Brent	**Cabinet** 12 February 2018
	Report from the Chief Finance Officer

Financial Forecasts Q3 2017/18

Wards Affected:	All
Key or Non-Key Decision:	Non-key
Open or Part/Fully Exempt:	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s):	Conrad Hall Chief Finance Officer Tel: 020 8937 6528 conrad.hall@brent.gov.uk

1.0 Purpose of the Report

1.1. The purpose of this report is to provide Cabinet with the forecast outturn for revenue and capital, and other key financial data as at Q3 2017/18.

2.0 Recommendation(s)

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

3.0 Summary

3.1 This report sets out the forecasts, as at 31 December, of income and expenditure against the revenue and capital budget for 2017/18, and other key financial data. The actual spend information in the report is to 30 November 2017, and the forecasts were prepared and finalised as at 31 December.

3.2 The outlook for local government as a whole remains challenging, and the extent of the challenge remains uncertain given the developing national policies on matters such as exiting the EU, health and social care. A little additional certainty for the immediate future has been provided by the new policy announcements made in the Autumn Budget 2017 and the Provisional Local Government Finance Settlement for 2018/19 which includes the London

100% business rates pilot for 2018/19. However, the new announcements of a fair funding review being completed and implemented for 2020/21 along with a new 75% business rates retention system mean further uncertainty for these years. The proposed budget for 2018/19 and longer-term financial outlook are presented as another item on this agenda.

3.3 In order to be able to deliver a balanced budget and spend within its means, the council has put considerable effort into developing both a realistic budget that addresses the various challenges, and a culture of strong financial control so that areas at risk of overspend are addressed and solutions put in place. This means that the Council is able to continue to navigate this potentially turbulent period on a sound financial footing.

3.4 Overall, expenditure will be contained within budget. Whilst this is a good position it masks some over and underspends across different funds. Underspends in the HRA and the DSG funded element of the general fund are offsetting an overspend of £0.6m in the rest of the general fund, which had been forecast to spend within budget at the last report to Cabinet, in November 2017.

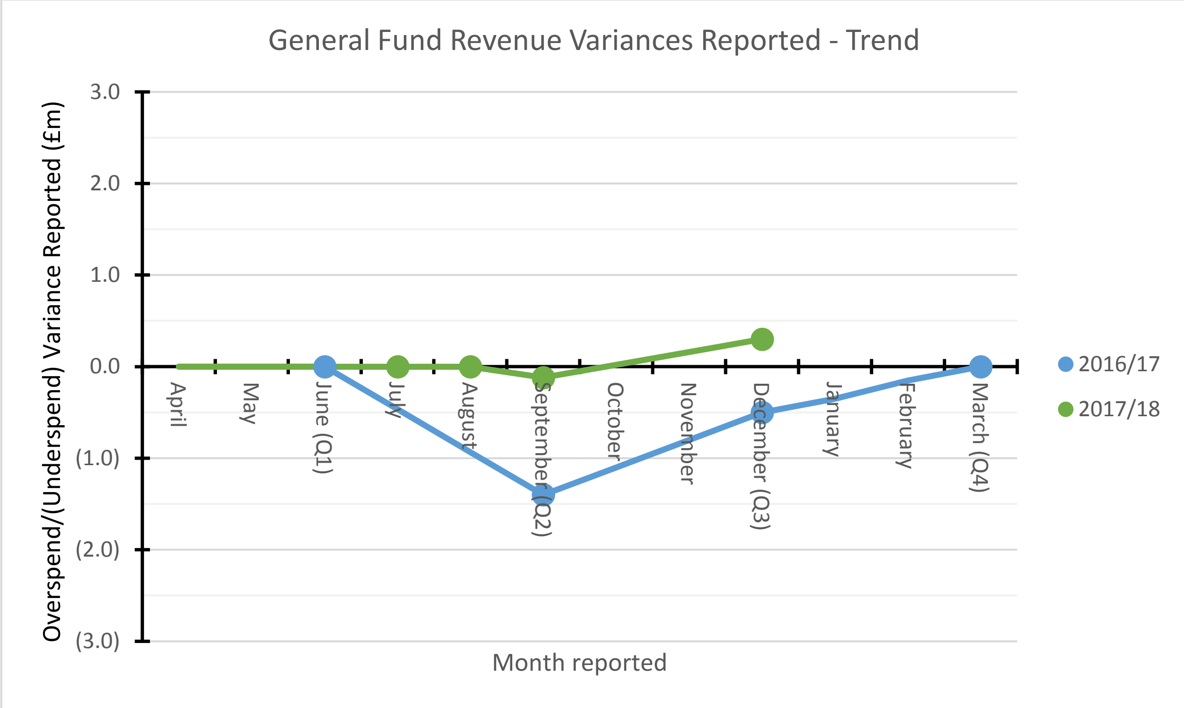
3.5 This adverse movement is due to increased forecast overspend in Community Wellbeing (£0.3m increase on the £0.5m previously reported) and a forecast overspend in Children & Young People (a new variance of £0.1m). Both of these relate mainly to social care placement costs, planned savings not yet achieved, and increased staffing costs. These overspends are partially offset by underspend in Regeneration & Environment of £0.6m (unchanged since last report) relating principally to vacancies in the service and increased income. The Housing Revenue Account (HRA) is expected to underspend as a result of additional income from leaseholders; as is the Dedicated Schools Grant (DSG), mainly due to reduced growth in primary school place requirements.

