

MEETING

FINANCIAL PERFORMANCE AND CONTRACTS COMMITTEE

DATE AND TIME

WEDNESDAY 18TH MARCH, 2020

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
7.	CHIEF FINANCIAL OFFICER REPORT MONTH 10 (JANUARY 2020)	3 - 44

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AGENDA ITEM 7

Finance Performance and Contracts Committee

18 March 2020

Title	Chief Financial Officer Report Month 10 (January 2020)
Report of	Director of Finance (Section 151 Officer)
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A: Revenue tables Appendix B: Capital tables
Officer Contact Details	Ben Jay, Assistant Director of Finance ben.jay@barnet.gov.uk

Summary

This report contains a summary of the Council's revenue and capital financial performance for the financial year 2019/20 as at Month 10 (31 January 2020). It also contains information on the level of debt and the top 10 debtors as at 31 January 2020.

Recommendations

That the Financial Performance and Contracts Committee notes the following for Month 10:

1. Note the overall financial outturn forecast for LB Barnet services and the other financial matters included
2. Note the risks section and consider areas any potential risks that need to be reflected in the forecast for future periods

1 Executive Summary

- 1.1 This report sets out the Council's financial forecast for the 2019/20 financial year as at Month 10 (31 January 2020).
- 1.2 **The General Fund revenue forecast for 2019/20 as at month 10 is a net overspend of £1.055m. This is a favourable movement of £0.362m on the Month 9 forecast.** This is due to a £276k improvement in the forecast net cost of general fund services, combined with a further application of £86k of reserves. This is shown in table 1.
- 1.3 This forecast is stated after the contributions to and from specific and general earmarked reserves reported for Month 10 totalling £5.567m (net drawdown), as shown below in Table 1. Excluding these reserve movements, the net forecast overspend would be £6.623 (previously £6.899m).

Table 1 – forecast outturn for general fund services

Service Areas	Revised Budget £'000	Month 10 forecast before reserves movements £'000	Variation to revised budget £'000	Reserve Movements £'000	Month 10 variation to revised budget £'000	In-Month change £'000	Month 9 variance £'000
Adults and Health	115,949	119,171	3,222	(648)	2,574	(45)	2,620
Assurance	5,690	6,537	847	(779)	68	(2)	70
Children's Family Services	67,480	68,469	990	0	990	(419)	1,408
Growth and Corporate services	40,505	44,038	3,533	(1,281)	2,251	83	2,168
Environment	11,689	15,820	4,131	(2,609)	1,522	5	1,518
Finance	59,785	53,685	(6,100)	(250)	(6,350)	16	(6,365)
Total at Month 10	301,098	307,721	6,623	(5,567)	1,055	(362)	1,418
Total at Month 9	301,098	307,997	6,899	(5,482)	1,418		
In-Month change	0	(276)	(276)	(86)	(362)		

- 1.4 There is increasing confidence that the forecast is deliverable. The forecast takes into account the fact that some planned areas of savings have not been fully delivered. As a result, a key challenge in the coming months will be planning for the delivery of agreed savings in next financial year (2020/21).

- 1.5 **The actual outturn at 31 March could be affected by the coronavirus, but as at the date of the report there are only 3 weeks of the year left. The current forecast has not been adjusted for the virus, although the impact of any contingency arrangements are being estimated. As further information becomes available and can be quantified, it will be included in financial forecast for this year and, more importantly, for 2020/21.**
- 1.6 The key movements since last month are summarised below.
- 1.7 **Adults and Health: £0.045m favourable movement.** The current forecast is for the service to overspend by £2.574m, a £0.045m improvement compared to Month 9. This change is due to a reduction in anticipated staffing costs within Adults Social Care and Equalities and Intelligence workforce budgets. The overall overspend is chiefly due to the cost of social care placements, as activity during the year has proven to be higher than anticipated in the budget. The forecast is shown after the contributions from reserves and provisions, totalling £2.897m.
- 1.8 Risks remain for this area in the final weeks of the year, but it is considered that the key risks have been included in the current forecast at a reasonable level, and that the forecast is expected to be delivered. Further commentary on risks and mitigations for this area are included elsewhere in this report.
- 1.9 **Children's Family Services: £0.419m favourable movement.** The current forecast is for the service to overspend by £0.989m, which shows a £0.419m improvement to the position forecast at month 9. Key elements driving this improvement are:
- £0.204m additional DSG funding (within Early Help) and reduced costs of £0.106m (now charged to High Needs);
 - £0.121m of planned activities not expected to take place this financial year
 - £0.176m drawn down from the Troubled Families Reserve.
 - £0.088m adverse movement in Placements and
 - £0.119m reflecting additional Legal costs
- 1.10 **Growth and Corporate Services: £0.083m adverse movement.** The current forecast is for the service to overspend by £2.251m, a £0.083m adverse movement compared to month 9. Key changes include
- Capitalisation of Brent Cross Income totalling £0.309m, (previously shown as revenue but required to be recorded as a capital receipt under changed guidance),
 - Additional IT costs of £0.142m in relation to decommissioning Barnet House (although work is in hand to identify whether some of those costs may be capitalised, so reducing the cost forecast), and
 - reduced forecast costs of £0.414m against the total Re budget. Further details are included elsewhere in this report.
- 1.11 **Environment: £0.005m adverse movement.** The current forecast is for the service to overspend by £1.522m, an £0.005m adverse movement compared to month 9. Key overall variances include
- Overspending in Waste services (£1.499m), Greenspaces Development (£0.249m) and Environment Management costs (£0.272m)

- Underspending in Grounds Maintenance (£0.270m), Management Costs and Service Support costs (£0.228m).

1.12 The overall forecast to year end 2019/20 is an overspend of £1.522m

1.13 **Finance (incl. Capital Finance):** £0.016m favourable movement: The current forecast is for the service to underspend by £6.350m compared to £6.365m in Month 9.

Addressing the overspend

1.14 The forecast £1.055m overall overspend position requires mitigation, in accordance with financial regulations. Recovery plans detailing management actions have been developed and are shown in Table 5. Clearly, improvement has been secured between month 9 and month 10. Work continues to be undertaken to reduce both the overall cost of operations and the reliance on reserves.

Reserves

1.15 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 1 April 2019, the council held reserves of £63.626m.

1.16 The financial plan for 2019/20 assumed use of reserves totalling £8.057m for revenue and £0.600m for capital. Subsequent agreed use of reserves in addition to previous plans include use of the special parking account, public health reserve, transformation funding set aside, and other use of revenue reserves. At month 10, this amounts to £5.567m. If the projected overspend is funded from reserves, the total use of reserves in the year is then £14.224 (£8.657m planned and £5.567m in addition to plan). This will leave reserves at the end of the year of £49.402m (against a planned level of £54.969m).

1.17 The latest assessment suggests that £3.519m of the £5.567m is recurrent which will inform our understanding of the cost savings targets for 2020/21.

Table 2: Reserves Summary

Reserve Movements	Balance Brought Forward	Use of reserves agreed in budget setting	Resulting balance (1)	Additional in-year use of reserves	Resulting balance (2)	Forecast overspend	Current Estimate of Balance Carried Forward
							£000s
Revenue Reserves - non-earmarked	49,950	(8,057)	41,893	(3,324)	38,569	(1,055)	37,514
Revenue Reserves - earmarked	9,298		9,298	(2,243)	7,055		7,055
total revenue	59,248	(8,057)	51,191	(5,567)	45,624	(1,055)	44,569
Capital Reserves	4,378	(600)	3,778		3,778		3,778
total all	63,626	(8,657)	54,969	(5,567)	49,402	(1,055)	48,347

Housing Revenue Account

1.18 The current forecast for the HRA is for a deficit of £2.6m, to be funded from the HRA reserve. This is a £1m variance from the revised budget, which targeted a £1.6m deficit. However, the revised budget removed a planned £9.1m contribution to capital expenditure (further to the lifting of the borrowing cap), so the overall position for the year remains substantially better than previously planned. Details of the HRA are set out in section 3.

Dedicated Schools Grant

1.19 The Dedicated Schools Grant (DSG) budget for 2019/20 has been revised to take into account the brought forward reserve of £1.543m and additional funding from Central Government. With these additions to the budget the DSG adopted planned spend of £222.012m in 2019/20. The current forecast shows no use of the brought forward reserve of £1.543m which will be carried forward to 2020/21. This is due to the underspending against the Growth Fund, partly (but not fully) offset by increased expenditure in the High Needs block. Further detail is in section 4.

Capital

1.20 The forecast as at 31 January 2020 on the council's 2019/20 capital programme is £311.891m; £272.894m relates to the General Fund programme, including the Brent Cross project (£123.455m), and £39.997m relates to the HRA capital programme. Capital investment is set out in detail in section 5.

Long- and Short-term borrowing and investment (Treasury Management)

1.21 The council continues to operate within agreed prudential indicators and the approved Treasury Management Strategy. Details are set out at Section 7 of this report.

1.22 As at 31 December 2019, the council held long term debt of £384.08m, compared with the agreed operational limit of £639.4m; short term debt of £15m; and short term investments of £91m.

Debtors

1.23 Between December 2019 and January 2020 overall debtors increased by £598k. Overdue debtors (up to 30 days and older) as at 31 January 2020 was £19.576m, a decrease of £7.719m for the same period in 2019 where the outstanding balance was £27.295m.

2 Revenue Forecast - General Fund services

- 2.1 The General Fund revenue forecast for 2019/20 is a net overspend of £1.055m, a favourable movement of £0.362m on the Month 9 forecast position. This forecast is stated after the contributions to and from specific and general earmarked reserves reported at Month 10 totalling £5.567m, as shown in Table 1 (above). Excluding these reserve movements, the forecast overspend would be £6.623m.
- 2.2 The main movements in forecast between Month 9 and Month 10 are shown in table 2 below.

Table 3: In-Month Movement (from Month 9 to Month 10)

Service	Month 9 Variance	Month 10 Variance	Movement Adverse / (Favourable)	commentary
	£000	£000	£000	
Adults and Health	2,620	2,574	(45)	<p>The favourable monthly variance movement relates to an improvement in the income forecast from Finchley Lido Leisure centre, after negotiations with the provider (GLL).</p> <p>Current forecasts for social care services indicate that the month 8 forecast is unchanged. However, this masks several emerging demand pressures, and mitigating actions that have been taken to address that.</p> <p>The forecast takes account of possible additional demand across the winter period. Further details of risks and assumptions are set out below.</p>
Assurance	69	67	(2)	NA
Children's Family Services	1,408	990	(419)	<p>The favourable movement of £0.419m is the result of additional DSG funding within Early Help (£0.204m) and costs of £0.106m now charged to High Needs; planned activities not expected to materialise this financial year totalling £0.121m and £0.176m drawn down from the Troubled Families Reserve. These favourable movement are offset by a £0.088m adverse movement in Placements and the continuing pressure of additional Legal costs of £119k in Education and Skills</p>
Growth and Corporate Services	2,168	2,251	83	<p>The movement includes adverse impacts of the capitalisation of Brent Cross Income totalling £0.309m, (previously shown as revenue but required to be recorded as a capital receipt under changed guidance);</p> <p>Additional IT costs of £0.142m in relation to decommissioning Barnet House (although work is in hand to identify whether some of those costs may be capitalised, so reducing the cost forecast), and</p>

Service	Month 9 Variance	Month 10 Variance	Movement Adverse / (Favourable)	commentary
	£000	£000	£000	
				Reduced forecast costs of £0.414m against the total Re budget.
Environment	1,518	1,522	5	The favourable movement is mainly the result of an improved position within Street Scene. There was a further reduction in forecasts across Street Scene of £0.210m relating to revised agency cost forecasts, and a further £0.051m across other services, offset by a loss of £0.069 for commercial waste income and other parts of the service.
Finance	(6,365)	(6,350)	16	NA
Total	1,418	1,055	(363)	

- 2.3 The main reasons for the overspend of £1.055m forecast as at Month 10 are set out below.

