



Financial Performance and Contracts Committee

11th March 2019

Title	Chief Financial Officer Report Period 9/Quarter 3 (December 2018)
Report of	Director of Finance (Section 151 Officer)
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A: Revenue forecast Appendix B: Capital forecast
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Summary

This report contains a summary of the Council's capital and revenue financial performance for the financial year 2018/19. It also contains information on the level of debt, debtors and treasury performance for the period to 31 December 2018.

Officer Recommendations

1. The Committee is asked to note the 2018/19 revenue forecast outturn, as detailed in Table 1 and in Appendix A;

2. The Committee is asked to note the savings anticipated to be delivered in 2018/19, as detailed in Table 6;

3. The Committee is asked to note the level of reserves and balances as detailed in Tables 10 and 11;

4. The Committee is asked to note the 2018/19 capital forecast outturn, as detailed in Table 7 and in Appendix B;

Officer Recommendations

5. The Committee is asked to note the treasury position outlined in section 4.

6. The Committee is asked to note the debtors position outlined in section 5.

1. Executive Summary

- 1.1 This report provides an overview of the council's forecast financial outturn for the 2018/19 financial year.
- 1.2 The General Fund revenue forecast for 2018/19 is a net overspend of £2.396m, an improvement of £0.414m on the Period 8 forecast position.
- This forecast is stated after taking into account the contributions to specific and general earmarked reserves totalling £1.226m, as shown in Table 1. Excluding these reserve movements, the net forecasted overspend is £1.168m.
 - The reserve movements in Table 1 include two one-off transfers to reserves of £3.685m and £1.000m respectively following the contract settlement with Capita and North London Waste Authority (NLWA) levy charge.
 - The above reserve movements are in addition to the £4.040m MTFs drawdown agreed as part of the agreed budget set in March 2018 to balance the 2018/19 budget.
- 1.3 This financial forecast displays a favourable movement of £0.414m from period 8, with the most significant variances being set out below:

Favourable movements;

Commissioning

The budget has forecasted a favourable monthly movement of £0.623m due to increased housing benefit overpayment recovery (£0.500m – resulting in a total of £1.3m), the anticipated capitalisation of transformation costs (£0.055m) and an increase to the forecasted underspend on the NLWA levy budget (£0.069m).

Adults and Communities

The budget has forecasted a favourable monthly movement of £0.536m generated by the planned flexible use of capital receipts to fund Mosaic costs.

CSG and Council Managed Budgets

The budget has forecasted a favourable monthly movement of £0.181m due to a reduction in the estates maintenance and repairs budget (£0.343m) and increased expected income on Managed Budget Lines (£0.118m), partially offset by a £0.340m increase in gain share costs, generated principally by Housing Benefit recovery and linked to the benefit within the Commissioning division.

Children's Services

The budget has forecasted a favourable monthly movement of £0.180m due to reduced pension costs relating to Cambridge Education and reductions in new placement inflows

Adverse Movements;

Development and Regulatory Services (Including Re)

The budget is currently forecasting an adverse monthly movement of £0.191m due to unfunded Capital Costs relating to DFG; this is currently subject to review.

Streetscene

The budget has forecasted an adverse monthly movement of £0.875m due to the delay in the delivery of the Waste and Recycling saving (£0.450m). The changes were previously anticipated to claw back an overspend relating to inherent historical service pressures as well as achieving planned MTFS savings. The delays in the start of, and difficulties embedding, the recycling and waste service changes have resulted in an increase in forecast relating to both the recognition of the existing overspend and enhanced by the non-delivery of savings. This has been exacerbated by increased costs of transformation, due to the service not being fully embedded by Christmas, and additional unresolved pressure generated by increased costs of maintenance on the recycling and waste fleet as it ages. A detailed paper relating to the waste round reorganisation will be taken to the Environment Committee on the 14th March 2019.