3.6 Table one shows the overall revenue position and Graph one shows the net General Fund variance compared with the reports made in 2016/17.

Table One: Overall revenue financial position 2017/18

Department	**Budgeted Income**	**Budgeted Expenditure**	**Net Budget**	**Forecast spend**	**Variance**
Figures as at December 2017	**£m**	**£m**	**£m**	**£m**	**£m**
Children & Young People	(29.2)	70.0	40.8	40.9	0.1
Community Wellbeing	(74.2)	202.2	128.0	128.8	0.8
Regeneration & Environment	(39.3)	74.0	34.7	34.1	(0.6)
Resources	(16.7)	51.1	34.4	34.4	0.0
Performance, Policy & Partnerships	(1.2)	10.8	9.6	9.6	0.0
Central Items (excludes Housing Benefit)	(291.7)	44.2	(247.5)	(247.5)	0.0
Total (General fund)	**(452.3)**	**452.3**	**0.0**	**0.3**	**0.3**
DSG funded activity (see table three)	(201.0)	201.0	(0.0)	(2.5)	(2.5)
HRA funded activity (see table four)	(53.1)	57.1	4.0	2.2	(1.8)
Overall position	**(706.4)**	**710.4**	**4.0**	**0.0**	**(4.0)**

Graph One: Overall revenue financial position 2017/18
Net overall revenue spend is forecast to be contained within the agreed budget. The General Fund variance is shown in the graph compared to the variances reported in 2016/17.



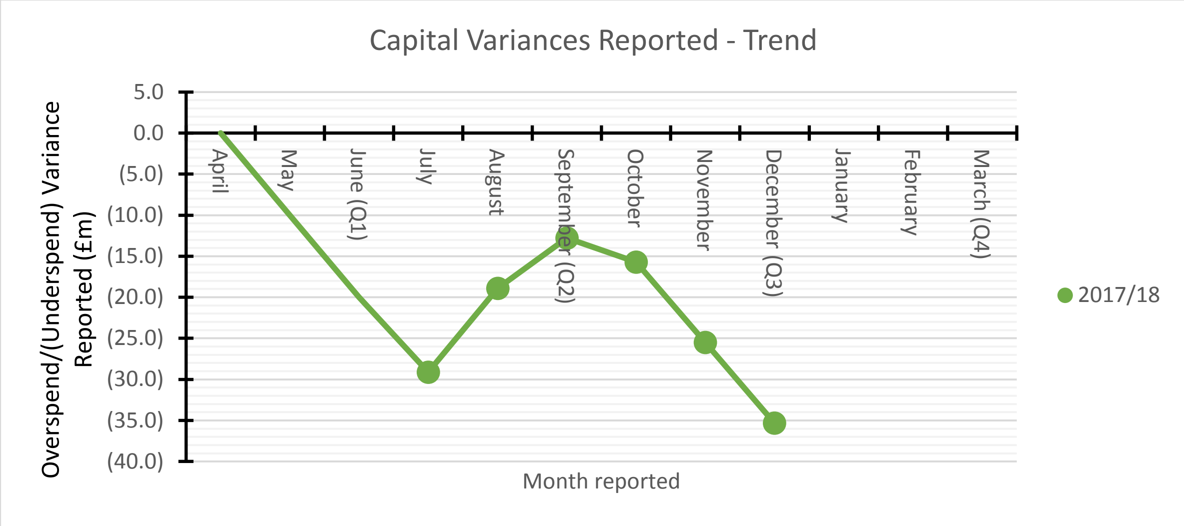
3.6 This revenue outturn forecast does not mean that the council can afford to be complacent, there are still notable risks, which are discussed below, and there is extensive work necessary to deliver the savings on procurement and income generation through the civic enterprise strategy.