Adults Services and Health

- 2.4 Sports and Leisure budget is reporting a pressure of £0.395m (no change from Month 9), because of income loss due to the closure of the wet area of Finchley Lido Leisure centre. The wet area has been closed from March 2019 due to structural issues with the roof.
- 2.5 Adults Placements budget is reporting an overspend of £2.004m, no movement from Month 9 forecast position. The forecast includes an allowance of £0.969m to cover for potential increase in placements costs for the last quarter of the year. The adverse movement and additional provision in the forecast for further increases in placement costs is mitigated by a combination of additional funding (related to transformation activity), improved forecasts for client income, and agreement to capitalise some costs current shown as revenue expenditure (related to assistive technology and telecare).
- 2.6 The placement overspend is largely due to the cost of client care packages in Older Adults (£4.631m), with some smaller overspends forecast in Mental Health services (£0.693m). These are offset by underspending in other areas. Further to a detailed activity forecast undertaken in May 2019, there have been more than 100 new cases presented above the allowance made at that time. To offset the overall pressure on service delivery budgets, there has been a release of £2.897m of the ordinary residence provision.

- 2.7 Non-placement costs are forecasting to overspend by £0.214 in the area of Workforce and Prevention Services. Workforce is reporting an overspend of £0.193m due to savings that cannot be achieved as planned and agency budget reduction (£0.484m) offset by underspends in other areas (£0.291m). The reduction since month 9 of £0.005m is due to revised forecasts for several staffing budgets where it is now clear that any recruitment activity is unlikely to lead to costs in the current year.
- 2.8 Prevention Services budget is reporting an overspend in the area of Deprivation of Liberties (DOLs) and in spend with Voluntary Organisations. An underspend is reported in Telecare, resulting in a net overall overspend in this area of £0.021m (no change from last month).
- 2.9 Month 10 forecast includes a provision for costs during the remainder of the year. These cannot be known with certainty, although the level of certainty will undoubtedly increase in the coming weeks. While this cannot yet be sure, based on available information, the service and the finance business partners are reasonably confident that the overall costs for the year will be either as presented in this report, or less (with the risk of further increase in costs having been substantially mitigated).
- 2.10 Risks are being monitored monthly in joint meetings between the service and finance business partners. The key risks being monitored in this area are normal demand related and a potential winter spike in activity. (These points are also covered below in the section on risks and assumptions.)

Children and Family Services

- 2.11 The overall forecast to year end 2019/20 is an overspend of £0.989m. Key pressures making up this overspend are as set out below and further detail is in appendix A.
- 2.12 There is a net £2.120m pressure on non-staffing of which the main areas include:
- Legal Fees funding gap of £0.300m in Family Services and £0.119m in Education, totalling £0.419m.
 - CSC 0-25 totalling £0.857, mainly due to pressures in Supported Living (£0.367m), Residential Care (£0.184m) and Short Breaks Activities (£0.091m)
 - Onwards and Upwards cost pressures leading to a forecast overspend of £1.151m offset by an underspend in Asylum Seekers of (£0.388m)
- 2.13 There is a net staffing pressure in CSC 0-25 of £0.362m mainly due to increased agency costs. This pressure is offset by net underspends on staffing of £0.728m (Early Help 0-19 £0.467m, Social Care Management £0.305m), which are supporting the overall forecast pressure across the service.
- 2.14 The level of children's court proceedings continues to cause financial pressures (£0.419m). Further work is underway to understand whether this is primarily due to the volume of activity or a change in the complexity of cases.

- 2.15 CSC 0-25 is forecasting an overall overspend of £0.857 with specific overspends identified in Residential Care (£0.184m) and Supported Living (£0.367m). The CSC 0-25 process will be subject to an Internal Audit review to improve systems and data quality, intended to which will provide better information for forecasting and monitoring.
- 2.16 The Onwards and Upwards Service is forecasting a £1.151m overspend. This relates to over-18 UASC clients who are unable to access benefits or housing tenancies and where the full cost of accommodation sits with the Local Authority (LA). While this is supported by a net positive forecast of £0.388m on U16/17 Asylum Seekers, to mitigate this pressure, regular placements monitoring meetings are now in place with the Service Managers to review individual client placements and to explore lower cost options.
- 2.17 Costs associated with individuals and families falling into the designation of having 'no recourse to public funds' are forecast to overspend the budget provision by £0.223m by the end of the year. (This is a demand led area of expenditure with statutory requirement to provide services.)
- 2.18 The Children's Social Care 0-25 service has a forecast overspend of £0.362m for disabled children and £0.731m for the 18-25 year placements for young people moving to adult social care (transitions).
- 2.19 Business rates in the Libraries Service increased in excess of the budgeted amounts resulting in a forecast overspend of £0.090m.

Growth and Corporate Services

- 2.20 The overall forecast to year end 2019/20 is an overspend of £2.251m. This is an adverse movement of £0.083m from month 9. The key pressures on the overall budget remains within the CSG Managed Budget, which is reporting a £2.309m overspend, together with other overspending in Customer Services and Digital support (£0.185m) and in Human Resources and Organisational Development (£0.208m). Underspends are mitigating the overall position, and occur in the areas of Re (£447m), Commercial Management (£0.137m) and the CSG Management Fee (£0.236m).
- 2.21 CSG Managed Budget overspending is due to a number of factors, noted in previous reports. These include £0.580m relating to unbudgeted rates, rents and running costs arising from with delays in moving out of Barnet House and LBP, and £0.147m for additional security costs that have been incurred across the estate due to the delayed move (as above) and as sites in the Brent Cross development scheme have been vacated. Additional rates of £0.248m for the Colindale building have been billed; these have been challenged and the resolution of this will take some time.

- 2.22 A further pressure has arisen this month in relation to an accounting adjustment of £0.309m in relation to Brent Cross income. The lease has been reclassified as a Finance lease, with the income now required to be treated as a capital receipt (rather than revenue income). A further £0.142m has arisen in relation to IT decommissioning costs for both NLBP 2 and Barnet House. However, it may be possible to charge these IT costs to capital budgets and discussions are under way regarding this.
- 2.23 The shortfall in vending machine income (reported last month) has been reviewed. Customer Services Group (CSG/Capita) are working to put revised arrangements in place.
- 2.24 Negotiation for the recoupment of a range of costs associated with the contractual completion of the Oakleigh Road depot is under way, and affects budgets in both Environment and Corporate Services (Estates). Costs are currently shown as net nil (i.e. no overall impact on the forecast). It is not possible to be certain on the level of costs to be recovered, nor when this will be determined.
- 2.26 In relation to Re the £0.448m underspend against budget is the outcome of negotiated elements of the contract which has resulted in a benefit against the management fee, and the agreement of the contract year 5 and year 6 invoices. Year 6 was not previously anticipated to be agreed in this financial year, and the benefit of reaching agreement has resulted in a benefit falling in the current year.

Environment

- 2.25 The overall forecast to year end 2019/20 is an overspend of £1.522m. Key variances include overspending in Waste services (£1.499m), Greenspaces Development (£0.249m) and Environment Management costs (£0.272m), offset by underspending in Grounds Maintenance (£0.270m) and other Management Costs and Service Support costs (£0.228m).
- 2.26 Overspending in Waste (Front Line) Services includes £1.499m within the Street Scene Service. This is mainly due to projected overspending of £1.051m in staffing and £0.411m in maintenance costs. The vehicle costs have increased in the last two financial years due to the age of the current fleet. There has also been a reduction in forecast costs across Street Scene arising from a review of necessary agency costs. This was offset by a reduction in anticipated commercial waste income of £0.123m.
- 2.27 The Month 10 projections have been adjusted to account for the £0.231m additional costs Street Scene have incurred arising from remedial works at the Oakleigh Road Depot.
- 2.28 Tree Planting Scheme - the projection for Month 10 includes an agreed drawdown of £0.505m from reserves. This was previously agreed by Policy & Resources Committee (2018/19).
- 2.29 Greenspaces has an overspend of £249k, with an underlying overspend of £0.450m (due to the service being unable to achieve planned savings) offset by £0.201m of S106 monies and Local Authority Parks.

Finance (including central and capital finance)

2.30 Finance costs are forecast to underspend by £6.350m compared to £6.365m in Month 10. The adverse movement of £0.016m is due to an updated rent allowances forecast in Revenue & Benefits. Funds of £250k were drawn down and reported in month 9, to offset costs arising from strategic service transformation.

Public Health

2.31 The service is forecasting to overspend in the areas of: Early Years (£200k), Health Visiting Services (£81k), Sexual Health (£47k) and Other (£22k) . Overspending will be offset by a drawdown of funds from the Public Health reserve. Table 4 (below) summarises the position.

Table 4: Public Health Grant (Month 10)

Public Health 2019-20 Month 10	2019- 20 Budget	Actuals to date	Current Forecast	Overspend / (Underspend)	Movement frm last mth
	£000	£000	£000	£000	
<u>Adults Funding</u>					
Savings	340	340	340	0	0
Wider Determinants	1,300	1,300	1,300	0	0
Adults Funding Total	1,640	1,640	1,640	0	0
<u>Children's Funding</u>					
Early Years	925	1,125	1,125	200	200
HV CommOfficer	75	86	86	11	0
MASH Officer	50	50	50	0	0
Savings	340	340	340	0	0
Health Visiting Services	4,281	3,636	4,362	81	0
School Nursing Service	955	818	982	27	0
Oral Health	59	39	59	0	0
Children's Funding Total	6,684	6,094	7,004	320	200
<u>PH Own Budget</u>					
Drugs & Alcohol	2,906	2,125	2,906	(1)	0
Health Checks	257	40	257	0	0
Legal	0	4	10	10	0
Sexual Health	3,110	1,794	3,157	47	0
Staffing and Support	1,586	1,335	1,511	(75)	0
Tobacco Control	150	21	150	0	0
Young People's Public Health	256	(80)	236	(21)	(257)
Health In All Policies	38	0	35	(3)	0
Health Care PH	75	(17)	75	(0)	8
PH Own Budget Total	8,379	5,221	8,337	(42)	(249)

Public Health 2019-20 Month 10	2019- 20 Budget	Actuals to date	Current Forecast	Overspend / (Underspend)	Movement frm last mth
	£000		£000	£000	£000
Total Before Reserves	16,703	12,955	16,981	278	(49)
Reserve Drawdown	0		(278)	(278)	49
Total After Reserves	16,703	12,955	16,703	0	0

Non-Grant Budget 2019-20 Month 10	2019- 20 Budget	Actuals to date	Current Forecast	Overspend / (Underspend)	Movement frm last mth
	£000		£000	£000	£000
Safety, Health & Wellbeing	111	133	111	0	0
Equalities and Intelligence	100	0	60	(40)	0
Non-Grant Budget	211	133	171	(40)	0

Savings

2.32 In 2019/20 the council budgeted to deliver £19.965m of savings. Table 5 below summarises the value of savings that are expected to be achieved against that savings programme. It shows that £16.750m of savings is expected to be delivered by year end, representing 84% of the target (which is the same as projected last month). Delivery of these savings is included in the forecasts reported in section 1.