- 1.4 The General Fund balance as at 1 April 2018 was £15.083m (excluding schools' balances). The net overspend of £2.396m would ordinarily reduce the General Fund balance as at April 1st 2019, however the balance is planned to be maintained by means of a transfer from the MTFS reserve.
- 1.5 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 31 March 2018, the council held reserves of £75.755m. Net drawdowns from earmarked reserves of £24.321m are forecast as at month 9 which would result in total earmarked reserves as at 31 March 2019 of £51.434m. The £24.321m earmarked reserve drawdown consists of £3.459m to support the in-year revenue position, £4.685m contribution to reserves and £25.547m of other drawdowns. These 'other' drawdowns principally consist of £18.977m CIL drawdown and £6.436m to underpin the MTFS. Full details of forecast drawdowns can be found in table 12.
- 1.6 The forecast as at 31 December 2018 on the council's 2018/19 capital programme is £294.791m, £261.227m of which relates to the General Fund programme and £33.564m to the HRA capital programme. This is £70.966m less than the currently approved 2018/19 budget of £365.758m.
- 1.7 The Prudential Indicators have not been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.
- 1.8 As at 31 December 2018, deposits were £38.600m, achieving an average annual rate of return of 0.8% against a benchmark average (London Interbank Bid Rate - LIBID) of 0.58%. The benchmark is the rates that banks pay to attract deposits from other banks.

- 1.9 The total value of long-term loans as at 31 December 2018 was £304.080m. There has been no new external long-term borrowing in the 2018/19 financial year to date, but the council did borrow £35m on a short term basis split into £15.000m on the 1st of November 2018 and £20.000m on the 7th December 2018. The average interest rate for long-term borrowing is 3.86%. The short term borrowing was taken at a rate of 1%pa for a period of 6 months.
- 1.10 The total sundry debt owed to the Council as at 31 December 2018 was £37.977m. Between November and December 2018 overall debt increased by £9.127m, and the value of debts aged over 90 days decreased by £0.064m. In the last two months, significant further progress has been made in collecting these monies. Further detail regarding the debt owed to the council is set out in section 5 of this report.

2. Financial Considerations

2.1. Revenue Forecast

General Fund

- 2.1.1 The General Fund revenue forecast for 2018/19 is a net overspend of £2.396m, and improvement of £0.414m over the Period 8 forecast of an overspend of £2.810m. This forecast is stated after the net contribution to specific and general earmarked reserves totalling £1.226m. Excluding these reserve movements, the forecasted overspend is £1.168m. The reserve movements in table 1 include two one-off transfer to reserves relating to the gains of £3.685m and £1.000m respectively following the contract settlement with Capita and a recognition of balances held within the North London Waste Authority (NLWA).
- 2.1.2 All proposed reserve drawdowns and contributions will be considered and approved, if appropriate, later in the financial year. It is important to note that these reserve movements are over and above the planned use of £6.436m of reserves in balancing the budget.
- 2.1.3 At the Policy and Resources Committee on 23rd October approval was sought to allocate additional funds from the council's contingency budget. These movements have been reflected in Table 1 below. Additionally, it was announced that additional government funding would be made available in year towards Adult Social Care. This will be included in future period forecasts once more details are available.

Table 1: General Fund Revenue Forecast

Service	Revised Budget	Period 9/Quarter 3 forecast	Variance from Revised Budget Adv/(fav)	Reserve Movts	Period 9 Forecast /Quarter 3after Reserve Movts	Variance after Reserve Movts Adv/(fav)	Variance explained in the paragraphs below
	£000	£000	£000	£000	£000	£000	
Adults and Communities	95,498	95,071	(426)	-	95,071	(427)	2.1.6

Service	Revised Budget	Period 9/Quarter 3 forecast	Variance from Revised Budget Adv/(fav)	Reserve Movts	Period 9 Forecast /Quarter 3 after Reserve Movts	Variance after Reserve Movts Adv/(fav)	Variance explained in the paragraphs below
	£000	£000	£000	£000	£000	£000	
Assurance	6,344	7,904	1,559	(582)	7,322	978	2.1.11
Central Expenses	44,082	41,913	(2,169)	-	41,913	(2,169)	2.1.12
Children's Services	66,657	68,472	1,814	(918)	67,554	897	2.1.13
Commissioning Group	19,197	17,606	(1,591)	(189)	17,417	(1,780)	2.1.16
CSG and Council Managed Budgets	25,062	23,455	(1,607)	3,685	27,140	2,078	2.1.2.20
Housing General Fund (Tackling Homelessness)	6,926	7,056	129	-	7,056	130	2.1.21
Public Health	17,160	17,160	-	-	17,160	-	2.1.24
Development and Regulatory Services (Including Re)	689	3,001	2,312	(770)	2,231	1,542	2.1.25
Street Scene	11,711	12,858	1,147	-	12,858	1,147	2.1.26
Total	293,326	294,496	1,168	1,226	295,722	2,396	

2.1.4 The forecasted overspend as at Period 9 (after reserve movements) has decreased by £0.414m from £2.810m to £2.396m since the forecast reported at period 8. The main movements are shown in Table 2 below and laid out in more detail in 2.1.5 onwards.