3.7 The Capital Programme is currently forecast to underspend by £35.3m (15%, additional underspend of £22.5m compared with the last report), principally on projects reporting to the Housing Care Investment Board and Public Realm Board, as shown in table two, below. The budget has increased slightly since Q2 due to the addition of new projects, mainly funded by direct grants and contributions from developers through Section 106 planning obligations. The details are shown in Table Two and the Graphs Two and Three show, respectively, the reported variance and actual spend to date compared to last year's figures.

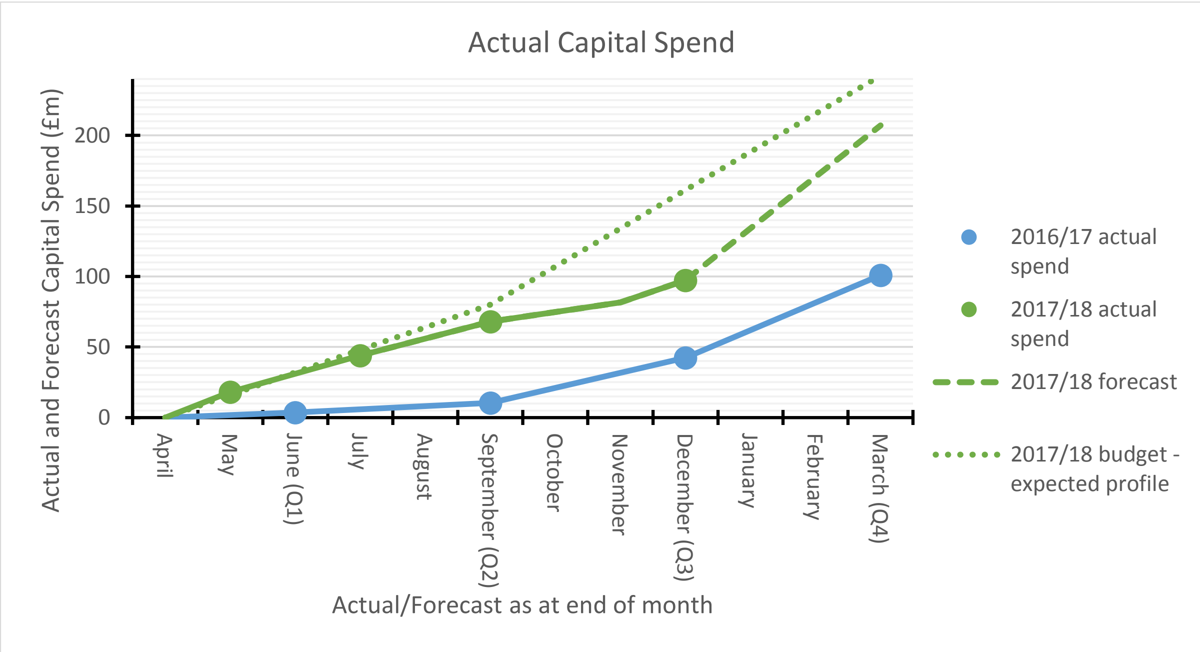
Table Two: Overall capital programme position 2017/18

Board	Budget	Revised Budget (Q2)	Revised Budget (Current)	Forecast Outturn	Actual Spend	Forecast Variance
Figures as at December 2017	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Corporate Landlord	2.1	3.5	3.5	3.1	0.9	(0.4)
Housing Care Investment Board	147.7	153.5	153.5	130.6	61.3	(22.9)
Public Realm Board	17.1	26.3	27.2	16.7	6.6	(10.5)
Regeneration Board	8.7	11.9	12.2	10.6	6.1	(1.6)
Schools Programme Board	30.6	32.5	33.3	33.0	13.3	(0.3)
South Kilburn	12.7	11.7	12.7	13.1	9.2	0.4
Grand Total	**218.9**	**239.4**	**242.4**	**207.1**	**97.4**	**(35.3)**

Graph Two: Overall capital programme position 2017/18
Capital spend is forecast to be contained within the agreed budget. The underspend has increased significantly since the last report.



Graph Three: Actual Capital Spend 2017/18
Actual capital spend compared with last year is shown in the graph. The dotted line on the graph shows the profile commonly taken by capital spend. This indicates that spend would need to accelerate significantly to achieve the current forecast. That said, spend to date in 2017/18 is almost the same as the 2016/17 outturn of £101m.