Table 5: Savings Delivery, 2019/20

Service Area	Savings target 2019/20	Savings Delivered as at 31/01/2020	Total Savings Expected to be Delivered by 31/3/20	(Gap)/Over to plan	Service area gap %
Adults & Safeguarding	(7,518)	(5,903)	(6,636)	(882)	11.7%
Children and Family Services	(3,912)	(3,599)	(3,912)	0	0.0%
Environment	(4,567)	(2,805)	(3,917)	(650)	14.2%
Growth and Corporate Services	(3,925)	(2,101)	(2,258)	(1,667)	42.5%
Assurance	(43)	(27)	(27)	(16)	37.6%
Total	(19,965)	(14,435)	(16,750)	(3,215)	
Percentages	100.0%	72.3%	83.9%	16.1%	

- 2.33 Adults and Health savings of £7.518m are largely expected to be achieved in 2019/20. The £0.882m gap relates to staffing efficiencies not achieved (£0.305m) and a combination of care package reviews and other savings (£0.577m). A further review of savings is in hand which may result in an improved forecast. (It should also be noted that some savings planned are also in the area where demand has risen more than anticipated – Older Adults - reducing capacity to delivery simultaneous savings.)
- 2.34 Growth and Corporate Services forecast savings gap is £1.667m (£3.925m less £2.258m) and is partly due delay in moving to the new offices in Colindale where savings were anticipated. Savings in relation to moving to the new Customer Service Model have also been delayed for the same reason. A total of £1.186m which was planned to be achieved by the transfer of properties and debt management to Opendoor Homes Ltd will now commence in 2020/21. Savings will be delivered when the properties transfer or are acquired, contracts and agreements are being prepared. Other services are reviewing the position to ensure maximum savings delivery with a further improvement in Month 11.
- 2.35 Environment service have delivered savings of £2.805m as at Month 10, and this is the same as month 9. The total forecasted gap is £0.650m made up of £0.450m for Greenspaces and £0.200m due to Street Scene having revised saving target which is under review.

Recovery plans

- 2.36 The total gross forecast overspend in Table 1 is £6.623m. In addition to the savings plans agreed as part of setting service budgets, all service areas have developed recovery plans to mitigate against overspends arising within the year. Mitigating actions totalling £3.253m have been developed and are offsetting the pressures experienced within service areas. The impact of these action are included within the position set out in table 1.

Table 6: Recovery plans

Service area	Mitigations
	£'000
Adults and Health	1,330
Leisure	0
Children's Family Services	1,548
Growth and Corporate services	0
Environment	375
Total	3,253

Revenue Forecast Assumptions

- 2.37 The main assumptions and risks underpinning the figures in the revenue forecast for each service area are detailed below.
- 2.38 The forecast for adults services assumes that additional client numbers and care needs including winter pressure demand are at the level of increase experienced in the last two years. Demand at a higher or lower level will have a resultant impact on the outturn.
- 2.39 Management actions by adults services to reduce budget pressures (amounting to £1.330m and the assumed level of savings delivery of £6.636m is also included in the current forecast. The forecast also reflects pay and non-pay inflation. Again, variations to those values will impact on the outturn position.
- 2.40 The forecast for services to children and families builds in assumed placement costs of £0.269m (£0.203m on external placements and £0.066m on internal placements). However due to the frequent need to respond to unplanned, rapidly developing, or emergency situations can mean that actual expenditure will be different to the current forecast. The forecast assumes that £0.430m of risks are offset by mitigating actions.
- 2.41 Forecasts for growth and corporate services are regularly updated to reflect known and expected budget pressures or improvements. Initially the move to the new Colindale Building was forecast to take place on completion of the new build (September 2018). However, due to delays to the scheme, and while most staff moved between May and July 2019, some staff remain in both Barnet House and North London Business Park 2. As a result, the full planned savings could not be realised in 2019/20. The current forecast assumes that NLBP 2 will not vacated in full until June 2020, that two floors at Barnet House will remain occupied by The Barnet Group.
- 2.42 Within Housing, the temporary accommodation budget is particularly susceptible to fluctuation in demand and these forecasts are under regular review. Risks to the budget are monitored and included in the forecast as they are deemed necessary.
- 2.43 In Environment budgets, the forecast for Commercial Services includes a £0.300m adjustment to take into account the loss of income due to the change in policy for the collection of commercial waste services. The shortfall will be covered by central resources.

Oakleigh Road Depot (Environment and Growth departments)

- 2.44 The in-year costs arising as a result of the Oakleigh Road depot remedial works are under review. Costs include both additional cash expenditure (for example in remedial works) and costs re-directed from other purposes. Costs are currently excluded from the forecast in table 1 as it is intended to recover all additional costs from the contractor.

2.45 Treatment of costs in each financial year is under review, and may require a cost pressure to be reported in month 11. The negotiations with the contractor will not yet have concluded and the treatment in the accounts will have been determined by then; it is anticipated that the correct accounting treatment will require unrecovered costs to be funded in the short term by the Council, pending resolution of claims with the contractor. Some costs will continue into next financial year, and the impact of these is also under review, together with the scope to recover them.

Risks and uncertainties

2.46 The overall budget forecast set out in this report is based upon detailed information agreed with service areas. However, there are other financial risks which have been identified but which have been assessed as unlikely to impact on the outturn position. These further risks are detailed in below, together with an assessment of the potential financial impact.

Table 7: Risks and uncertainties excluded from the Month 10 forecast

Service Area	Description of Risk	Best Case	Mid-point estimate	Worst case
		£000	£000	£000
Adults and Health	2018-19 Accrual Pressure	0	100	220
Children's Family Services	The requirement for legal support due to increased proceedings the potential risk of £0.100m could increase the current adverse forecast.	0	50	100
	Staffing £0.190m – This risk in respect of agency social workers within Assessment, intervention and Planning (£0.100m) and Corporate Parenting, Disability and Performance (£0.090m) of agency staff continuing to year end and not terminating at current projected dates.	0	100	190
	Section 17 Placements and Spend (£0.150m)– Additional commitments arise that above the budgeted levels.	0	75	150
	Late invoices of approximately £0.237m recently been received from Haringey Council covering financial years 2013 /14 to 2015/16.	0	237	237
	Brent Cross development: spend may not be fully recoverable from developer. All costs are to be identified by project manager including those within the Estates budget and capitalised where appropriate. Total circa £1.713m.	0	856	1,284
Growth and Corporate services	Re Guaranteed Income (bad debt): being investigated as part of the GI review and has not yet been agreed. There is a possibility of a pressure as a result of the review. £0.200m figure is currently based on an estimate to be confirmed.	0	100	200
	Re Guaranteed PDA Income - as the income is contained within the HRA, this will show as a shortfall within the GI budget. Re to provide monthly updates as agreed so that any ongoing	64	129	258

Service Area	Description of Risk	Best Case	Mid-point estimate	Worst case
		£000	£000	£000
	pressures/issues can be identified. Estimate £0.258m.			
	Re Guaranteed Income Year 6 income target: Assumption is Re will fund £1.588m shortfall.	0	397	794
	HRA Insurance Costs: The insurance costs currently are being forecast is in line with budget. The risk is the actual charges will be greater than budget. A risk of £1.4m.	0	700	1400
	HRA accelerated decants: Accelerated decant is required from a block of HRA properties. This is due to commence in early 2020/21 but any decants occurring in 2019/20 could impact on the HRA and/or the temporary accommodation budget. Amount tbc.	Tbc	tbc	tbc
Environment	Oakleigh Road Remedial works: There has been a significant issue arising in year regarding the Oakleigh depot which has had a major operational impact on waste collection and other environment services. Remedial works commenced on 18 November 2019 resulting in significant service disruption which is likely to last until at least June 2020.	(721)	252	883

3 Housing Revenue Account

- 3.1 The agreed Housing Revenue Account (HRA) budget for 2019/20 planned for a deficit of £10.713m, to be offset by a corresponding use of the reserve built up in previous years. A key determinant of that budget position was a planned contribution to capital expenditure of £9.074m (see table 8).
- 3.2 The transfer to capital funds is now not intended to take place but rather to be funded from borrowing (further to the removal of the HRA borrowing cap), reducing planned expenditure by £9.074m. Overall, the HRA is now budgeted to deliver a reduced deficit, of £1.638m. Against this budget, it is expected that the forecast net income and expenditure will yield net expenditure of £2.626m (a deficit of £2.626m, to be funded from the HR reserve).
- 3.3 The brought forward HRA reserve balance is £12.322m and the forecast deficit of £2.626m will reduce the HRA reserve balances to £9.696m. This reserve balance remains above the required minimum level of £3m and will be reviewed during the updating of the HRA business plan.

Table 8: Housing Revenue Account Forecast as at Month 10

	Original Budget £000	Revised Budget £000	Actuals to 31/01/2020 £000	Forecast £000	Variance £000
Dwelling Rent	(48,633)	(48,609)	(37,625)	(49,863)	(1,254)
Service & Other Charges	(8,897)	(9,010)	(6,525)	(8,338)	672
Housing Management	20,473	20,561	15,805	22,330	1,769
Repairs & Maintenance	7,570	7,570	6,363	7,610	40

	Original Budget	Revised Budget	Actuals to 31/01/2020	Forecast	Variance
Provision for Bad Debt	250	250	0	280	30
Regeneration	837	837	858	568	(269)
Capital Charges	30,134	30,134	0	30,134	0
RCCO	9,074	0	0	0	0
Interest on Balances	(95)	(95)	(5)	(95)	0
HRA Surplus/(Deficit)	10,713	1,638	(21,127)	2,626	988
Trnsfr to/from reserves	(10,713)	(1,638)		(2,626)	(988)
HRA Surplus/(Deficit)	0	0	(21,127)	0	0

3.4 The main reasons for the variance of £0.988m from budget are:

- Dwellings rent is projected to generate an additional £1.254m, in line with 2018/19 income.
- There is a shortfall in service charges and garage income of £0.672m. The HRA service charge income may not be fully recoverable and as a result, the forecast has been assumed at the 2018/19 level (£0.396 less than the 2019/20 budget).
- The housing management budget is forecasting an overspend of £1.769m due to a higher than expected number of change notices within the managed fee. These change notices are largely in relation to costs for universal credit migration, warden and security costs, and additional decanting.

4 Dedicated Schools Grant

- 4.1 The DSG budget for 2019/20 was revised to take into account the brought forward reserve of £1.543m and additional funding from Central Government of £0.964m announced in December 2018. With these additions to the budget, the DSG is forecasting in Month 10 an underspend of £2.764m. An updated forecast will be provided for Month 11. The overall DSG funding 2019/20 of £219.687m reflects November 2019 DfE notification of recoupment adjustments. This is reflected in Table 9.
- 4.2 The High Needs block is forecasting an overspend of £0.516m due to additional ‘top-up’ funding provided for high needs pupils although forecasts are being reviewed in detail for M11 in conjunction with Cambridge Education and expected to reduce. The high needs funding system supports provision for children and young people with Special Educational Needs and Disabilities (SEND) from their early years to age 25, enabling both local authorities and providers to meet their statutory duties under the Children and Families Act 2014. High needs funding is also intended to support good quality Alternative Provision for pre-16 pupils who cannot receive education in schools.

