has forecast that it will overspend its budget by £1.3m. All of the significant financial issues are within Children's Social Care; the Early Help and Education division is forecast to spend to budget.

- 3.9 Within Children's Social Care, the forecast overspend against the budget and financial risks have three principal components.

No Recourse to Public funds.

- 3.10 The service is currently supporting 61 families at a projected cost of £0.9m in 2015/16, which would result in an overspend of £0.4m against the current budget of £0.5m. This forecast is unchanged from the previous month. In order to contain this pressure the service has tightened eligibility criteria in line with other London boroughs and is challenging all accommodation types to ensure the cost and size of accommodation is proportionate to the size of the family. In addition, due to the increasing difficulties in obtaining affordable accommodation in London, the service has begun offering families cheaper accommodation outside of London. In order to progress with this strategy further, a joint initiative has been formed with Housing to set up a housing scheme for NRPF clients. The model will save money by moving NRPF clients into cheaper accommodation instead of housing them in expensive B&Bs in Brent. In addition the service has recruited specialised staff with experience in Home Office and Human Rights legislation within the context of Children's Social Care legislation, and conducting in depth assessments and investigations.
- 3.11 This is a highly volatile budget and it is challenging to judge the number of families that will present themselves during the year and the number that will leave Brent. The main contributors to this volatility are the overlapping complexities of legislation affecting NRPF families and delays in Home Office decision making that results in Local Authorities supporting families for months or even years. Brent is part of NRPF Connect (a network of organisations that support Local Authorities in meeting their statutory duties to people with NRPF) and recent research suggests that the number of families presenting themselves to Local Authorities in London will continue to increase, primarily due to recent and proposed changes to immigration legislation. Therefore the current forecast assumes that while the number of families supported will increase during year, the forecast overspend of £0.4m can be contained through the interventions described above.

Children's Social Care Savings 2015/16.

- 3.12 As part of the Council's agreed budget in March 2015, Children's Social Care are required to save £2.2m in 2015/16 and a further £0.9m in 2016/17, a total of £3.1m. These savings were principally to be achieved through more efficient commissioning of services, for example in collaboration with other WLA boroughs, increasing use of direct payments and through continuing to manage the number of secure remand placements at or about the levels experienced in the last eighteen months. In order to deliver these savings a number of projects have either begun or are being developed with the expectation of meeting the required savings targets. At present, two key savings targets have been identified as being at high risk of not being fully delivered.
- A saving of £0.3m in 2015/16 was planned to be achieved within the social care placements budget, predicated on a change in the mix of placements, specifically reducing the number of residential care, independent fostering and remand placements and increasing the use of in house Brent foster carers. Further savings of £0.14m were also predicated on reducing the overall numbers of looked after children through more effective early intervention. To date these combined savings are forecast to be under achieved by £0.3m.
 - In addition, there is a potential cost pressure of £0.4m related to staffing. This includes the additional costs of employing agency staff due recruitment and retention issues. Also, the savings in relation to the de-layering of management are partly predicated on a new structure being implemented for Children's Social Care as part of the Signs of Safety project. At present this project is behind schedule and is forecast to go live from December 2015.
- 3.13 Workforce planning in Children's Social Care is designed to ensure that caseloads across the Locality service do not exceed 20 children per social worker and in Care Planning do not exceed 15 children per social worker. This strategy is in light of the ongoing growth in Brent's child population, increased expectations from Ofsted and recruitment/retention issues in relation to Social Workers.
- 3.14 However, the initial one-off intervention in 2014/15 and the current year to achieve this will not be sustained unless either more permanent resources are allocated to the service (increasing the savings required by the council as a whole) or unless the total number of cases under management begins to reduce. The effect of social work interventions should ideally be to deal with the particular circumstances in a child's life and put in place structures where ongoing (or significant ongoing) support by the Council is no longer required.

Adult Services

- 3.15 The Adults budget is forecasting a break even position as at August 2015 and is unchanged from the previous forecast.
- 3.16 The major pressures that have been identified to date relate to delivery of some of the savings items in 2015/16. This is especially the case within the Reablement service area regarding pressures within the homecare budget that is currently creating a net pressure of £0.2m. There are presently compensating under spends within Direct Services, owing to staff vacancies at the John Billam Centre (£0.1m), and within Commissioning, also attributable to staff vacancies (£0.1m).
- 3.17 At present savings to be met in 2015/16 are forecast to be made although it has been recognised that some of these carry a higher risk of not being fully delivered. This position will thus be reviewed closely through the financial year and adjusted if necessary.