3.8 The rest of this report sets out more detail on a department by department basis, before moving on to the Capital Programme.

4.0 Children & Young People (General Fund)

4.1 The Children and Young People department (CYP) now forecasts an overspend of £0.1m. This compares to a balanced budget position forecast as at the end of Q2. In summary, this adverse movement is due to increased numbers of young people in remand or secure accommodation placements, increased cases in the Localities service, and higher than previously forecast spend by front line social work teams on supporting children and care leavers in need.

4.2 The social work staff remodelling has resulted in a costed establishment within the available annual employee budget, and will be in place from 2 January 2018. However, this means that implementation is 4 months later than originally planned for the budget, and means a slight increase in the budget pressures that were previously reported in social work teams.

4.3 Overall, the staffing remodel has not yet resulted in an improvement in the reliance on agency social workers, with 38% of positions held by agency in November, almost twice the target ratio. However, management have now concluded the interview and appointment process and expect this ratio to improve. This is a key reason for the forecast overspend. In addition, the number of cases held by the Localities service has risen sharply since Q2. The six month average from April to September 2017 for the East and West teams was 1,175, which formed the basis for the new social work staffing model. This rose to 1,365 in October and totalled 1,396 in November. The new social work staffing model was designed to accommodate only 1,348 cases, so given the commitment to appropriate case holding this will affect staffing costs. The total impact of the additional staffing costs is a variance of £0.7m, £0.2m more than reported at Q2.

4.4 Pressures were also previously reported in relation to placements. The placements budget was reset with additional funds in 2017/18 to support 320 LAC across a mix of placements plus care leavers in semi-independent provision. Broadly, CYP have been able to hold LAC placement numbers and unit weekly costs within budgeted expectations. There were 320 LAC placements in November, a net increase of one compared to October. The average for 2017/18 so far is 315. However, the budget did not allow for the cost of three remand placements made during Q3 and an ongoing secure welfare placement. It is anticipated the remand placements will continue until at least the end of the financial year, and will cost £0.2m. The secure welfare placement will cost £0.3m, which is £0.2m per annum more than an average residential placement. The forecast also includes the £0.3m of additional funding recently announced by the government to support the costs of unaccompanied asylum seeking children and care leavers.

4.5 This increase in cases is not being seen across other social work teams in CYP, and the numbers for the Family & Adolescent Support team, Looked After Children (LAC) teams and leaving care teams are all well within the budgeted levels. In addition, there is a small overspend (£0.1m) to support clients, principally with rent, subsistence and setting up home allowances. This is lower than in 2016/17 but still considerably above the budget. Management are reinstating some additional expenditure controls, which significantly reduced spend when previously used. Finance are supporting analysis of this spend to identify long term methods to reduce spend or ensure appropriate budget.

4.6 Against these pressures possible management actions totalling £0.8m were identified in the Q2 report. Some of these, such as use of non-ring fenced grants and the bringing forward of future savings plans, have now been implemented by CYP management and remain reflected in the forecasts. In addition, there is now a forecast underspend in the Settings & School Effectiveness service, which is able to use a non-ring fenced grant to offset expenditure and where a small surplus is expected from the Brent Music Service.

4.7 The balance of forecast variances totals £0.1m, 0.3% in excess of the agreed budget. This includes £1.3m of mitigating actions identified by management, which continues to act to control spend. These actions can be grouped into 3 areas: controlling staffing expenditure, controlling other committed expenditure, and maximising other sources of income.

4.8 To control staffing expenditure CYP managers are taking action to require agency workers to take appropriate leave, and will reduce staffing headcount by holding vacancies where caseloads are below the thresholds and where it is judged safe to do so.

4.9 All CYP Heads of Service are reviewing spending commitments and cancelling those that are not urgently required. In addition, the centralised training budget is being carefully managed and in-house resource is being utilised to reduce spending in the current financial year.

4.10 Maximising other sources of income involves scrutinising placements and care packages to ensure financial support from health partners and grant funded education budgets is appropriate.

5.0 Community Wellbeing (General Fund)

5.1 The Community Wellbeing department is forecasting to overspend by £0.8m in Adult Social Care.

5.2 The demand for nursing care has continued to grow across the first nine months of 2017/18, with 395 clients as at 31 December, a 17% (57 client) increase since 1 April. The budgeted growth for business as usual demographic change in 2017/18 accommodates an increase of nine clients across the full year.