Table 9: Dedicated Schools Grant

	Revised Budget £000	Actuals to 30/01/2020 £000	Month 10 forecast £000	variance £000
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Expenditure

Schools				
- Individual Schools Budget	141,289	126,494	139,901	(1,388)
- Growth Fund	2,118	410	443	(1,675)
- Central schools expenditure	1,281	640	1,281	0
- ESG retained funding	902	0	886	(16)
Sub-total	145,590	127,544	142,511	(3,079)
Early Years Block	28,928	21,200	28,727	(201)
High Needs Block	46,712	32,104	47,228	516
Total	221,230	180,848	218,466	(2,764)

Funded by

DSG Income	(219,687)	(166,891)	(219,687)	
DSG c/f	(1,543)	0	(1,543)	
Total	(221,230)	(166,891)	(221,230)	

Net DSG	0	13,957	(2,764)	(2,764)
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- 4.3 The High Needs pressure of £0.516m is partly offset by underspends in the Schools Block. The Growth Fund for expanding schools is forecasted to underspend by £1.675m. In addition, there is underspend in school improvement de-delegation of £0.200m, which, as agreed with School Forum, is to be carried forward into 2020/21.
- 4.4 There have been no previous transfers between funding blocks under the new ring-fenced arrangements for funding blocks although local authorities may transfer up to 0.5% of their schools' block into another block, with the approval of their Schools Forum. In previous years there has been underspending in the overall Schools Budget, which helped to create reserves that could be used to address new pressures, such as the need to allocate 'growth funding' for new and expanding schools. However, the reserves have gradually been used up, largely to pay for growth funding and because of the growing pressures on the High Needs budget.

Schools balances

- 4.5 Schools reserves as reported at 2018-19 year-end have been verified. At year end 2018-19, the reserves did not fully reconcile to the school's cash position and work was undertaken to address this. Analysis showed that 52 schools had negative central account balances which had not been correctly included. To resolve this, a cash transfer between the schools' own bank accounts and the Local Authority's account is required to take place in order to reduce the negative central account balance to zero. This will not affect the budgeted level of reserves the individual schools hold.
- 4.6 Officers have explored options for transferring the cash from schools' bank accounts to the Council's account and are contacting all affected schools requesting bank transfer to be effected by 7 March. Work is ongoing to liaise with the affected schools and to minimise disruption.

5 Capital Programme

- 5.1 The forecast capital expenditure as at month 10 on the Council's 2019/20 capital investment programme is £298.227m, of which £247.227m relates to the General Fund programme and £51.000m relates to the HRA capital programme. This represents the approved 2019/20 budget of £298.227m. The table below provides a summary of the position as reported at Month 10.
- 5.2 The forecast set out in table 11 is based on best available information at the point of preparing the report. It takes account of a number of expenditure items which may or may not fall within the current year, which will affect the outturn accordingly.
- 5.3 Highlights of the key issues arising in regard to variances in the table above are provided below by service area.

Table 11: Capital Investment Forecast

Service Area	2019/20 Budget	Additions/ (Deletions)	(Slippage)/ Accelerated Spend	2019/20 Forecast	Variance from Approved Budget	Spend to date
	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Health	15,294	0	(1,194)	14,100	(1,194)	11,310
Children's Family Services	21,003	(22)	1,222	22,203	1,200	19,458
Growth and Corporate services	76,890	443	(1,130)	76,203	(687)	48,874
Environment	22,301	(91)	4,613	26,823	4,522	10,160
Brent Cross	101,312	4,900	17,243	123,455	22,143	70,105
Regional Enterprise (Re)	10,427	0	(179)	10,248	(179)	9,704
General Fund Programme Total	247,227	5,230	20,575	273,032	25,805	169,611
HRA	51,000	0	(12,003)	38,997	(12,003)	26,492
Total Capital Investment	298,227	5,230	8,572	312,029	13,802	196,103

- 5.4 Adults and Health – The spend to date has been £11.310m (approximately 80% of the forecast outturn). In total £1.194m of slippage is forecasted because the **Investing in IT** project is forecasting a slippage of £0.110m to cover phase two of system implementations and improvement, to be carried out in 2020-21. Also, **Sports and Physical Activities** is forecasting a slippage of £1.084m to cover contingency for unquantifiable demolition impact.
- 5.5 Children and family services - The spend to date is £19.458m (approximately 88% of the forecast outturn). A slippage of £1.028m from the approved budget is forecast due to reprofiling of the capital budget to reflect the current project plans, school requirements and externally agreed direct funding from the Department for Education (DfE).
- 5.6 Growth and Corporate services – The spend to date is £48.874m which represents 64% of the forecast £76.177m outturn with a net variance of (713) from the overall £76,890 budget. Capital projects are classed as Corporate Services or Housing General Fund.
- 5.7 There are three significant Corporate Services schemes. The £22m Saracens Loan to construct their new West Stand. The forecast drawdown for 2019/20 is now £13.295m with slippage of £9.446m being moved to 2020/21, drawing down as required. The Colindale Office Build has a budget of £10.882m and is forecast to spend to budget with retention monies slipping into next year as a result of later than anticipated completion. The ICT Strategy project is reaching its end has a £2.980m budget approved for 2019/20, it is on target to spend to budget.
- 5.8 Housing (General Fund). This has two main schemes:
- 5.9 New build homes (Tranche 3) through Opendoor Homes, here £5m of the original £30m budget has been reprofiled and moved into next year due to some delays with development. Forecast spend for the year is now £25m in line with the re-profiled budget.
- 5.10 Direct Acquisitions (HRA Phase 2) is the other significant item with a £9.700m budget which is forecast to spend to budget.
- 5.11 Environment has a budget of £22.301m and is expecting to spend some £26.823m with a net predicted slippage of £4.613m. The LED programme of installations only started at the beginning of November, which has resulted in a £3m slippage as they only have five months to the end of the financial year of installation works taking place. There is also a £2m slippage due to the delay in the purchasing of new vehicles and the reprofiling of Hendon Cemetery & Crematorium works.

The Brent Cross project

- 5.12 The overall development comprises four programmes, Land Acquisitions, Thameslink Station, Critical Infrastructure and Strategic Infrastructure Charge, each with several work packages within them.

- Land purchases remain on budget for the remainder of the scheme. Two properties are expected to complete in January 2020, and a further eight this financial year. The Council are working closely with Argent Related to come to an agreement on hardship properties which arise within the Whitefields Estate
- The Station comprises of six elements (Train Operating Company (TOC), Station, Sidings, Waster Transfer Station, Regeneration, Land and Contingency). The TOC work package is currently estimated to overspend by £11.9m above the original baseline due to increases in scope due to Network Rail, Train Operating Company and Network Change requirements as well as unfavourable ground conditions. The Waste Transfer Station is forecasted on budget, though there are known cost pressures within the programme at this moment in time. The Council are working hard to ensure mitigation measures are put in place to ensure the work package remains within the baseline target. The overall Thameslink Station programme is currently forecast on budget due to savings within the Land acquisitions of the station and use of contingency measures built within the programme.
- The Critical Infrastructure scheme is currently forecast to overspend by £4.9m, this has been addressed by mitigating measures. £4.9m of additional funding has been identified through Developer Contributions and Capital Receipts. Potential further cost pressures could arise within Southern Junctions and the Relocation of Whitefields Estate, though these will be kept under detailed review.
- The Strategic Infrastructure Charge element of the programme is now complete. All £23m of drawdown payments have been paid at Dec' 19. The Council are awaiting agreement on the Homes England loan, of which the first £23m will be repaid to the Council. This will allow substituting the current borrowing funding stream in year. The HE loan accelerates delivery, creates greater financial resilience and increases the council's land value.

Housing Capital Investment

5.13 The HRA capital programme has expenditure to date of £26.492m against a projected outturn of £38.997m representing 68% of the forecast. This forecast outturn of £38.997 suggests 76% of the £51m budget will be spent. The expenditure profile has been reviewed by officers to establish reasons for variations and some budget reprofiling has been undertaken and this will be reported in month 11. The revised budget for the year is expected to be reduced to £40,748m.

Funding of the Capital Investment Programme

- 5.14 The composition of capital funding is detailed in Table 12. The level of funding from Capital receipts, Revenue/ Major Repairs Allowance (MRA) and Community Infrastructure Levy (CIL) funding remain broadly the same as the previous period. The level of anticipated borrowing has reduced by £3.307m due to slippage in funding for the Colindale Station Works.

Table 12: Funding of 2019/20 Capital Programme at Month 10

Service Area	Grants/ Other contributions	\$106	Capital Receipts	Revenue/ MRA	CIL	Borrowing	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Health	2,000	0	0	0	10,150	1,950	14,100
Children's Family Services	19,025	1,554	115	0	348	1,161	22,203
Growth and Corporate services	2,542	4,286	13,778	595	1,159	53,843	76,203
Environment	4,571	584	2,326	435	4,365	14,542	26,823
Brent Cross	92,405	0	4,900	0	0	26,150	123,455
Regional Enterprise (Re)	234	10,014	0	0	0	0	10,248
General Fund	120,777	16,438	21,119	1,030	16,022	97,646	273,032
HRA	5,600	0	2,665	21,732	0	9,000	38,997
Capital Investment Programme	126,377	16,438	23,784	22,762	16,022	106,646	312,029

6 Reserves and Balances

- 6.1 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 1 April 2019 the council held reserves of £63.626m.
- 6.2 Planned use of revenue reserves at the start of the year amounted to £8.057m, with a further £0.600m of planned revenue transfer to capital (RCCO).
- 6.3 In-year use of reserves above the planned use amounts to £5.567m. Additionally, the current forecast of £1.055m overspend will be required to be met from reserves. Taking these amounts into account, the current forecast level of reserves at the end of the year will be £48.3475m.
- 6.4 Current assessments suggests that £3.519m of the £5.567m is recurrent which will inform our understanding of the cost savings targets for 2020/21.

Table 13: Reserves drawdown details

	Service Area	£000
Forecast Overspend for Service Areas before reserves drawn down		6,899
Drawdowns:		
Public Health	Adults and Health	(278)
Adults Transformation Programme	Adults and Health	(370)
Counter fraud operations	Assurance	(779)
Strategy & Communications	Programmes Performance & Risk Regeneration	(60)
Transformation Prog - DCE	Programmes Performance & Risk Regeneration	(221)
Management Fee	Growth & Corporate Services	(1,000)
Greenspaces & Leisure	Environment	(573)
Street Cleansing (Front Line)	Environment	(71)
Environment Management	Environment	(73)
Highway Inspection Maintenance	Environment	(447)
Parking	Environment	(73)
Special Parking Account	Environment	(1,147)
Advertising	Environment	(225)
Revs and Benefits	Total Finance	(250)
Total reserve drawdown		(5,567)
M9 Overspend after Reserves		1,332

7 TREASURY MANAGEMENT

Investment Performance

- 7.1 Investment deposits are managed internally. As at 31 January 2020, deposits outstanding were £101.0 million, achieving an average annual rate of return of 0.81% against a benchmark average (7-day London Interbank Bid Rate - LIBID) of 0.55%. The benchmark is the rates that banks pay to attract deposits from other banks. The list of deposits outstanding is detailed in the table below.