Chief Operating Officer

- 3.18 The Chief Operating Officer's department is projecting a breakeven position this month, which is unchanged compared to the previous month.
- 3.19 Legal Services is projecting an overspend of £0.8m, compared to £0.9m the previous month. The main cost drivers leading to the adverse position still remains as those mentioned in the previous month's report as follows:
- An upsurge on legal fees resulting from increase in volume of cases re: childcare proceedings; family justice review; property & licensing issues etc.
 - Additional costs resulting from the relocation of the children's court to Feltham. This is expected to increase the use of private lawyers instead of own staff, to attend hearing on behalf of Brent Council.
- 3.20 The overspend in Legal Services is being partly offset by underspends elsewhere in the COO department, notably within the Administrative Service where the saving allocation for year 1 and 2 have been front-loaded to year 1, thereby resulting in an underspend of £0.4m. There are further underspends reported in Strategic Commissioning and Member & Mayors divisions of £0.3m and £0.1m respectively. These underspends are attributable to in-year staff vacancies and anticipated forecast reduction in spend respectively.
- 3.21 Public Health: Due to required government savings the Public Health grant is to be reduced by a minimum of £1.3m in-year that has meant action has been needed to contain spend within this reduced budget. To date the service have identified £0.7m of savings in anticipation of this reduction, which leaves a remaining pressure of £0.6m. The remaining shortfall will be met from the earmarked reserve.

Central items

- 3.22 The Council holds a number of budgets centrally, rather than within departmental budgets. These mostly relate either to fixed items, such as subscriptions to London Councils or the LGA, or to technical items such as the earnings on treasury items, which cannot be ascribed to the activities of any given departmental budget. In addition, the SEN Transport budgets are now held here, although managerial accountability for allocating places and controlling costs still sits in the children's social care and transport services, as last year. This transfer prevents the recharging of costs between services that was a partial cause of the overspend against last year's budget. Underlying pressures on the SEN budget remain, and are being managed through the One Council project and through addressing the supply side issues.

Ring Fenced Budgets

- 3.23 **Housing Revenue Account:**

As shown below, this month the Housing Revenue Account is reporting an over spend of £0.9m, which is the same as reported last month. The main contributing factor to the over spend is the continued pressure on the rental income budget due to the increased number of RTB sales and higher than targeted void turnaround times.

The base budget assumes 30 RTBs for the financial year; however as at the end of August total RTB applications received were 84 with 25 completed sales. Based on

completed sales to date the forecast for RTB sales for the year would be 60, i.e. 2 times higher than the 30 RTB sales assumed in the base budget.

The targeted turnaround time for voids set at the start of the financial year was 27 days. As at the end of August the turnaround time for standard voids was 40.4 days which is 1.5 times higher than the budgeted target.

The Council had planned on the basis of the HRA using £0.8m of its reserves of £4.5m in the 2015/16 budget. As currently forecast this balance would reduce to £2.8m by the year end.

Description	2015/16 Budget (£m)	2015/16 Forecast (£m)	Variance (£m)
Income	-57.6	-55.6	2
Expenditure	58.4	57.3	-1.1
Net Budget	0.8	1.7	0.9

3.24 Dedicated School Grant:

In March 2015 the Department for Education updated the latest DSG settlement for all local authorities. The provisional amount for Brent has been set at £207.208m. The final announcement will be made later in the year and will be subject to further change as academy conversions materialise during the year, funding for disadvantaged two year olds and funding for free entitlement for three and four year olds is released. It is anticipated that the final allocation will be in the region of £215m. Within this budget, £158m is passed directly to Brent schools. This budget does not include the retained balances held within individual School's accounts, which at the end of 2014/15 stood at £20m. Based on a sample of 25 London boroughs this is the fourth highest figure in London, and only about one third of boroughs' schools had, like Brent, increased their balances over this period.

Ring-Fenced budgets	Gross Expenditure Budget	Gross Income Budget	Net Budget	Forecast Outturn	Forecast Variance
	£m	£m	£m	£m	£m
Dedicated Schools Grant	215	0	215	215	0

4.0 Savings

4.1 The table below summarises the 2015/16 agreed budget savings by department and a forecast as at August 2015. Out of the total committed savings of £27.5m, £26.0m (95.0%) are forecast to be delivered.