5.3 A significant number of cases where nursing care was approved relate to hospital discharges, and more specifically the management of discharge delays (Delayed Transfers of Care, DTOC). A lack of available appropriate provision means that clients are being discharged to more expensive nursing care settings, as this is judged to be better than leaving them in hospital. The additional cost of this increase in demand means a forecast overspend of £0.7m. This additional cost will be offset through the short term one-off DTOC related improved Better Care Fund funding programme. This is a specific intervention identified by the Council to support a reduction in hospital discharge delays by block purchasing additional nursing beds as this is seen as a major alleviator of delayed discharges in Brent.

5.4 As last quarter, Mental Health budget is projected to overspend by £0.5m. Although existing service users have moved from residential to supported living schemes and from supported living to general needs, these reductions have been to some extent offset by new demands. The Mental Health target number of placements was set as 75 (ten residential, and 65 supported living). The current number of placements is 99 (24 residential, and 75 supported living), generating the £0.5m pressure. A specialist team has been set up to support service users in Q4, whilst ensuring their safety, to move to less intensive provision and the intention is for the number of placements to reach 75 (15 residential, and 60 supported living) by the end of 2017/18.

5.5 The remaining £0.3m overspend in Adult Social Care is within Direct Services. The deregistration of Tudor Gardens from a Residential Home to a Supported Living scheme has been delayed to Q4 of 2017/18, so only a part year effect on the 2017/18 savings target. Unbudgeted staffing levels were also increased in Tudor Gardens following a recommendation from the CQC following the inspection this year.

5.6 The continuation of the Housing Association Lease Scheme (HALS) for temporary accommodation continues to be uncertain, with discussions with providers ongoing. So far both Genesis and Network housing associations have contacted the Council about increasing their management fees by approximately £15 per week per property.

5.7 Cost increases are expected at the renewal of leases, and are estimated at a full year effect of £1m for all HALS. However, if it emerges, this pressure would be staggered over a two year period from 2018/19 as the leases come due for renewal.

6.0 Regeneration & Environment

6.1 The Regeneration & Environment department (R&E) is forecasting a budget underspend of £0.6m, the same as reported at Q2. The department's current budget pressures/risks remain as set out below, with updates for the last quarter's activities.

6.2 The contract to implement LED Lanterns in street lights was delayed last financial year due to technical procurement problems and legal challenges from unsuccessful bidders. The implementation was begun, as predicted at Q2, in November so the underachievement of savings totals £0.6m as previously estimated.

6.3 The Brent Transport Service 3 year joint passenger transport inter-authority agreement (IAA) model with Harrow went live in September 2016. While operationally the merged service has so far proved capable of delivering a collective transport solution, rising costs have become an area of growing concern. The latest forecast presented to Brent is a net overspend of £1.3m (an increase of £0.5m since Q2) driven principally by increased demand. While passenger number increases typically averaged between 5% and 7.5% in recent years, last year saw an 11.4% overall increase. Current data for 2017/18 indicates an increase of 15%-20%. The core requirements for passenger transport come from children and young people with Special Educational Needs and adults who are elderly or disabled. Demand management work continues, principally moving adult clients from day centres to other forms of provision, and to ensure Educational Health and Care Plans for children are robustly assessed so transport is definitely needed.

6.4 To offset these pressures, a line by line review was undertaken of budgets throughout the directorate, and action taken to reduce overall costs to budget by holding vacancies and additional income generation in Highways and

Parking in Environment Services (£1.2m), and in Regeneration (£0.8m). The additional overspend reported in the Brent Transport Service is offset by additional underspends in central management budgets for the strategic directorate, also relating principally to the holding of vacancies. This means a total of £0.6m underspend remains for R&E.

7.0 Resources, and Performance, Policy & Partnerships

7.1 As last quarter, Resources and PPP are forecasting a breakeven position against their 2017/18 budgets. However, as previously reported, there are known risks within the Customer Services budget in relation to the timing of the planned restructure and income generation within the Registration and Nationality service, and the HR department in relation to their savings target. Mitigating actions are being taken and offsetting underspends being found elsewhere in the department, so the overall forecast remains on budget.

8.0 Central Items

8.1 The declining share of total council income made up by central government grants makes it increasingly important that the Council monitors and maximises available income. The first key source of income is council tax. In order to deliver the plans set out in the budget, the total council tax payable needs to grow to £136.2m in 2017/18. As at 30 November this amount (technically, the gross debit) is materially the same as at 1 April, at £133.2m. Whilst there is considerable planned development of new residential properties the expected completion of most of these are now expected to fall in 2018/19.