Table 14: Investments Outstanding as at 31 January 2020

	Principal (£'000)	Interest Rate (%)	Start Date	Maturity Date	Lowest long term rating	Historic risk of Default (%)
Money Market Fund						
MMF Federated Investors	23,400	0.72			AAA	0.000
MMF Aviva	9,500	0.72				0.000
Total Money Market	32,900					
Banks						
Australia & New Zealand	4,600	0.79	11-Nov-19	28-Feb-20	AA-	0.002
Australia & New Zealand	7,500	0.84	29-Nov-19	29-May-20	AA-	0.008
Sumitomo Mitsui	10,000	0.83	20-Nov-19	20-Feb-20	A	0.003
Landesbank Hessen	10,000	0.80	05-Nov-19	05-Feb-20	A	0.001
LLOYDS BANK	10,000	0.85	15-Aug-19	28-Feb-20	A+	0.004
Bank of Scotland	8,400	1.10	23-Oct-19	92 day call	A+	0.014
Santander	10,000	0.79	27-Aug-19	28-Feb-20	A	0.004
Santander	7,600	0.85	22-Nov-19	22-May-20	A	0.016
Total Banks	68,100					
Total Investments	101,000	0.81				0.004

NB: All the above counterparties have a limit of £25 million. No limits are exceeded.

Borrowing

- 7.2 The council has operated within the Prudential Indicators with an emphasis on high quality relatively liquid investments to ensure that cash is available to meet expenditure requirements. The Local Government Act 2003 requires the council to set maximum limits on its total outstanding debt. During the period to 31 January 2020, there were no breaches of the Authorised Limit (maximum permitted debt) and the Operational Boundary (the value of debt considered affordable).
- 7.3 The council's timeframes and credit criteria for placing cash deposits and the parameters for undertaking any further borrowing are set out in the Treasury Management Strategy (TMS). The TMS for 2019/20 was approved by Council on 5 March 2019. The TMS requires regular compliance reporting to include an analysis of deposits made during the period. This also reflects good practice and will serve to reassure that all current deposits for investment are in line with agreed principles as contained within the TMS.

- 7.4 The total value of long-term loans as at 31 January 2020 was £384.08m. In the ten months to 31 January 2020 £80 million of new 50-year borrowing was acquired from the PWLB. The average rate of interest on the new borrowing is 1.935% (range 1.67% to 2.15%) compared with an average interest rate for the existing long-term borrowing of 3.86%. Plans for additional borrowing to support the three-year capital programme were placed on hold following the Government's decision to increase the PWLB margin over gilts to 1.8%. Cash balances remain healthy with no immediate need for additional long-term borrowing. Discussions on raising additional debt are ongoing with the Municipal Bond Agency who are planning to issue a 10-year local authority backed bond in Q1, 2020.

Short-term Borrowing

- 7.5 A short-term loan of £15 million from Westminster Council was taken on 23 December 2019 at a rate of 0.86% to manage liquidity as instant access funds were running low. This is the only outstanding short-term loan and is repayable on 23 March 2020. The Council has also taken an interest fee loan of £1.5 million from Salix Finance Limited acquired to fund environment friendly projects.
- 7.6 The total loans outstanding has increased in the ten months by £51.5 million to £400.59 million (31 March 2019: £349.08 million). The projected debt requirement as at 31 March 2020 is £423.1 million based on the latest capital programme projections. The authorised debt limits (absolute maximum permitted) is £739.4 million and the Operational Boundary (maximum consistent with long term affordability) is £639.4 million.

Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- 7.7 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.
- 7.8 The upper limit for variable rate exposure (40%) allows for the use of variable rate debt to offset changes in short-term investment returns. Currently the only variable debt is LOBO loans (because of the interest options) with short-term local authority loans also treated as variable. These represent 20% of current borrowing.

Table 15: Upper limits for Interest rate exposure

	Limits for 2019/20
	%
Upper Limit for Fixed Rate Exposure	100
Compliance with Limits:	Yes
Upper Limit for Variable Rate Exposure	40
Compliance with Limits:	Yes

Table 14: Maturity Structure of Fixed Rate Borrowing

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual Fixed Rate Borrowing as at 31/01/20 £'000	% Fixed Rate Borrowing as 31/01/20	Compliance with Set Limits?
	%	%	£'000	%	
Under 12 months	0	50	15,000	3.74%	Yes
12 months and within 24 months	0	50	0	0.00%	Yes
24 months and within 5 years	0	75	1,500	0.37%	Yes
5 years and within 10 years	0	75	22,516	5.62%	Yes
10 years and above	0	100	361,564	90.26%	Yes
Total			400,580	100.00%	

7.9 The above indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. Barnet debt is mostly long-term with relatively little refinancing risk associated with short-term debt.

Table 16: Capital Financing Requirement and External Debt

	Forecast for March 2020
	£'000
Prudential Indicator – Capital Financing Requirement (CFR)	
CFR – Non-housing	434,011
CFR – Housing	226,798
Total CFR	660,809
Prudential Indicator – The Operational Boundary for External Debt	
Borrowing	639,385
Other long-term liabilities	15,601
Total debt	654,986

7.10 CFR is the cost of capital assets less disposals and provision for MRP. As debt should only be for capital purposes, normally borrowing should be less than the CFR indicating that all borrowing is for capital purposes. The operational boundary for external debt is the expected debt level if capital expenditure plans are fully implemented. The forecast year end CFR has reduced by £99.9 million since the TMSS was approved in line with deferment of part of the capital programme. As mentioned above, expected year-end debt is £423.1 million.

8 Debtors

- 8.1 Between December 19 and January 2020 overall debtors increased by £598k. An analysis of debtors as at the 31 January 2020 is provided below at Table 17 and 18. It should be noted that this information is a snapshot as at that date and the position will change daily.
- 8.2 Overdue debtors (up to 30 days and older) as at 31 January 2020 was £19.576m a decrease of £7.719m for the same period in 2019 where the outstanding balance was £27.295m.

Table 17: Aged Debt Analysis as at 31 January 2020

Debtor	Not Overdue	Up to 30 days	30 - 60 days	60 - 90 days	Over 90 days	Total Debt
	£000	£000	£000	£000	£000	£000
Month 10	2,771	4,541	2,805	1,069	11,161	22,347
Month 9	3,205	3,738	1,083	576	13,147	21,749
Movement	-434	803	1,722	493	-1,986	598

- 8.3 Table 18 gives detail of the top ten individual debts by debtor, totalling £12.519m.

Table 18: Top 10 debtors as at 31 January 2020

Debtor	Not Overdue	Up to 30 days	30 - 60 days	60 - 90 days	Over 90 days	Total Debt
	£000	£000	£000	£000	£000	£000
NHS BARNET CCG	460	1,756	1,565	543	2,557	6,881
The Fremantle Trust	0	0	0	0	1,300	1,300
Comer Homes	0	0	0	0	993	993
Mott MacDonald Ltd	7	559	165	11	188	929
Hasmonean High School	0	719	5	0	0.505	725
The Barnet Group	29	149	437	146	-58	702
Regional Enterprise Ltd	0.720	178	-0.500	0	99	278
Middlesex University	0	272	0	0	-10	262
Barnet PF	0	256	0	0	0	256
London Borough of Ealing	0.510	0	0	0	194	195
Total	497	3,888	2,171	700	5,264	12,519

- 8.4 NHS Barnet CCG had agreed to pay all outstanding debts by 21 February 2020 however only £711k has been paid. A further update is awaited.
- 8.5 Legal discussions are ongoing regarding The Fremantle Trust with Adults leading on the discussion. It is unclear at this stage when the matter is likely to be resolved.
- 8.6 The without prejudice meeting didn't resolve the position with this debt and the estates team are in the process of providing more evidence to Comer Homes legal department. It is unlikely that this will be resolved this financial year.
- 8.7 Discussions are still ongoing with senior officers within Cambridge Education regarding the Mott Macdonald debt.
- 8.8 The Hasmonean High School debt was paid in full in month 11.
- 8.9 Discussions are ongoing with the Barnet Group and a payment of £553k has been paid in month 11.
- 8.10 Discussions are ongoing with Regional Enterprise Ltd and a payment of £50k has been paid in month 11.
- 8.11 Discussions are ongoing with Middlesex University and a payment of £62k has been paid in month 11.
- 8.12 The Barnet PF debt was paid in full in month 11.
- 8.13 The debt relating to LB Ealing has been escalated to the Director of Adult Social Care for resolution.

9 Reasons for Recommendations

- 9.1 The report provides an overview of the council's financial performance to Month 10 of the 2019/20 financial year as forecast at 31 January 2020. The report also provides a commentary on the strategic financial issues facing the council during the period.

10 Alternative options considered and not recommended

- 10.1 None.

11 Post decision implementation

- 11.1 As per Committee's instructions.

12 Implications of decision

12.1 Corporate Priorities and Performance

12.2 This supports the council's corporate priorities as expressed through the Corporate Plan for 2019-24 which sets out our vision and strategy for the next five years. This includes the outcomes we want to achieve for the borough, the priorities we will focus limited resources on, and our approach for how we will deliver this.

12.3 Our three outcomes for the borough focus on place, people and communities:

- a pleasant, well maintained borough that we protect and invest in
- our residents live happy, healthy, independent lives with the most vulnerable protected
- safe and strong communities where people get along well

12.4 The approach for delivering on this is underpinned by four strands; ensuring residents get a fair deal, maximising on opportunities, sharing responsibilities with the community and partners, and working effectively and efficiently.

13 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

13.1 This report considers the financial position of the Council.

14 Social Value

14.1 None applicable to this report, however the council must take into account the requirements of the Public Services (Social Value) Act 2012 to try to maximise the social and local economic value it derives from its procurement spend. The Barnet living wage is an example of where the council has considered its social value powers.

15 Legal and Constitutional References

15.1 Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972, relates to the subsidiary powers of local authorities.

15.2 Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority's financial position is set out in sub-section 28(4) of the Act.

15.3 The council's Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being Responsible for the oversight and scrutiny of:

- The overall financial performance of the council
- The performance of services other than those which are the responsibility of the: Adults & Safeguarding Committee; Assets, Regeneration & Growth Committee; Children, Education & Safeguarding Committee; Community Leadership & Libraries Committee; Environment Committee; or Housing Committee
- The council's major strategic contracts including (but not limited to):
 - Analysis of performance
 - Contract variations
 - Undertaking deep dives to review specific issues
 - Monitoring the trading position and financial stability of external providers
 - Making recommendations to the Policy & Resources Committee and/or theme committees on issues arising from the scrutiny of external providers
- At the request of the Policy & Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

15.4 The council's Financial Regulations can be found at:

<https://barnet.moderngov.co.uk/documents/s49777/17FinancialRegulations.doc.pdf>

15.5 Section 2.4.3 of the Financial regulation states that amendments to the revenue budget can only be made with approval as per the scheme of virements table below:

Virements for allocation from contingency for amounts up to and including £250,000 must be approved by the Chief Finance Officer
Virements for allocation from contingency for amounts over £250,000 must be approved by Policy and Resources Committee
Virements within a service that do not alter the approved bottom line are approved by the Service Director
Virements between services (excluding contingency allocations) up to and including a value of £50,000 must be approved by the relevant Chief Officers
Virements between services (excluding contingency allocations) over £50,000 and up to and including £250,000 must be approved by the relevant Chief Officer and Chief Finance Officer in consultation with the Chairman of the Policy and Resources Committee and reported to the next meeting of the Policy and Resources Committee
Virements between services (excluding contingency allocations) over £250,000 must be approved by Policy and Resources Committee.

16 Risk Management

- 16.1 Various projects within the council's revenue budget and capital programme are supported by time-limited grants. Where there are delays to the implementation of these projects, there is the risk that the associated grants will be lost. If this occurs either the projects will be aborted or a decision to divert resources from other council priorities will be required.
- 16.2 The revised forecast level of balances needs to be considered in light of the financial performance reported.

