



Report of: Executive Member for Finance, Performance and Community Safety

Meeting of:	Date	Ward(s)
Executive	18 January 2019	All

FINANCIAL MONITORING 2018-19 MONTH 8

1. SYNOPSIS

- 1.1 This report presents the forecast outturn position for 2018-19 as at 30th November 2018 (month 8 of the financial year). Overall, there is a forecast gross General Fund underspend of £0.7m, before taking into account the ongoing corporate contingency budget of £2m.
- 1.2 The Housing Revenue Account (HRA) is forecast to break-even over the year.
- 1.3 It is forecast that £111.1m of capital expenditure will be delivered in 2018-19.

2. RECOMMENDATIONS

- 2.1. To note the forecast revenue outturn for the General Fund (**Table 1**) of a gross underspend of £0.7m, before taking into account the ongoing corporate contingency budget of £2m. (**Paragraph 3.1**)
- 2.2. To note the breakdown of the forecast General Fund outturn by individual variance at **Appendix 1** and by service area at **Appendix 2**.
- 2.3. To note that the HRA forecast is a net break-even position. (**Section 5, Table 1**)
- 2.4. To note the latest capital position with forecast capital expenditure of £111.1m in 2018-19, to agree the slippage of capital resources between 2018-19 and future financial years and to agree the allocation of £1.5m of Section 106 and Community Infrastructure Levy (CIL) funding collected from developments in Clerkenwell ward to transport and public realm improvements in Clerkenwell Green (**Section 6, Table 2, and Appendix 3**).

3. REVENUE POSITION: SUMMARY

- 3.1. A summary position of the General Fund and HRA is shown in **Table 1**, a breakdown by individual General Fund variance in **Appendix 1** and a breakdown by General Fund and HRA service area in **Appendix 2**.

Table 1: 2018-19 General Fund and HRA Month 8 Forecast

	Forecast Over/(Under) Spend (£000)
<u>GENERAL FUND</u>	
Resources	(535)
Chief Executive's Department	(213)
Children's, Employment and Skills (excluding DSG)	(495)
Environment and Regeneration	500
Housing and Adult Social Services	38
Public Health	0
DIRECTORATE TOTAL	(705)
Corporate Items	(37)
GROSS OVER/(UNDER) SPEND	(742)
<u>HOUSING REVENUE ACCOUNT</u>	
NET (SURPLUS)/DEFICIT	0

4. GENERAL FUND

Resources Department (-£0.5m)

- 4.1. The Resources Department is forecasting an underspend of (-£0.5m) over the financial year with the key variances detailed in **Appendix 1**.

Chief Executive's Department (-£0.2m)

- 4.2. The Chief Executive's Department is forecasting an underspend of (-£0.2m) with key variances set out in **Appendix 1**.

Children's, Employment and Skills - General Fund (-£0.5m), Schools (-£0.5m)

- 4.3. The Children's, Employment and Skills directorate is forecasting an underspend of (-£0.5m) with key variances set out in **Appendix 1**.
- 4.4. The Dedicated Schools Grant (DSG) is forecasting an underspend of (-£0.5m or 0.3%), mainly in relation to prior-year balances being managed on behalf of the Schools Forum.

Environment and Regeneration (+£0.5m)

- 4.5. The Environment and Regeneration Department is forecasting a (+£0.5m) overspend. The key variances behind this net overspend are set out in **Appendix 1**.
- 4.6. The management actions being taken to control these pressures are:
 - 4.6.1. Regular monitoring of spend and income trends across the department to enable effective decisions to be taken;
 - 4.6.2. Extensive work being undertaken within Street Environmental Services to control and monitor staff related spend and HR data;
 - 4.6.3. Vacancy and recruitment management to control and reduce costs; and
 - 4.6.4. Ongoing work to drive through service changes to deliver delayed savings.

Housing and Adult Social Services (Break-Even)

- 4.7. Housing and Adult Social Services is forecasting a break-even position with key variances set out in **Appendix 1**.

Public Health (Break-Even)

- 4.8. Public Health is funded via a ring-fenced grant and forecast to break-even.

Corporate Items (Break-Even)

- 4.9. The forecast for corporate items, before any call on corporate contingency budgets, is a break-even position with key variances set out in **Appendix 1**.

5. HOUSING REVENUE ACCOUNT

- 5.1. The forecast net variance for the Housing Revenue Account is a break-even position, summarised at **Appendix 2**.

6. CAPITAL PROGRAMME

- 6.1. It is forecast that £111.1m of capital investment will be delivered in 2018-19. This is set out by directorate in **Table 2** below and detailed in **Appendix 3**.

Table 2: 2018-19 Capital Programme Month 8 Forecast

Directorate	2018-19 Capital Budget	2018-19 Capital Forecast	Forecast Re-profiling (to) Future Years
	£m	£m	£m
Children's, Employment and Skills	20.8	14.8	(6.0)
Environment and Regeneration	20.5	20.3	(0.2)
Housing and Adult Social Services	116.7	76.0	(40.7)
Total	158.0	111.1	(46.9)

- 6.2. Under the Council's financial regulations, the re-profiling of capital budgets between financial years over £1m on an individual capital scheme is a function of the Executive.