8.2 The Council does not collect 100% of its council tax, so the other key element is the collection rate. The budget for 2017/18 set a challenging cumulative target collection rate for November of 74.1%, which is higher than last year’s actual collection of 73.5%. The November actual of 73.7% is better than last year, though not quite to the ambitious target set. Officers are in regular discussions with the contractor responsible for collection in relation to their plans to achieve the required the collection rate by the end of the financial year. This is still considered achievable.

8.3 The other key source of income in the collection fund is business rates. The council budgeted for total business rates payable of £133.2m. As at 31 December, this figure is £134.8m, which has grown slightly through the year, as expected, but is prone to fluctuation as businesses move around. This income is vulnerable to economic conditions, and may also rise or fall depending on changes to the economic climate.

8.4 As with council tax, the actual collection rate is important in determining how much money the council ultimately collects, at the end of December, the council’s target was to have collected 84.3% of business rates, and 87.2% was collected. As expected, this has come back on-target since the last report, though will continue to be monitored throughout the year.

8.5 The Council’s council tax and business rates assumptions for future years have been updated to reflect current forecasts and the updated figures are included in the budget papers elsewhere on this agenda. However, it is expected that for 2017/18 performance across business rates and council tax will be on budget. In part, this is due to the statutory arrangements for these budgets, which mean that in-year income variances will not be felt until future years once the Council has had time to plan for them. That said, there is an effect on the Council's cash holdings where the total local taxes collected is above or below target, as surpluses (and deficits) are not distributed to (or collected from) central government and the GLA until future years. This is currently manageable within the Council's operational treasury management.

8.6 The status of the Procurement and Civic Enterprise savings is unchanged since Q2, with shortfalls of £2m and £0.6m respectively. These are offset by £1.9m of compensating savings, which are factored into forecasts. Further savings proposals are required but have still not been made, and therefore the £0.6m pressure remains ongoing and likely to increase in 2018/19 if not addressed as further savings are expected in these areas. As appropriate, any proposals will be brought to Cabinet to agree. Developing and delivering these proposals will need imagination to identify new opportunities for the council and drive to realise the income, which is why this is an area being prioritised as part of Brent 2020.

8.7 Historically, Capital financing has underspent due to delayed delivery of the capital programme. At the moment, this budget is forecast to underspend by £0.5m, reflecting the small underspend in the capital programme referred to above. In addition, corporate debt collection targets are forecasts to be exceeded. Together, these offset the £0.6m shortfall in corporate savings targets, above.

8.8 Other areas of central items are expected to be on budget in 2017/18.

9.0 Dedicated Schools Grant

Table Three: Dedicated Schools Grant 2017/18

Dedicated Schools Grant	**Budget**	**Forecast spend**	**Variance**
	£m	**£m**	**£m**
School Budget Shares	141.0	140.8	(0.2)
Inclusion Service	27.3	27.2	(0.1)
Early Years	23.8	23.2	(0.6)
Central Services and Pupil Growth	8.9	6.8	(2.1)
Total DSG Expenditure	**201.0**	**198.0**	**(3.0)**
Total DSG Income	**(201.0)**	**(200.5)**	**0.5**
Total net DSG funded activity (to table one)	**(0.0)**	**(2.5)**	**(2.5)**

9.1 The Dedicated Schools Grant (DSG) expenditure and income budgets for Brent total £311m before recoupment of funds by the Department for Education to fund the borough's Academies. This figure represents the total cost of funding education to early years and school age pupils in the borough. Recoupment is forecast to total £110m, so the borough budgets to receive a net £201m of DSG and Sixth Form grant before any adjustments relating to early years provision. The early years income adjustment will mirror the underspend on 3 and 4 year old provision so the latest projection of DSG income is £200.5m, £0.5m less than budget.

9.2 There are known DSG underspends on the school budget share budget and school growth allocation forecasts. The Floreat free school was included in the mainstream funding formula budget, but this will no longer be opening, causing an underspend of £0.2m. The rising rolls growth allocations have now been calculated following the release of the October 2017 pupil data. This shows primary pupil growth has slowed and an underspend of £0.5m is confirmed against the £1.1m budget. The planned growth budget is likewise forecast to underspend by £1.3m.

9.3 Growth budgets are being reviewed ahead of the 2018/19 financial year as although the increase in the number of Primary pupils has clearly slowed, the demographic bulge is expected to require additional funding in future years as it starts to affect Secondary Schools.