17 Equalities and Diversity

- 17.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:
 - Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
 - Advancement of equality of opportunity between people from different groups.
 - Fostering of good relations between people from different groups.
- 17.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to certain parts of the public sector equality duty.
- 17.3 In order to assist in meeting the duty the council will:
 - Try to understand the diversity of our customers to improve our services.
 - Consider the impact of our decisions on different groups to ensure they are fair.
 - Mainstream equalities into business and financial planning and integrating equalities into everything we do.
 - Learn more about Barnet's diverse communities by engaging with them.
- 17.4 This is also what we expect of our partners.
- 17.5 This is set out in the council's Equalities Policy together with our strategic Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.
- 17.6 Progress against the performance measures we use is published on our website at:
<https://barnet.moderngov.co.uk/documents/s52957/Appendix%204%20-%20Equalities%20Diversity%20and%20Inclusion%20Action%20Plan%20201920.pdf>

18 Corporate Parenting

- 18.1 In line with Children and Social Work Act 2017, the council has a duty to consider Corporate Parenting Principles in decision-making across the council. There are no implications for Corporate Parenting in relation to this report.

19 Consultation and Engagement

19.1 None in the context of this report

20 Insight

20.1 None in the context of this report

21 Background Papers

Meeting	Description	Link
Financial Performance and Contracts Committee 29 January 2020 7pm	8. Chief Finance Officer Report	https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=10105&Ver=4
Financial Performance and Contracts Committee Thursday 3 October 2019 7pm	15. Oakleigh Depot Remedial Works and 19. Exempt part	https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9851&Ver=4
Financial Performance and Contracts Committee 19 June 2019 7pm	7 Chief Finance Officer report – Year End	https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=9866&Ver=4
Policy and Resources Committee Thursday 3 October 2019 7.00 pm	8 Business Planning 2020-25 and Budget management 2019/20	https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9851&Ver=4
Council 5 th March 2019	11 Corporate Plan, Medium Term Financial Strategy 2019/24 and Budget for 2019/20	https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=9456&Ver=4

**Appendix A - Revenue Forecast
2019/20**

	Revised	Actuals to	Month 10	Variation to	Reserve	Month 10	Variation to	Commentary -
Adults and Health	£000	£000	£000	£000	£000	£000	£000	
Integrated Care - LD	30,629	21,269	27,565	(3,064)		27,565	(3,064)	The underspend is mostly due to use of Ordinary Residence Provision (£2.897m) combined with management mitigating actions and other (£0.167m). As of month 10 the number of service users receiving services paid by this budget is 680, some have multiple care elements. The forecast includes : financial commitments of 33 service users transitioning from Families Services with a current forecasted costs of £0.981m and £0.984m of MTFS savings. The budget variance prior to applying the provision drawdown (£2.897m) is an underspend of £0.167m with overspends on Supported Living (£0.958m) and nursing (£0.078m) offset by underspends in Residential and Other Services (£1.203m). No change to last month's forecast. Compared against Zero Based Forecast completed at start of May 2019 the forecast in this budget has remained almost static which is an indication that growth , savings and mitigation forecast are overall holding true.
Integrated care - MH	8,699	6,051	9,392	693		9,392	693	The budget pressure is mostly due to unfunded demographic growth. The pressure is offset by mitigating actions of £0.331m and £0.416m of MTFS savings . The current number of service users receiving services paid by this budget is 374, some have multiple care elements.. The budget variance explained by service type is due to net overspends on several client care services: Supported Living (£0.440m);Nursing (£0.109m); Extra Care (£0.051m); Other services (£0.052m) ; offset by underspends in a number of areas (£0.32m). Since start of the year the forecast has increased by £0.831m mostly because of the financial impact of net increase of 20 in client numbers and is in line with the expectation at Zero Based Forecast (May 2019). No change from last month's forecast.
Integrated Care - OA	31,616	24,417	36,247	4,631		36,247	4,631	This budget area has seen the highest increase in client numbers and costs since Zero Based Forecast (May 2019). Net 139 new clients have received services since the start of the year. New clients and increases in provision and unit pricing for existing clients have costed c£4.129m which is £3.229m higher than anticipated at the start of year. The forecast is offset by £0.472m of mitigating actions and £2.708m of MTFS savings. The current number of service users receiving services paid by this budget is 2,339,some have multiple care elements. The budget variance explained by service type is due to net overspends on several client care services: Residential (£2.327m); Homecare (1.458m); Direct Payments (£0.542m); Nursing (£0.472m); Supported Living (£0.351m); Extra Care and Other (£0.331m); offset by favourable client contribution income forecast and other (£0.850m). No change from last month's forecast.
Integrated Care - PD	9,049	6,519	8,794	(256)		8,794	(256)	The forecast includes £0.186m of MTFS savings. The current number of service users receiving services paid by this budget is 570, some have multiple care services . The budget variance explained by service types is due to net underspends on several client care services: Direct Payment (£0.241m) ; Residential (£0.226m); Nursing (£0.205m), Supported Living and Other (£0.208m); offset by overspends in: HomeCare and Other Services (£0.624m). Since Zero Based Forecast (May 2019) the forecast has decreased by c£0.702m mostly due to reduction in costs of existing clients.
ASC Prevention Services	2,770	4,192	2,791	21		2,791	21	There are overspend in the DOLs and Voluntary Organisations service with underspend in Telecare, resulting in a net overspend of £0.021m.
ASC Workforce	15,752	10,780	15,945	193		15,945	193	The overspend is due to a combination of budget reductions: £0.305m of double counted Senior Management MTFS savings; £0.179m contribution to corporate pot to reduce the agency deficit; £0.059m wrongly declared saving on a post covered by Public Health Funding; Mosaic Revenue costs (£0.230m), offset by net underspends across various teams due to vacancies (£0.580m). There has been a budget increase because of the Adults Workforce Investment (£0.850m) which after including relevant expenditure (£0.521m) has resulted in an underspend of £0.329m, further mitigating the pressure. The pressure would have been much higher if the service were to fill vacant posts (currently 48.51 FTE) which were being held fully vacant or part time, which are contributing to c£0.593m savings on top of the MTFS savings of £932k.
Leis, Sports and Phys Activity	521	286	916	395		916	395	The current budget variance of £0.395m is because of income loss due to closure of Finchley Lido Leisure centre. The centre has been closed from March 2019 due to structural issues with the roof.
Public Health	16,703	12,759	16,981	278	(278)	16,703	0	The overspend prior to reserve drawdown is due to Young People's Public Health (£0.212m) from planned expenditure, Health Visiting (£0.081m), School Nursing (£0.027m) and Sexual Health and Other (£0.057m) . There are underspends in Staffing Support and Legal (£0.075m), Health In All Policies and Other (£0.024m), partly mitigating the pressures.
Adults transformation programm	0	404	370	370	(370)	0	0	ASC Transformation project spend to be met by reserve drawdown from the Transformation Reserve. Actual to date is higher than forecast because of costs belonging to staffing base budget included in this budget, but will be coded out next month.
Corporate Equalities & Inteligence and Health & Safety	211	139	171	(40)		171	(40)	The underspend is because of staffing budget due to part year vacancies.

Total Adults and Health	115,949	86,815	119,171	3,222	(648)	118,523	2,574
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Assurance	Revised Budget	Actuals to 31/01/2020	Month 10 forecast before reserves movements	Variation to revised budget	Reserve Movements	Month 10 forecast after reserve movements	Variation to revised budget	Commentary
	£000	£000	£000	£000	£000	£000	£000	
Electoral Service	804	417	655	(148)	150	805	2	
Legal Advice and Monitoring	0	1,410	0	0	0	0	0	
Assurance & Business Dev	860	650	869	9		869	9	
Counter Fraud Operations	437	1,211	1,366	929	(929)	437	0	
Governance	2,266	1,651	2,266	(0)		2,266	(0)	
Information Management	541	415	548	7		548	7	Overspend due to shredding costs, copyright software licensing and file storage. The movement from Month 9 is due to a reducting in projected staff costs.
Internal Audit	376	284	375	(0)		375	(0)	
Organisational Resilience	407	701	457	50		457	50	Overspend is due to 19k airwave radio licence renewal and one-off staff redundancy costs in Civil Protection net an underspend of (27k)due to delayed recruitment of emergency responders.
Total Assurance	5,690	6,740	6,537	847	(779)	5,758	68	

Children's & Family Services	Revised Budget	Actuals to 31/01/2020	Month 10 forecast before reserves movements	Variation to revised budget	Reserve Movements	Month 10 forecast after reserve movements	Variation to revised budget	Commentary
	£000	£000	£000	£000	£000	£000	£000	
Family Services Management	(868)	(1,393)	(1,326)	(458)		(1,326)	(458)	Underspend forecast is due dditional DSG income
Social Care Management	1,214	693	867	(347)		867	(347)	Forecast underspend - £0.305m staffing and £0.042m in supplies & services. This Comprises £0.355m agency budget held centrally,partially offsets agency pressures in CSC 0-25 and £0.261m to the Regional Adoption Agency. Non-staffing of £0.042m forecasted underspend due to reduction in mentoring spend estimate. The movement in salary of £0.0012m due to Agency cover being less than previously anticipated.
CSC 0-25	7,896	7,439	9,116	1,219		9,116	1,219	Forecast underspend - £0.305m staffing and £0.042m in supplies & services. This Comprises £0.355m agency budget held centrally,partially offsets agency pressures in CSC 0-25 and £0.261m to the Regional Adoption Agency. Non-staffing of £0.042m forecasted underspend due to reduction in mentoring spend estimate. The movement in salary of £0.0012m due to Agency cover being less than previously anticipated.
Permanence Trns & CorParenting	4,363	4,070	5,192	829		5,192	829	Forecast overspend relates to: staffing £0.041m. agency costs covering vacancies and staff on long term sick leave across service. Non-staffing pressure of £0.788m. All attributable to Leaving Care accommodation pressures in the onwards and upwards service
Placements	21,489	16,409	21,828	339		21,828	339	Forecast overspend relates to:staffing underspend of £0.195m. This will be offset against the part payment to the Regional Adoption agency. Non staffing: £0.534m overspend was mainly due to both external and internal residential as vulnerable children accessing the council services has increase in external residential, remand and residential family assessment. Movements - Decreases in staffing and agency cost across the service and the fostering service as a result of the under utilisation of foster carers on the council books.
Assessmnt,Intervntn&Planning	10,796	8,024	11,298	501		11,298	501	Overspend mainly relating to legal Cost £0.300m and no recourse to public funds £0.223m pressures
Clinical Services	1,391	1,049	1,272	(119)		1,272	(119)	Underspend due to vacancies held in the team
Early Help 0-19	4,463	2,909	3,651	(812)		3,651	(812)	Forecast underspend relates to delays in recruiting to vacancies and staff on maternity leave for which no cover has been arranged for.
YOT, Risk and Vulnerability	484	535	445	(39)		445	(39)	This is an underspend against (Children and Young People) CYP grant carried forward from 2018/19.
Safeguarding,QA&WorkfrcDvlpmnt	2,714	2,051	2,604	(110)		2,604	(110)	Projecting an underspend of £0.0110m achieved mainly due to management actions undertaken to reduce agency spend on the back of good Ofsted rating
Commissioning	1,166	991	1,069	(98)		1,069	(98)	Forecasted underspend due to held vacancies
Comm,Complaint&BusinessSupport	1,372	1,014	1,256	(116)		1,256	(116)	Forecasted underspend relates to a reduction in work force recruitment activities originally planned to take place this financial year. This might change and is dependent on HR activity(Corporate strategic input)
Libraries	3,538	2,912	3,618	80		3,618	80	Projecting an overspend which mainly relates to rate increases at Colindale and Church End Library which collectively add up to £0.090m. This has been partially offset by savings against the media fund of £0.010m
Perfrmnc Imprvmnt&CstmrEnggmnt	1,226	799	1,255	29		1,255	29	Forecast underspend due to revision of IT Projections
Partnership and VofChild	416	303	401	(15)		401	(15)	
Central Education (Commissioni	(305)	(490)	(324)	(19)		(324)	(19)	
Education Skills	6,122	5,318	6,247	125		6,247	125	