Table 2: Movement from Period 8 Forecast

Service	Period 8 forecast variance	Period 9/Quarter 3 forecast variance	Increase / (Decrease)	Explanation for significant movements
	£000	£000	£000	
Adults and Communities	110	(426)	(536)	Planned flexible use of capital receipts to fund Mosaic costs
Assurance	977	977	-	
Central Expenses	(2,169)	(2,169)	-	
Children's Services	1,077	896	(180)	Reduced pension costs relating to Cambridge Education together with reductions in new placement inflows have reduced the forecast from Period 8
Commissioning Group	(1,157)	(1,780)	(623)	The Resources division has reduced due to increased housing benefit overpayment recovery (£0.500m), the anticipated capitalisation of transformation costs (£0.055m) and an increase to the forecasted

				underspend on the NLWA levy budget (£0.069m).
CSG and Council Managed Budgets	2,259	2,078	(181)	<p>Favourable movements: -£0.343m reduction in the estates maintenance and repairs budget -£0.118m increased expected income on Managed Budget lines</p> <p>Offset by the following adverse movement: £0.340m increase in gain share contractual payments and other areas of Managed Budgets</p>
Housing General Fund (Tackling Homelessness)	89	129	40	Increased void loss than previously forecast
Public Health	-	-	-	
Development & Regulatory Services (including Re)	1,351	1,542	191	Unfunded capital costs relating to DFG
Street Scene	273	1,147	875	Delay in the implementation and changes to recycling and waste rounds resulting in continuation of inherent unfunded in-year pressures and delay in achieving addition MTFs savings. This has been exacerbated by increased costs of transformation as a result of not embedding the changes by Christmas, and continued expected pressure in Q4
Total	2,810	2,396	(414)	

- 2.1.5 The main reasons for the forecast overspend of £2.396m as at Period 9 are set out below. Further detail can be seen in Appendix A.
- 2.1.6 A proposal will be put to Council to use capital receipts to fund one off costs relating to the Mosaic project. As a result, the revenue budget for **Adults and Communities** is projected to underspend by £0.426m, an improvement of £0.536m when compared to the Period 8 position. The underspend relates to staffing budgets within the service. These had previously been assumed to be offset but additional revenue costs relating to the implementation of the Mosaic system. These are now proposed to be funded through the flexible use of capital receipts, subject to Council approval.
- 2.1.7 Non-achievement of any mitigating actions will lead to an increased pressure. Risks are monitored monthly and will result in an overspend of £0.573m, if all materialise. One of the key risks being monitored is the potential increase in forecast for winter spikes in activity (currently estimated at £0.315m).
- 2.1.8 The non-placements budgets are forecasting a net underspend of £0.562m which is the net effect of £0.417m underspend on staffing budget and £0.145m underspend mostly due to Equipment and Adaptation. The Equipment and Adaptation underspend is as a result of appropriate capitalisation of the cost of large items of equipment via the Disabled Facilities Grant (DFG) budget. This is partially offset by overspends on Deprivation of Liberty safeguards (DOLs) assessment costs.