Service Area	2015/16 Savings	Percentage of 2015/16 budget	Forecast Savings	Forecast Variance
	£m	%	£m	£m
Children & Young People	2.9	7.0	2.1	0.8
Adult Services	8.8	9.4	8.8	0.0
Regeneration & Growth	4.1	14.9	3.4	0.7
Chief Operating Officer	11.7	13.3	11.7	0.0
Total	27.5	-	26.0	1.5

5.0 Debt & Income Collection Analysis

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

- Oracle debt
- 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.

5.2 Oracle debt includes invoices raised by service areas and collected by the Finance Service Centre. The table below shows the balances as at August 2015.

	Apr-14	Jul-14	Oct-14	Jan-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Invoices Raised	2.1	0.9	4.5	1.9	1.9	1.9	3.3	3.1	6.5
Collected	(2.0)	(1.3)	(1.0)	(1.3)	(9.1)	(2.5)	(3.3)	(3.1)	(6.1)
Balance	7.4	7.3	9.9	9.7	10.4	9.8	9.8	9.3	9.7

Of the outstanding debt of 9.7 million 44% relates to invoices up to 60 days past their due date. (26% relates to invoices less than 30 days. 35% relates to debt over 360 days and is being pursued by the FSC Debt Recovery team. £1m of this debt is secured against an asset.

- 5.3 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 balance as at August 2015.

	Apr-14	Jul-14	Oct-14	Jan-15	Apr-15	May-15	June-15	July-15	Aug-15
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Invoices Raised	0.7	0.7	0.8	0.7	0.7	*0	1.2	0.7	0.7
Collected	0.7	0.7	1.4	0.6	0.6	0.5	0.5	1.5	0.5
Balance	10.4	10.3	9.3	9.0	9.5	9.0	9.7	8.9	9.1
Balance disaggregated to:									
Unsecured client debt	7.9	7.9	8.1	7	7.7	7.2	7.6	7.6	7.5
Secured (against Property) client debt	2.5	2.4	1.2	2	1.8	1.8	2.1	2.1	1.6

*No invoices raised in May 2015 while annual reassessments are carried out.

Total debt outstanding at the end of each month has reduced from an average between £10m and £10.5m in the early part of 2014/15 to approximately £9m to £9.7m in 2015/16 (the exact figures vary each month, of course). However, whilst this trend is favourable the proportion of debt secured against client properties is also slightly down to around 20%. This gives the Council comfort that its lawful charges (set within a national framework and guidelines) will in time be paid.

- 5.4 In terms of Council Tax, the total amount required to be collected for 2015/16 is £87.7m (excluding the GLA share) and the collection rate target is 95.9%.

Council Tax collection for 2015/16 was at 47.7% at the end of August, compared to 47.9% for August 2014. There has been a large number of new properties entering rating in the last two months, and collection would have only just begun on these. This would account for most of the 0.2% reduction on last year. Although it is still early in the new financial year, the final collection percentage is anticipated to be very similar to last year's figure of 95.6%, which would be slightly below the target figure. Final collection figures for 2014/15 show Brent's 95.6% was below the London average of 96.5%. Brent had the 24th highest collection of the 32 London boroughs (down from 21st in 2013/14). 16 boroughs had collection rates between 95% and 97%, and Brent was within 0.3% of a further 3 boroughs, but was 0.9% below the London median.

- 5.5 For 2015/16 there has been a significant reduction in the total of Council Tax Support granted, largely due to falling unemployment. This continues the trend from 2014/15.

The total granted for 2014/15 was £26.6m, compared to an anticipated £25.5m in 2015/16 (although this may fluctuate during the year, depending on economic conditions). At £25.5m, the total cash collectable will be around £0.75m higher as a result (after allowing for the GLA share and anticipated collection rates). There has also been an increase in cash collectable as a result of new properties coming in to rating (2,217 new properties have come in to rating since September 2014 – this compares to an increase of 534 Band D equivalents between September 2013 and September 2014). The overall effect of this (including the reduction in CTS) is to increase Brent's share of the collectable income by over £3.0m. Therefore even if the overall collection rate fell slightly compared to last year, the actual amount of income will increase substantially. As a result of this a larger Council Tax surplus can be declared at the end of the financial year, which will reduce the Council's overall budget requirement for 2016/17. Additionally a higher Council Tax base figure will result for 2016/17 (meaning that the budgeted income from Council Tax will increase significantly in 2016/17).