Total Children's and Families Services	67,480	52,632	68,469	990	0	68,469	990
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Growth and Corporate Services	Revised Budget	Actuals to 31/01/2020	Month 10 forecast before reserves movements £000	Variation to revised budget £000	Reserve Movements £000	Month 10 forecast after reserve movements £000	Variation to revised budget £000	Commentary
	£000	£000	£000	£000	£000	£000	£000	
Commercial Management	1,384	818	1,235	(149)		1,235	(149)	The forecast underspend of (£0.149m) is due to underspend on Staff costs net against overspend in Performance. The Movement from Month 9 is due to an adjustment in the staff costs projection.
CSG Managed Budget	4,252	3,989	6,561	2,309		6,561	2,309	Changes this month were largely driven by income capitalisation of Brent Cross Income totalling £0.390m, as it is now recorded as a capital receipt following renegotiation of the lease requiring for it to be treated as such. + £142k SPIR costs on Barnet House.
CSG Management Fee	20,815	17,523	20,579	(236)		20,579	(236)	The movement from Month 9 is primarily due to finalisation of customer services change request and receipt of monies in respect of HR and Finance insourcing – (a conservative projection had previously been used), and removal of a duplicate legal cost for Revs and Bens
Customer Services & Digital	683	9	868	185		868	185	The £0.185m overspend in Month 9 is mainly due to Office 365 costs following receipt of a detailed billing schedule and gaining a better understanding of outstanding costs from prior years. The improvement in the position from Month 9 is due to an increase in registrar's income owing to higher than anticipated demand for European settlement appointments and private citizenship ceremonies both of which are short term and related to Brexit.
Deputy Chief Executive	505	610	502	(3)		502	(3)	
Employment Skills & Ec Dev	387	214	387	0		387	0	Care Leavers Salary costs funded, Other Care Leaver Participation to be incurred. Movement from Month 9 is the inclusion of SEED
Estates	502	262	774	273		774	273	The overspend of £273k is due to higher than expected legal costs, despite of re-charges out to other departments. Projecting an overspend due to increased staffing costs. The Movement from Month 9 is due to the addition of staff costs previously projected in CSG Estates. A budget virement will be required from Estates to cover the short-fall.
Growth and Housing	234	341	234	0		234	0	Spend to budget currently forecast pending restructure/recruitment
Housing Strategy	7,366	7,162	7,435	68		7,435	68	The Housing Strategy reports a forecast of £7.434m against a budget of £7.366m resulting in a projected overspend of £0.068m.
Human Resources & OD	975	992	1,183	209		1,183	209	The overspend is mainly due to staff recharges for time spent on Trade Union activities and SPIR/SPRR costs in HR. The TU budget is only £33k and recharges of £176k are being projected for 5 members of staff from Adults, Schools and libraries.
Programmes, Performance & Risk	403	325	453	50		453	50	Overspend on Staff costs net against underspend in Commercial Mgt. The movement from Month 9 is due to a slight reduction in projected staffing costs.
Strategy & Communications	1,189	914	1,243	54	(60)	1,183	(6)	The underspend at month 10 and the movement from Month 9 is due to a revised staff costs projection arising from short term vacancies against a slight decrease in anticipated income.
Transformation Programme - DCE	0	309	221	221	(221)	0	0	
Transformation Prog Scene	0	461	0	0	0	0	0	Boost ? Needs to be looked into should be a reserve to cover CP/JL to look into. Funding to be confirmed from external and internal sources
RE Guaranteed Income	(16,746)	(9,917)	(16,781)	(35)	0	(16,781)	(35)	Underspend of £35k in relation to; Contract Y5 and Y6 invoices being agreed. The Y5 debtor raised was based on estimated income as per what was in integra at the end of 18/19; there was a shortfall between this and the agreed invoice which was in relation to historic S106 amounts not claimed to the end of contract year 5 for which RE have agreed to pay as agreements are ongoing. They will therefore drawdown this funding in the contract year that it is agreed. This has resulted in a benefit of £138k in this financial year against the debtor raised. Y6 was not anticipated to be agreed in this financial year, and has resulted in a benefit of £50k to the bottom line as a result of detailed analysis across the contract year. This is partly offset by additional legal costs of £127k which are offset by the management fee and £26k pressures against PDA income, where the HRA income is expected to exceed the £0.806m target therefore creating a pressure in the general fund and a benefit to the HRA The movement of £221k is as a result of the agreed invoices and reduction in projected PDA income

RE Projects	0	(12,038)	1	1	0	1	1	.
Management Fee	18,556	18,335	19,142	587	(1,000)	18,142	(413)	Overspend of £587k is expected to be offset by £1m reserves due to the income target deferral from 2017/18 to 2019/20 to be funded by reserves. £413k underspend in relation to; £179k reduction to Core LIP fees as a result of the negotiated cost as well as £20k reduction against TUPE and £90k agreed S106 funding above what was originally projected for other core contract outputs. There is also an underspend against LBB client costs which is for additional legal costs and therefore offsetting the pressure which is included within the GI net position. The underspend has increased due to the transfer of the director of place and SEED, for which the budget has also been adjusted.
Growth and Corporate Services Incl Re	40,505	30,311	44,038	3,533	(1,281)	42,757	2,251	

Environment	Revised Budget	Actuals to 31/01/2020	Month 10 forecast before reserves movements	Variation to revised budget	Reserve Movements	Month 10 forecast after reserve movements	Variation to revised budget	Commentary
	£000	£000	£000	£000	£000	£000	£000	
Commercial Services Streetscene	(2,150)	(2,616)	(2,027)	123		(2,027)	123	Underachievement of income target, based on current income levels, projected business growth and churn, and also anticipated levels of bad debt. This level includes income and savings from the ongoing review of customers based on weight of bins. £0.300m adjustment has been factored into the projections to take into account the reduction in cancelled customers' accounts, due to overweight bins, offsetting losses against the equivalent savings in disposal costs.
Fleet and Transport	545	1,139	517	(28)		517	(28)	Forecasting an underspend, as the manager has managed to defer an increase in spot hire rates, also an agreement has been settled for outstanding costs for Cambridge Education. The service is also holding a vacant apprentice position The movement from M.9 to M.10 is due to the reallocation of a £0.040m budget to the service user.
Ground Maintenance (Front line)	2,475	1,581	2,206	(270)		2,206	(270)	The underspend is due to continuous improvements to the service, including savings in overtime, agency, vehicle running costs. The service is also holding several vacant posts, also reflected within the projections.
Green Spaces & Leisure	1,015	1,333	1,837	822	(573)	1,263	249	Overspend due to Parks and Open Spaces service and the MTFS savings of £0.450m deliverability. This has been partially mitigated by additional income from S.106 funding and reserves. Projections include £ 0.505m projected spend for The Tree Planting project, to be funded from reserves.
Management and Service Support	1,120	966	853	(268)		853	(268)	The underspend of £0.268m mainly relates to staff vacancies, The projection has also been adjusted to reflect the salary costs for 1 member of staff seconded to year end to the Oakleigh Road depot project and also part salary costs of 2 senior members of staff, also working on the same project.
Street Cleansing (Front Line)	3,247	2,569	3,302	56	(71)	3,231	(15)	The underspend of £0.015m is due to the ongoing recruitment of permanent staff taking place.
Waste (Front Line)	7,230	7,760	8,680	1,450		8,680	1,450	This pressure is primarily resulting from projected overspend in staffing and vehicle related cost within Recycling & Waste service. The Staffing cost increase is a result of round reorganisation, overall shortage of skilled drivers in the market, Brexit and Depot works related risk. The service are trying to mitigate . The vehicle related costs have increased in last two financial years due the age profile of current vehicles and need for additional vehicles to cover the operations. Projected vehicle related cost has marginally reduced in month 10 due to the move to Oakleigh depot, where they will be maintained by Council workshop
Environment Management	3,787	13,895	4,125	338	(73)	4,052	265	£0.058m overspend in relation to ongoing Mortuaries pressure for which funding has been under discussion. £11.863m has transferred out of Environment to central expenses as agreed at P&R. Historically an underspend against the main Levy was expected and was projected to offset overspends within environment. As the underspend is now against central expenses any costs previously expected to be offset against this are now showing as a pressure. Movement due to £150k previously projected assumed reversal of virement. As this has now been agreed and posted the budget and projection have been adjusted therefore bottom line variance has not been effected
Highway Inspection/Maintenance	303	972	745	442	(447)	298	(5)	Highways service is currently predicting an underlying overspend £0.447m for Winter Highways Maintenance. There is also a accepted risk, that projections are based on a mild winter and Council contingency funds will need to be called upon where more severe conditions occur.
Highways and Transport Managem	358	166	358	0		358	0	Projecting on budget, including agency spend.
Parking	(745)	(407)	(672)	73	(73)	(745)	0	Off Street Parking is projecting to underachieve it's income target this year,there is also an expected overspen, which relates to unfunded business rates. Any overspends will be off set by the use of the SPA reserve.
Special Parking Account	(13,494)	(1,767)	(12,347)	1,147	(1,147)	(13,494)	0	For 2019/20 the SPA is projecting an underachievement in income of £0.698m, to be off-set by the use of the SPA reserves for this year, Project costs of £0.280m and additional Management Fee costs of £0.169m are also to be met from the SPA reserve. Going forward expected changes causing reductions in income are being balanced with actions to help mitigate these issues and meet MTFS savings.