9.4 Additional placements with SEN provision (in Inclusion), particularly within the borough are expected to increase spend in the High Needs block compared to last year so no underspend is forecast at this stage. Further work is being carried out to review these budgets ahead of 2018/19. A small underspend against the capital charges budget for The Village School is forecast, due to interest rates remaining low, but High Needs recoupment for post 16 is higher than planned which offsets this.

9.5 The Early Years block of the DSG was rebalanced to match income and expenditure for 2017/18. However, the number of parents who have registered for the extended 30 hours provision is slightly lower than that budgeted, as is the take up of the standard 15 hours. Original budgets were set in line with Department for Education forecasts. The final position will depend upon autumn adjustments and the spring early years census, for now an indicative underspend of £0.5m is forecast, though as above it is expected that Early Years block income will be reduced commensurately. Additional small underspends bring the total to the £0.6m shown in the table.

9.6 The overall position for the DSG is a £2.5m underspend, which is less than 1% of the total £312m allocation for Brent. Any underspent DSG at year end will be added to the DSG reserves from where it can be reallocated to schools and used across DSG funded services in future financial years.

10.0 Housing Revenue Account

Table Four: Housing Revenue Account 2017/18

Housing Revenue Account	**Budget**	**Forecast spend**	**Variance**
	£m	**£m**	**£m**
Housing Repairs	9.0	10.1	1.1
General and Special Management	16.7	15.8	(0.9)
Bad Debt Provision, Rent, Rates and Services	2.3	2.4	0.1
Capital Financing and Depreciation	29.1	29.1	0.0
Total HRA Expenditure	**57.1**	**57.4**	**0.3**
Rental Income	(49.8)	(49.0)	0.8
Service Charges and other Income	(3.3)	(6.2)	(2.9)
Total HRA Income	**(53.1)**	**(55.2)**	**(2.1)**
Total net HRA funded activity **(to table one)**	**4.0**	**2.2**	**(1.8)**

10.1 Overall the HRA is forecasting a net underspend of £1.8m against budget.

10.2 A number of variances have been identified as would be expected against a budget with gross expenditure of £57m. These relate to pressures of £1.1m in the repairs budget due to increased demand for responsive repairs and adaptations and the additional cost of recruiting two fire safety officers. General and Special Management is forecast to underspend by £0.9m, £0.5m of Housing Management Transformation budget is not expected to be spent in 2017/18 though will be required to deliver the programme in 2018/19. There is also £0.4m underspend in communal utility and cleaning budgets.

10.3 Dwelling rents are showing under-recovery of income of £0.8m, this is due to increased rent loss through voids. It is envisaged that these costs and the under-recovery of income will be offset against £2.9m over recovery of income on leaseholders' major works due to increase in the billing of leaseholders for capital works.

10.4 The forecasted net outturn will result in an additional contribution to the HRA reserve, as required by statute. The 2018/19 and future years' budgets are based on utilising this underspend.

11.0 Capital – Overall

11.1 The Capital programme as a whole has a 2017/18 budget of £242m, two-thirds of which relates to Housing. The Forecast Outturn is currently £207m or 85% of target. It is forecast to underspend by £35m, an increase of £23m since the previous report. Further detail about the movement is provided in each Board's section, below.

11.2 There has been minimal change in the Revised Budget of £3m since the previous report. These have been approved under delegated authority, or by Cabinet.

11.3 In general, the rate of Capital spend increases towards the end of the year, and usually a third of spend takes place in the first half of the year. This is the profile shown in the graph in the summary. £97m of spend to date indicates an outturn position of around £204m, not allowing for any catch up of slippage to date, compared to the current forecast of £207m. That said, spend-to-date at £97m in eight months of 2017/18 is almost the same as the 2016/17 outturn of £101m.

12.0 Capital – Housing Care Investment Board

12.1 Overall, the Housing Care Investment Board expects to deliver £131m out of £154m budget, forecasting a net £23m underspend. The delivery of this programme is, however, dependent on a number of complex legal, planning and contracting factors, which can significantly influence the profile and size of spend.

12.2 The Investment strategy linking capital spend to corporate objectives around affordable housing and social care accommodation was signed off in April 2016. A wholly owned investment vehicle – I4B Holdings Ltd (I4B) – was established late in 2016, and the company is now operating. I4B is expecting to purchase 200 properties by the end of the financial year, which will ultimately be financed through loan drawdowns from the Council, paid from this Capital Programme. Spend in 2017/18 is forecast at £60m, which is £26m ahead of the budget profile and £16m more spend than the previous forecast report to Cabinet.

12.3 Development schemes are currently predicted to underspend by £17m against a budget of £23m. A review of schemes has been undertaken and although the programme is generally on track, the spend profile has been revised and is currently anticipated to fully deliver spend and completed units by 2019/20.