- 2.1.9 The forecast outturn on placements is currently showing a £0.135m overspend as at period 9, all due to Older Adults. Winter Pressures funding from the Government of £1.400m is included within the projections, and was reallocated in period 8 to better reflect pressure from hospital discharge.
- 2.1.10 There is presently a backlog in raising invoices for income due to the service. In addition, there are a number of significant debtors (such as the CCG) for the service which could result in debt write offs being written back to the service. The service management are working hard to resolve the backlog and the council is introducing a Corporate Debt Working Group to manage and reduce debt owed to the Council.
- 2.1.11 The overspend of £0.977m in **Assurance**, which is unchanged from the previous month, is driven by the HB Public Law contract. This is a demand-led service and in this year to date, demand has exceeded the available budget. The outturn for 2017/18 was a £0.789m overspend. This has increased in 2018/19 due to a combination of increased contract prices and demand for the service.
- 2.1.12 **Central Expenses** is projecting an underspend of £2.169m which represents 4.9% of the overall budget and is unchanged from the previous month. The underspend relates mainly to capital financing costs caused by slippage on the capital programme coupled with underspends on levies. The significant underspend is partially offset by the one-off payment of pension strain areas due to the Pension Fund.
- 2.1.13 **Children's Services** are currently reporting an overspend of £0.896m, 1.34% of the overall budget and which represents an improvement of £0.180m from the previous month. Children Services gross pressures at the start of 2018/19 were £12.375m in addition the service savings of £2.337m to achieve, the majority of these pressures have been mitigated and savings achieved. An element of the mitigation has been a reduction in agency costs due to the new contract, approximately £0.590m. Children's Services are currently reporting a budget pressure of £0.896 on a budget of £66.657m. The realisation of pressures in the system has resulted in the reported variance. Pressures arise from staffing projections, placement forecast and other non-pay budgets offset by additional income relating to Cambridge Education Contract. Reductions of £0.181m have been recognised in the current month's forecast due to ongoing recovery plans – specifically the placements review and the use of grant income. This has mitigated the additional pressure for non-receipt of Vulnerable Children Funding £0.280m.
- 2.1.14 The nature of services provided to children and families by Family Services manage significant levels of risk. The implementation of the Barnet Children's Services Improvement Action Plan based on inspection findings and recommendations reduce this risk and drive forward improvements towards good quality services.
- 2.1.15 The Period 9 position requires mitigating actions by management to deliver a planned reduction of agency spend of £0.250m. The forecast builds in new placements of £0.043m, however due to the often need to meet emergency situations expenditure can fluctuate month on month. There is an assumption that charges from other departments will be within the allocated budget including legal.

- 2.1.16 **Commissioning Group** is forecasting an underspend of £1.780m which represents 14.5% of the overall budget and is an improvement of £0.623m from the previous month.
- 2.1.17 The underspend is primarily as a result of the Special Parking Account, which is expected to exceed its income target resulting in an underspend of £1.145m, the North London Waste Authority Levy (£0.311m) and street lighting (£0.122m) as a result of electricity savings.
- 2.1.18 The forecasted underspends are offset partially by an overspend in Human Resources, which are projecting an overspend of £0.293m. The activity in this area is greater than budgeted, including an ongoing commitment for organisational development resources and a one-off cost pressure resulting from implementation of a new recruitment system. In addition, the registrar service is currently overspending due to income forecasts being below budgeted and operational costs above budgeted levels, together totalling £0.142m.
- 2.1.19 The most significant risks to the forecast are a risk to Parking and Infrastructure where the budgets are based on a mild winter. If there is a severe winter the SPA may not be able to absorb the impact.
- 2.1.20 The overspend for **CSG and Council Managed Budgets** is £2.078m, 8.1% of the overall budget and an improvement of £0.181m from the previous month. The overspend is due to Estates Repair and Maintenance budget (£0.636m), income shortfalls on retained income lines (£1.346m) and an overspend of £0.046m in contractual gain share budget. The variance has moved by £0.121m from period 8 because of reduced forecast on Estates Repair and Maintenance budget (£0.343m) and £0.118m favourable movement on Retained Income because of pension fund recharge income (0.068m) and increased forecast on court case recovery awarded (£0.050m), offset by the increase of £0.340m of contractual gain share costs (linked to the increase in anticipated Housing Benefit Overpayment recoupment).
- 2.1.21 The forecasted overspend of £0.129m for **Housing General Fund (Tackling Homelessness)** represents 1.9% of the total Delivery Unit budget, and is £0.040m higher than last month.
- 2.1.22 The forecast includes mitigations in place including acquisition of affordable properties to replace temporary accommodation, additional Flexible Homelessness Support Grant and appropriate recharging of costs to the HRA.
- 2.1.23 The current main risks to the forecast are around increases in demand for temporary and emergency accommodation. There are currently approximately 2,689 households in temporary accommodation. The expected cost of servicing these properties will be £27.880m in 2018/19.
- 2.1.24 **Public Health** are forecasting to deliver to budget.
- 2.1.25 The forecast for **Development & Regulatory Services (including Re)** is an overspend of £1.542m, £0.191m higher than last month. The variance primarily relates to a £0.900m adverse variance as a result of a misclassification of income between the General Fund and the HRA (this matter has been resolved in 2019/20 and going forward). Additionally, there are £0.185m of LIP (Local implementation

plan) pressures due to negotiated fees being higher than budgeted, £0.278m relating to estimated legal costs and unfunded capital costs of £223k. The forecast could also be affected if further income is counted towards guaranteed income but not reflected in the Re budget.