- 5.6 For NNDR, the total amount collectable is £114.0m (of which Brent retains a 30% share) and the collection rate target is 97.7%. As at August 2015, the collection rate was 46.95%, compared to 46.2% in August 2014. Therefore overall collection is up on last year, and early indications are that collection should end up being similar or slightly above last years final figure of 98.1%. 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 properties NNDR bill can be several hundred thousand pounds (or in rare instances over £1m). 25 properties in Brent have a bill of over £0.5m. Early indications are that the final collection rate for 2015/16 will be around 98.3%, but this would need to be reviewed through the year for the reasons outlined above.
- 5.7 In 2014/15 Brent collected 98.1% of the total NNDR due (up from 97.6% in 2013/14). This was the 17th highest of the 32 London boroughs, up from 18th the previous year. The London average was 98.5%. Collection is higher in inner London, with the outer London average being 98.1%.
- 5.8 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:

Period	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
Q1 Average 14/15	1.3	14,626	0.73	0.5	0.2	0.7
Q2 Average 14/15	1.1	13,259	0.7	0.6	0.1	0.7
Q3 Average 14/15	1.0	12,389	0.7	0.6	0	0.6
Q4 Average 14/15	1.1	13,932	0.7	0.6	0	0.6
Q1 Average 15/16	1.1	14,004	0.7	0.5	0.2	0.7
Jul-15	1.0	13,822	0.7	0.7	0.1	0.8
Aug-15	0.9	12,804	0.65	0.6	0.07	0.67

- 5.9 Whilst there are variations in the number of PCNs issued each month, the level of revenue forecast remains broadly the same as 2014/15, representing around 64% of the value of issued PCNs. The method of forecasting income within Parking is based on a prevailing 18 month PCN yield multiplied by the number of PCN issued per month.
- 5.10 Enforcement Staff productivity is as forecast, at 1.15 Penalty Charge Notices issued per deployed hour. Levels of deployment have been slightly above forecast to achieve slightly above forecast issuance levels; the enforcement budget is therefore balanced. Of the £1.1m of PCN debtor accrued into this year (from 2014/2015), more than £800k has now been collected.
- 5.11 Slightly more PCNs were issued in the first quarter of 2015/16 than forecast, taking account of seasonal factors. However following the severe restrictions on CCTV enforcement of parking contraventions imposed by the Deregulation Act on 1 April 2015, the overall composition of the PCNs has changed significantly; there has been an average of 98% reduction in the number of CCTV-issued parking PCNs compared with the previous year 2014/15 financial year as shown in the table below. A greater emphasis is now placed on Civil Enforcement Officer-issued PCNs, as anticipated when the council's budget was set.
- 5.12 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 and 2015/16.

Period	Current Tenants £'000	Former Tenants £'000	Other £'000	Total £'000
Q2 Average 14/15	1,434	619	574	2,626
Q3 Average 14/15	1,558	626	567	2,751
Q4 Average 14/15	1,551	531	587	2,669
Q1 Average 15/16	1,607	630	637	2,874

- 5.13 Overall debt has increased from £2.669m in quarter 4 of 2014/15 to £2.874m in quarter 1 of 2015/16. This indicates a 7.7% increase in outstanding debt compared to the previous quarter. Any increase in outstanding debt has a direct impact on the level of bad debt provision as the provision provides for 100% cover of any anticipated loss of income.
- 5.14 The level of 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.
 - Ongoing Debt Relief Orders and IVA are becoming more increasing.
 - No DHP payment this year in respect of bedroom tax.
 - DWP sanctions are increasing.
 - Court hearings being adjourned due to the tenants citing disrepair.
 - Court giving tenants the right to stay giving them an opportunity to clear the arrears
 - Issues with successions and introductory tenancies which are having an impact on arrears.

- 5.15 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. Income Officers are working evening and weekends to contact tenants who may not be contactable during the normal working hours.
- 5.16 Approximately 20.82% of the total debt at the end of August relates to Former Tenants arrears where tenants have left their properties owing rent to the Council. These debts have been transferred to 1st Locate to chase, trace and collect. This process commenced in July 2015 and to date there has been a total recovery of £6,822.15. It is anticipated that this will increase on a monthly basis. A review will be carried out in November 2015 to ascertain whether this trace and collection process is effective.
- 5.17 A mini exercise was completed in July 2015 to identify and recover HBO and FTAs from those tenants who had credit balances on their rent account. A total of 162 cases were reviewed and to date a total of £5,283.81 has been recovered from 45 tenants. In addition, a total of £12,000 is still pending from a further 46 tenants where a letter has been sent to the tenant requesting permission to offset the debt against the credit balance on their rent account. A further 12 cases have been sent to the Operational Director of Finance for the debts to be written off as they are considered unrecoverable. There are 60 court cost sundry accounts which have not been reviewed during this mini exercise but will be reviewed during August and September 2015. BHP have appointed a Former Tenancy Arrears Officer and it is anticipated that more proactive collections will commence in October 2015 in regards to former tenants arrears and sundry debtors.