12.4 The Mixed Development and NAIL programmes are currently forecasting an underspend of £34m against a budget of £45m. The budget profiles have similarly been reviewed across years and are generally on track, with individual projects progressing. 2017/18 is expected to see NAIL delivering a significant portion of its planned units towards the end of the year after a shortfall in 2016/17.

12.5 The Major Repairs and Maintenance programme is also forecasting an underspend of £5m. This may be mitigated by additional fire and electrical programmes that are being investigated and could be delivered under agreed policy objectives.

12.6 There is additional accelerated spend of £1m on HRA Acquisitions and South Kilburn buy backs, where the budget is profiled for 2018/19. This has largely been to manage the overall Board position and maximise the use of Right to Buy capital receipts.

13.0 Capital – Other Boards

13.1 Corporate Landlord (IT, Property, Energy) is projecting a forecast underspend of £0.4m against a budget of £3.5m. The majority of spend of £1.6m relates to IT in respect of One Oracle hosting, network upgrade and telephony projects, overspend of £2m against the budget. This is offset by underspends (£1.6m) in other areas of the budget held by this Board. A comprehensive asset strategy is being developed to fully inform requirements for property management expenditure over the coming months.

13.2 Schools Programme Board is reporting materially on budget. The ability to deliver the £33m outturn directly relates to the three key primary school projects. All other items are broadly on track. Letters of intent and agreement to do early site works have been signed with the relevant contractors. It is currently forecasted that all stage 2 contracts will be signed within the next month, and if that happens the forecast outturn will be achievable.

13.3 An extra £1.6m has been added to the budget in light of monies received to fund 30 hour childcare places, however, these are pay to pay for project costs already expended by schools. The Gordon Brown Outdoor Education Centre's budget of £0.8m is expected to be delivered before the end of the financial year.

13.4 Public Realm board consists of Highways, Parks, Sports and Street-Lighting, and is reporting a £10.5m underspend. There is an anticipated £3.7m slippage on Street-lighting into 2018/19, due to delays finalising the contract. This has not further affected the delivery of revenue savings. On the positive side, the contracted price is expected to cost £1.3m less than the budget, despite challenge on the procurement, the service has managed to deliver greater value for money. CCTV is currently only forecast to spend £0.8 m of the £2.3m in 2017/18, due to delays in the procurement. As a result £1.5m will be slipped into 2018/19. Parks/Landscaping and Sports have a combined underspend of £1.4m, primarily relating to a number of schemes completed in previous years. Highways and infrastructure is on track to fully spend its main programme and Transport for London allocation. £2.4m unused budget relates to unapplied S106 funding. This is likely to be slipped in 2018/19.

13.5 Regeneration spend relates primarily to Housing Zones and shows a forecast variance underspend of £1.6m. This is largely due to a Bridge Park underspend of £1m, unused budget will be slipped into 2018/19. Barham Park scheme is expected to complete in 2017/18 and projected unused budget of £0.3m will be absorbed back into the South Kilburn Programme. There is a further underspend of £0.3m on Housing Zones.

13.6 South Kilburn is expected to exceed its budget by £0.4m, as reflected in its forecast position. However, this is dependent on the level of leaseholder buybacks.

14.0 Conclusion

14.1 Currently, the forecast shows that the financial position for the Council in 2017/18 is broadly on target with revenue overspends in Community Wellbeing and Children & Young People offset by underspend in

Regeneration & Environment, lower than expected growth in Council Tax offset by higher than expected Business Rates, and underspends on DSG, HRA and Capital.

14.2 However, there are some risks identified that could develop into structural issues if the Council is unsuccessful at addressing them. In particular, changes in the temporary accommodation market could significantly increase costs, and action needs to be taken now to ensure that the Procurement and Civic Enterprise savings for 2018/19 are delivered. Subject to these plans being delivered, no new major cost pressures emerging, and the savings agreed by full Council being delivered, the Council should spend within its budget in 2017/18.

14.3 Work is underway to update the financial strategy and budget for 2018/19 and future years to ensure that the Council remains on a secure financial footing. The latest update is presented separately at this meeting.

15.0 Financial Implications

15.1 This report is about the council's financial position in 2017/18, but there are no direct financial implications in agreeing the report.

16.0 Legal Implications

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

17.0 Equality Implications

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

18.0 Consultation with Ward Members and Stakeholders

18.1 None.

Report sign off:

CONRAD HALL
Chief Finance Officer