2.1.26 The overspend of £1.147m for the **Street Scene** service represents 9.8% of the total Delivery Unit budget.

The budget has forecasted an adverse monthly movement of £0.875m due to the delay in the delivery of the Waste and Recycling saving (£0.450m). The changes were previously anticipated to claw back an overspend relating to inherent historical service pressures as well as achieving planned MTFs savings. The delays in the start of, and difficulties embedding, the recycling and waste service changes have resulted in an increase in forecast relating to both the recognition of the existing overspend and enhanced by the non-delivery of savings. This has been exacerbated by increased costs of transformation, due to the service not being fully embedded by Christmas, and additional unresolved pressure generated by increased costs of maintenance on the recycling and waste fleet as it ages. A detailed paper relating to the waste round reorganisation will be taken to the Environment Committee on the 14th March 2019.

Housing Revenue Account (HRA)

2.1.28 The Housing Revenue Account (HRA) has a budgeted contribution from balances of £0.754m in 2018/19. The forecast for the year as at 31 December 2018 is a deficit of £1.147m, thus there is a forecast year-end balance of £13.856m as at 31 March 2019.

Table 3: Housing Revenue Account Forecast

	Revised Budget £000	Period 9 Forecast £000	Variance from Budget Adv/(Fav) £000
Dwelling rents	(49,810)	(49,784)	26
Service and other charges	(9,133)	(8,401)	732
Housing management	20,375	20,158	(217)
Repairs and maintenance	7,570	7,570	-
Provision for bad debts	250	250	-
Regeneration	837	713	(124)
Capital charges	30,760	30,760	-
Interest on balances	(95)	(119)	(24)
Total	754	1,147	393

2.1.29 The main reasons for the variance from budget are set out below.

2.1.30 **Income** - Dwelling rents are projected to under achieve by £0.026m compared with the revised budget. Service and Other Charges are currently projected to under recover by £0.732m. This relates to two areas of variance, being garage income and service charges. Garages income is forecasting £400k underachievement due to a higher level of voids and lower numbers of relets (ie. how long it takes to re-let after they become void). Service Charges (Tenants) is forecasting £272k

underachievement due to higher voids (as per Dwelling Rents). The primary reason for this is the number of voids on regeneration sites prior to demolition.

2.1.31 **Expenditure** - Housing management costs mainly reflect the core management fee of £17m paid to Barnet Homes to manage the housing stock. There is a forecast underspend of £0.217m, which largely relates to a reduction in professional fees and other running costs.

2.1.32 The repairs and maintenance budget of £7.570m relates to the management fee paid to Barnet Homes for the repair and maintenance of housing stock and refurbishment of properties when they become void. The current forecast is to budget.

2.1.33 The housing regeneration forecast shows an underspend of £0.124m due to costs being partially recovered from developers on a number of regeneration schemes at Dollis Valley, Grahame Park, West Hendon and Granville Road.

Dedicated Schools Grant (DSG)

2.1.34 The DSG budget for 2018/19 has been revised to take into account the brought forward reserve of £0.501m and additional funding from Central Government of £0.964m announced in December 2018. Despite these additions to the budget the DSG is forecasting an overspend of £0.297m.

2.1.35 The High Needs block is forecasting an overspend of £0.525m due to top-up funding for high needs pupils. 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.