Street Scene Management	1,137	794	1,124	(12)		1,124	(12)	The projected small underspend is due to savings in protective clothing and also no expected costs for vehicles.
Street Lighting	6,778	5,404	6,781	3		6,781	3	Revised electricity rates have helped to bring this area close to budget.
Advertising	(390)	0	(165)	225	(225)	(390)	0	Projecting an underlying overspend of £0.225m for the underachievement of income for Advertising, as the service is unable to fully achieve the MTFS saving for Advertising, due to a part year effect, with the contract commencing October. Budget pressures on this line are shown as fully mitigated by use of the SPA reserve.
Electric Vehicle Charging	0	8	0	0		0	0	
Environment Sub total	11,217	31,796	15,317	4,100	(2,609)	12,708	1,491	
Re managed budget	472	1,097	503	31	0	503	31	Overspend due to food sampling increases as a result of a large suspected food poisoning case, and expected legal costs. These costs are higher than originally anticipated and are in the process of being reviewed
Part Theme Total	11,689	32,892	15,820	4,131	(2,609)	13,211	1,522	

Finance	Revised Budget	Actuals to 31/01/2020	Month 10 forecast before reserves movements	Variation to revised budget	Reserve Movements	Month 10 forecast after reserve movements	Variation to revised budget	Commentary
	£000	£000	£000	£000	£000	£000	£000	
Central Expenses	52,672	30,067	47,907	(4,765)		47,907	(4,765)	The Month 10 variance is made up of the following underspends; 462k on Levies, 7k on External Audit costs, 2k on subscriptions, 40k on WLA subscriptions, 446k on early retirement/ pension strain payments and 3,680k on Capital financing resulting from a reduction of borrowing costs and increase in interest receivable and an unallocated contingency budget of 128k .
Finance	3,353	4,142	3,557	204		3,557	204	Month 10 forecast adjusted to account for increased agency staff expenditure.
Grants	104	12	15	(89)		15	(89)	Month 10 forecast revised to reflect on-going funding of community events only
Revs & Bens	3,656	(1,541)	2,206	(1,450)	(250)	1,956	(1,700)	Expecting to overachieve housing benefit overpayment recovery.
Total Finance	59,785	32,680	53,685	(6,100)	(250)	53,435	(6,350)	
TOTAL	301,098	242,070	307,721	6,623	(5,567)	302,153	1,055	

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Capital Programme Description	2019-20	2019-20 P10 Forecast	Total Budget Forecast	P10 Forecast	Variance
	£000	£000	£000	£000	
Sport and Physical Activites	12,124.00	11,040.00	12,791.00	-	1,084.00
Community Equipment and Assistive Technology	1,110.00	1,110.00	5,550.00	-	
Investing in IT	2,060.00	1,950.00	2,188.00	-	110.00
Adults and Communities Total	15,294	14,100	20,529	-	1,194
Modernisation - Primary & Secondary	1,700.00	2,889.00	4,198.00	-	1,189.00
Healthy Pupils Fund	19.00	19.00	19.00	-	
Orion Primary School	20.00	20.00	40.00	-	
Monkfrith	112.00	112.00	112.00	-	
St Agnes	600.00	350.00	823.00	-	250.00
Saracens Primary	15.00	15.00	2,215.00	-	
Kosher Kitchen	200.00	200.00	800.00	-	
Permanent All Through Expansion Programme	-	-	-	-	-
London Academy	21.00	21.00	21.00	-	
St Mary's & St John's	349.00	175.00	175.00	-	174.00
Permanent Primary/Secondary(reallocation) Expansion Programme	-	-	-	-	-
St James / Blessed Dominic	11,968.00	12,370.00	12,754.00	-	402.00
Permanent Secondary Expansion Programme	-	-	-	-	-
Oak Lodge Special School	40.00	40.00	40.00	-	
Grammar school projects	442.00	362.00	5,362.00	-	80.00
SEN Programme	-	-	-	-	-
Oakleigh SEN	158.00	157.00	1,852.00	-	1.00
Claremont SEN	160.00	220.00	220.00	-	60.00
Whitefield School ASD	1,813.00	1,650.00	1,693.00	-	163.00
Other Projects	-	-	-	-	-
Whitings Hill, Colindale and Northway/Fairway	-	-	-	-	
School place planning (Primary)	-	-	-	1,983.00	-
School place planning (Secondary)	-	-	-	609.00	-
SEN	-	-	-	6,496.00	-
Alternative Provision	1,700.00	1,861.00	8,701.00	-	161.00
Capital Schemes managed by Schools (Locally Controlled VA Programme)	-	-	-	-	-
Early Education and Childcare place sufficiency	460.00	393.00	852.00	-	67.00
Information Management	273.00	255.00	373.00	-	18.00
Loft conversion and extension policy for Foster Carers	210.00	160.00	240.00	-	50.00
New Park House Children's home	3.00	1.00	1.00	-	2.00
Meadow Close Children's Homes	470.00	833.00	2,919.00	-	363.00
Family Services Estate - building compliance, extensive R&M, H&S, DDA	270.00	100.00	1,391.00	-	170.00
Children's - Family Services Total	21,003	22,203	53,889	-	1,200
Depot relocation	834.00	834.00	834.00	-	-
Community Centre - Tarling Road	33.00	33.00	33.00	-	
Asset Management	949.00	949.00	1,649.00	-	
Libraries asset management	235.00	235.00	235.00	-	
ICT strategy	2,980.00	2,980.00	2,980.00	-	
Customer Services Transformation Programme	1,038.00	1,038.00	1,038.00	-	
Implementation of Locality Strategy	336.00	340.00	573.00	-	4.00
Saracen Loan	13,295.00	13,295.00	22,744.00	-	
Gaelic playing pitch relocation	700.00	400.00	700.00	-	300.00
Office Build	10,483.00	10,483.00	11,265.00	-	
Empty Properties	3,000.00	3,000.00	4,137.00	-	
Chilvins Court	-	-	60.00	-	
Asset Manager IT	50.00	50.00	50.00	-	
Health projects	1,384.00	1,384.00	1,384.00	-	
Area Committee	-	-	-	-	
Out of borough acquistition	-	-	-	-	
Direct Acquisitions	9,770.00	9,770.00	9,770.00	-	
Modular Homes	1 80.00	150.00	2,676.00	-	70.00

Capital Programme Description	2019-20	2019-20 P10 Forecast	Total Budget Forecast	P10 Forecast	Variance
	£000	£000	£000	£000	£000
St Georges Lodge temporary accommodation conversion	150.00	317.00	317.00	-	167.00
Hermitage Lane - mixed tenure residential conversion	590.00	590.00	590.00	-	-
New Build Housing (Open Door)	25,000.00	25,000.00	60,089.00	-	-
Housing acquisitions Open Door	-		163,000.00	-	-
Pinkham Way land release	200.00	-	1,372.00	-	200.00
Micro site development for affordable housing	2,824.00	2,400.00	5,461.00	-	424.00
Disabled Facilities Grants Programme	2,955.00	2,955.00	2,955.00	-	-
Decent Homes Programme	-	-	-	-	-
DECC - Fuel Poverty	4.00	-	4.00	-	4.00
Growth and Corporate services Total	76,890	76,203	293,916	-	687
HIGHWAYS TfL - LOCAL IMPLEMENTATION PLAN					-
Local Implementation Plan 2016/17 and onwards	2,000.00	3,476.00	3,476.00	-	1,476.00
Bus stop Accessibility	-	-	-	-	-
Bridge Assessment	-	-	-	-	-
Borough Cycling Programme	-	-	-	-	-
Highways TfL Total	2,000	3,476	3,476	-	1,476
HIGHWAYS non-TfL					-
Footway Reconstruction	43.00	43.00	43.00	-	-
Traffic Management	4.00	4.00	4.00	-	-
Highways Improvement	180.00	116.00	767.00	-	64.00
Travel Plan Implementation	60.00	-	-	-	60.00
Carriageways	100.00	700.00	1,368.00	-	600.00
Highways Planned Maintenance Works Programme	40.00	40.00	1,090.00	-	-
Saracens - highways works	16.00	16.00	40.00	-	-
Drainage Schemes	70.00	60.00	70.00	-	10.00
Road Traffic Act - Controlled Parking Zones	75.00	-	108.00	-	75.00
Investment in Roads & Pavement (NRP)	7,881.00	7,742.00	9,434.00	-	139.00
Highway Asset Management/Network Recovery Plan (NRP) Phase 2	200.00	2,000.00	14,139.00	-	1,800.00
Highways Non- TfL Total	8,669	10,721	27,063	-	2,052
Environment					-
Colindale – Parks, Open Spaces and Sports	4,000.00	4,723.00	7,007.00	-	723.00
Refurbish and regenerate Hendon Cemetery and Crematorium	435.00	435.00	1,435.00	-	-
Hendon Cemetery & Crematorium Enhancement	32.00	32.00	32.00	-	-
Lines and Signs	307.00	307.00	307.00	-	-
LED Lighting	1,800.00	3,800.00	7,600.00	-	2,000.00
Pay and Display parking machine estate upgrade	120.00	120.00	120.00	-	-
Moving traffic cameras	231.00	231.00	481.00	-	-
Controlled parking zones review	150.00	150.00	500.00	-	-
Highways (permanent re-instatement)	200.00	650.00	1,375.00	-	450.00
Old Court House - public toilets	40.00	40.00	40.00	-	-
Parks & Open Spaces and Tree Planting	19.00	19.00	19.00	-	-
Park Infrastructure	-	-	325.00	-	-
Victoria Park Infrastructure	611.00	611.00	611.00	-	-
Data Works Management system	280.00	120.00	380.00	-	160.00
Parks Equipment	107.00	107.00	107.00	-	-
Vehicles	2,874.00	855.00	16,051.00	-	2,019.00
Street cleansing and greenspaces - vehicles and equipment	1.00	1.00	1.00	-	-
Greenspaces Infrastructure Programme	300.00	300.00	1,500.00	-	-
Green spaces development project	125.00	125.00	621.00	-	-
Environment Total	22,301	26,823	69,051	-	4,522
Strategic Infrastructure					-
BXC - Funding for land aquistion	6,378.00	3,150.00	16,198.00	-	3,228.00
Thames Link Station	50,000.00	85,721.00	308,228.00	-	35,721.00
Critical Infrastructure	21,934.00	11,584.00	59,900.00	-	10,350.00
Strategic Infrastructure Fund	223,000.00	23,000.00	23,000.00	-	-

Capital Programme Description	2019-20	2019-20 P10 Forecast	Total Budget P10 Forecast	Variance
	£000	£000	£000	£000
Brent Cross Total	101,312	123,455	407,326	22,143
Colindale – Highways and Transport	500.00	400.00	7,670.00	- 100.00
Colindale Station Works	9,642.00	9,642.00	12,500.00	-
Grahame Park – Community Facilities	159.00	80.00	2,132.00	- 79.00
Town Centre	126.00	126.00	4,979.00	-
Development pipeline	-	-	-	-
Strategic opportunities fund	-	-	26,347.00	-
Regional Enterprise Total	10,427	10,248	53,628	- 179
General Fund Programme Total	247,227	273,032	898,339	25,805
HRA Capital			-	-
Housing Revenue Account			-	-
Major Works (excl Granv Rd)	3,914.00	3,914.00	41,388.00	-
Accessible accommodation adaptations	115.00	50.00	1,495.00	- 65.00
Regeneration	2,304.00	2,115.00	4,751.00	- 189.00
Miscellaneous Repairs	1,919.00	2,228.00	13,502.00	309.00
M&E/ GAS	4,954.00	5,625.00	26,714.00	671.00
Voids and Lettings	3,698.00	3,912.00	22,423.00	214.00
Advanced Acquisitions (Regen Estates)	300.00	-	300.00	- 300.00
Ansell Court - extra care housing	-	-	-	-
Dollis Valley - property acquisitions	-	-	6,589.00	-
Extra Care- housing (Stag & Cheshire)	715.00	650.00	34,994.00	- 65.00
Burnt Oak Broadway Flats - additional storey	150.00	50.00	4,790.00	- 100.00
Upper & Lower Fosters Community Led Design	1,445.00	1,329.00	2,445.00	- 116.00
Stag house - property purchase	901.00	-	901.00	- 901.00
Barnet Homes GLA development programme	800.00	600.00	27,625.00	- 200.00
HRA acquisitions	21,000.00	9,000.00	31,000.00	- 12,000.00
Silk House and Shoelands	1,965.00	1,965.00	1,965.00	-
HRA Fire Safety Programme	6,820.00	7,559.00	39,855.00	- 739.00
HRA Programme Total	51,000	38,997	260,737	- 12,003
Total Capital Programme	298,227	312,029	1,159,076	13,802

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