6.0 Capital

6.1 The following table sets out the 2015/16 Capital budget and forecast as at the end of August 2015. The Revised Budget column reflects the budget position approved at the June Cabinet meeting amended predominantly as a result of budget movements between 2014/15 and 2015/16. The Forecast Outturn column reflects movements that have been identified by budget holders and project managers to the end of August 2015. Further details of the variances are provided in the table below.

Service Area	2015/16 Original Budget £m	2015/16 Revised Budget £m	2015/16 Forecast Outturn £m	Forecast Variance £m
Adult Services	2.3	2.2	2.2	0
Children and Young People	0.3	0.2	0.2	0
Chief Operating Officer				
Communications	0.4	0.5	0.5	0
Culture & Heritage	1.4	2.4	2.4	0
Recycling & Waste/Public Realm	0.1	0.3	0	(0.3)
Parking & Street Lighting	0	0	0.3	0.3
Transportation - General Fund	4.2	4.5	4.4	(0.1)
Transportation - TfL	3.8	3.8	5.7	1.9
Regeneration & Growth				
Regulatory Services	0	0	0.3	0.3
School Expansion Schemes	65.4	72	23.3	(48.7)
South Kilburn Regeneration	22.1	24.4	9.9	(14.5)
Private Housing	4.9	5.9	5.9	0
New Accommodation for Independent Living	5	5.3	5.3	0
The Library at Willesden Green	9.5	9.7	9.7	0
Schools (Non Expansions)	5	6	5.6	(0.4)
Strategic Property	3.4	5.2	5.2	0
Affordable Housing	1.5	1.5	1.5	0
Facilities Management	0.9	1.7	1.7	0
Planning, Landscaping and Major Projects	0.8	1.6	1.4	(0.2)
Regeneration & Growth (HRA)				
Affordable Housing	7.1	7.1	7.1	0
Major Repairs & Improvements	41.7	44.7	44.7	0
Total	179.8	199	137.3	(61.7)

6.2 The forecast has been adjusted from £136.4m to £137.3m in the period from July to August to take account of the following matters:

Chief Operating Officer

6.3 Within the Culture & Heritage service area the sum of £12k has been vired from the Sports Strategy to Pitch Improvements to meet the revised works requirements. This has a nil impact overall.

Regeneration & Growth

6.4 The Schools Expansion programme has been increased by a total of £476k. This reflects:

- the costs of required window replacements at Stonebridge Primary School at £450k to be delivered as part of the overall expansion scheme with a further £400k due in 2016/17. The budget to meet these costs has been vired from the Schools Asset Management Plan allocation as per the approved Delegated Authority report.
- the costs of enabling works at Manor School totalling £26k. The budget to meet these costs has been vired from the Schools Asset Management Plan allocation as per the approved Change Request report.

As a result of the above there has been a corresponding reduction in the Schools Asset Management Plan budget.

6.5 The Church End Regeneration scheme has been increased by £185k in 2015/16 and re-profiled in future years to reflect the likely acquisition of the rear of 203 Church Road in-year.

6.6 The Landscaping programme of works has been increased by £68k to reflect additional amounts of S106 funding commissioned for tree planting in the Harrow Road and Argo House areas. The S106 Agreements in question had been identified as at risk of expiration.

6.7 Property schemes have been increased by £575k to reflect the addition of the scheme to replace the Shubbery Building at the Gordon Brown Centre as approved by Cabinet on 29th June.

Regeneration & Growth – HRA

6.8 Delays have been identified in the 2015/16 delivery of the contract for major repairs across the housing stock which will require a significant element of the programmed work to be delivered in 2016/17. This is currently being investigated with the contractor by BHP officers and the finance team are assessing the financial impact of the delays. The 2015/16 forecast will be updated in the next cycle to reflect the result of these investigations.

7.0 Financial Control

7.1 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.

Internal Audit

7.2 There are 79 internal audit assignments included within the agreed 2015/16 Audit Plan (excluding follow up and advisory work). As at August 2015, work has commenced on 27 of these assignments. 17 assignments have been completed to draft or final stage; of which 13 have an audit opinion associated with them (8 has a substantial opinion and 5 have limited opinions). The remaining 4 relate to grant certifications and accounts work which do not have an assurance rating attached and were signed off without qualification.