Children's, Employment and Skills

- 6.3. The capital forecast for the Children's, Employment and Skills directorate reflects a re-profiling of the budget from 2018-19 to future years to match latest project milestones and cash flows. The Children's, Employment and Skills capital programme remains on time and on budget. This re-profiling between financial years includes £1.5m relating to the Highbury Grove school expansion scheme, which is still expected to be completed by September 2019.

Environment and Regeneration

- 6.4. The Environment and Regeneration forecast capital position includes forecast unbudgeted costs of significant capital projects that will be funded from corporate capital contingency at the end of the financial year if required. There is no forecast slippage over £1m on an individual capital scheme.

Allocation of Clerkenwell Ward Section 106/Community Infrastructure Levy (CIL) Funding to Clerkenwell Green Improvements

- 6.5. It is recommended that £1.5m of Section 106 and CIL funding collected from developments in Clerkenwell ward is allocated to a project to make transport and public realm improvements in Clerkenwell Green. The proposal for Clerkenwell Green primarily involves the creation of an improved environment for pedestrians and those wishing to enjoy the space by the removal of parking, through traffic and the creation of a new public space. Reducing car dominance and creating additional public space will encourage residents and local workers to spend more time outdoors within the space, using the space as part of daily walking and cycling journeys and providing valuable outdoor amenity space in an area where the majority of residents live in flats or apartments.

Housing and Adult Social Services

- 6.6. The Housing and Adult Social Services capital forecast reflects forecast slippage of £40.7m on the new homes programme 2018-19 budget of £85.7m. It is challenging to accurately forecast the profile of expenditure on new build schemes at this point in the programme as many schemes are at the feasibility stage where we are still discovering issues.

- 6.7. Feasibility is the most difficult stage for forecasting because of potential unknowns. This includes additional consultation at the request of residents and councillors and scheme design changes, and recent schemes have uncovered anomalies such as plague pits, asbestos and other obstructions in the ground.
- 6.8. Planning remains the biggest dependency for the new build programme, and the new build and planning teams are working together proactively to reduce programme slippage.
- 6.9. Forecasting for 2019-20 has recently been completed. For schemes that have advanced to site the forecasting will be more accurate, and where schemes are still at the feasibility / pre-commencement stage additional time has been allowed in the forecast expenditure profile. Housing are confident with the lessons learnt and that this will significantly improve the accuracy of the forecasting for 2019-20.
- 6.10. Five of the six schemes with the largest slippage are due to complete in either 2020 or 2021:
- 6.10.1. **Dixon Clark Court – slippage of £6.5m against a budget of £6.7m.** Delays have arisen in the main due to the protracted planning process and lengthy deliberations regarding the procurement options.
 - 6.10.2. **Park View – slippage of £6m against a budget of £7.1m.** There have been delays due to additional required surveys and resolving utility diversion requirements.
 - 6.10.3. **Elthorne – slippage of £5.8m against a budget of £7m.** Planning was delayed in connection with the late inclusion of the caretaker's cottage site to the scheme. Further delays arose because of consultations and design review panel design changes.
 - 6.10.4. **Andover Estate – slippage of £5.4m against a budget of £7.7m.** This scheme was "called in" by the GLA because the number of homes in the proposed development (150) met the GLA threshold for "call in". Consent from the GLA was given a considerable time after planning approval was awarded, thereby delaying the procurement process. Delays were compounded by external factors affecting our procurement process that led to the process needing to be re-run.
 - 6.10.5. **Wedmore – slippage of £5.2m against a budget of £5.4m.** A wide range of factors have delayed this scheme including numerous planning questions requiring investigation and resolution (particularly around energy efficiency), required design changes associated with the roof and tenure mix and a lack of response from framework contractors for expressions of interest.
 - 6.10.6. **Hathersage and Beasant – slippage of £5m against a budget of £5.2m.** The possible removal of a significant tree on the corner of the site took time to resolve before the design could be finalised. There have also been several design review panels for this scheme, with each one delaying the scheme by a month or two.

7. **IMPLICATIONS**

Financial Implications

- 7.1. These are included in the main body of the report.

Legal Implications

- 7.2. The law requires that the Council must plan to balance its spending plans against resources to avoid a deficit occurring in any year. Members need to be reasonably satisfied that expenditure is being contained within budget and that the savings for the financial year will be achieved, to ensure that income and expenditure balance.

Environmental Implications

- 7.3. This report does not have any direct environmental implications.

Resident Impact Assessment

- 7.4. The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.
- 7.5. A resident impact assessment (RIA) was carried out for the 2018-19 Budget Report approved by Full Council. This report notes the financial performance to date but does not have direct policy implications, so a separate RIA is not required for this report.

Appendices:

Appendix 1 – General Fund Revenue Monitoring by Individual Variance

Appendix 2 – Revenue Monitoring by Service Area

Appendix 3 – Capital Monitoring

Background papers: None

Final report clearance:

Signed by:		8 January 2019
	Executive Member for Finance, Performance and Community Safety	Date

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