2.1.36 DSG High Needs funding has not kept up with inflation or the rate of demographic growth in recent years, whereas demand, driven by a mixture of demographic change, the growing complexity of needs and the new framework created by the SEN reforms, has grown significantly. Local authorities across England are facing similar problems and many are known to have faced significant overspending on their High Needs budgets

2.1.37 The High Needs pressure is partly offset by underspends in the Schools Block. The Growth Fund for expanding schools is forecasted to underspend by £0.105m, the late conversion of a school to the maintained sector has resulted in a £0.185m underspend. Further underspend is likely in relation to this school. The underspend is partly offset by a pressure of £0.062m relating to NNDR

2.1.38 It should be noted that the current DSG forecasted overspend on the High Needs Block will take the DSG reserve into a negative balance. There is also a risk that this overspend will increase and further analysis is being carried out to quantify the risk. The council is able to carry forward a negative balance on this reserve for a limited period subject to having a robust recovery plan in place.

- 2.1.39 The council had submitted a request to the Secretary of State in relation to the transfer from the school's block of DSG to the high needs block in order to address pressures in this area. However, following a funding announcement in December where an additional £0.964m was allocated for 2018/19 and 2019/20 this request was withdrawn.
- 2.1.40 The council did however, successfully request that the Secretary of State approve the 2019/20 transfer of £1m from maintained schools for central education services previously funded by the Education Services Grant (ESG).
- 2.1.41 There have been no previous transfers between funding blocks under the new ring-fenced arrangements for funding blocks. 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.
- 2.1.42 This is a reflection of the fact that there is an overall shortfall in the High Needs Block nationally. 'London Councils' is continuing to lobby the Government to request this is dealt with as part of the Comprehensive Spending Review.
- 2.1.43 A recovery plan is also in place to secure savings within the High Needs Block. Savings of £1.2m have already been achieved and plans are in place to achieve further savings of over £1m in 2019-20, rising to £2m in 2020-21. Combined with the additional funding announced in December of £1.928m over two years for the High Needs block, this should remove the deficit next year, provided demand pressures are in line with current forecasts.

Table 4: Dedicated Schools Grant

	Revised Budget £000	Period 9 / Quarter 3 Forecast £000	Variance from Budget Adv/(Fav) £000
Schools			
- Individual Schools Budget	141,143	141,020	(123)
- Growth Fund	897	792	(105)
- Central schools expenditure	1,268	1,268	-
- ESG retained funding	852	852	-
Sub-total	144,160	143,932	(228)
Early Years Block	29,037	29,037	-
High Needs Block	45,182	45,707	525
Sub-total	218,379	218,676	297
DSG Income	(217,878)	(217,878)	-
DSG c/f	(501)	(501)	-
DSG Total	-	297	297

Agency

- 2.1.44 Table 5 below shows agency staff expenditure included in the forecasted outturn.

Table 5: Agency 2018/19

Service	Period 9 / Quarter 3 2017/18 £000	Period 9 / Quarter 3 2018/19 £000	Change %	2017/18 Full year actual £000	2018/19 Full year forecast £000
Adults and Communities	2,151	1,127	(48)	2,510	1,390
Assurance	14	9	(41)	16	12
Childrens Services	6,726	7,399	10	10,407	10,081
Commissioning Group	1,092	1,066	(2.3)	1,501	2,017
Customer Support Group	-	21	100	50	-
HRA	-	-	-	-	-
Public Health	-	131	100	8	171
Development & Regulatory Services (including Re)	2	-	(100)	-	-
Streetscene	1,956	1,156	(41)	2,427	1,459
Capital	1,177	1,143	(3)	2,274	1,525
	13,118	12,052	(8)	19,193	16,655

Savings

2.1.45 In 2018/19 the council budgeted to deliver £11.287m of savings. Table 6 below summarises by Theme Committee the value of savings that are expected to be achieved against the savings programme. In total, £9.622m of savings is expected to be delivered by year end, representing 85.2% of the target. Delivery of these savings is included in the forecasts reported in table 1.

Table 6: Savings 2018/19

Service	2018/19 MTFS Savings Target £000	Savings Expected to be Achieved £000	Savings Unachiev- able £000	Savings Expected to be Achieved %
Adults and Safeguarding	2,980	2,315	665	77.7
Assets, Regeneration and Growth	2,355	1,855	500	78.8
Children, Education and Safeguarding	2,692	2,692	-	100.0
Environment	1,915	1,915	-	100.0
Policy and Resources	1,345	845	500	62.8
	11,287	9,622	1,665	85.2

2.1.46 Adults and Safeguarding savings of £0.665m are unlikely to be achieved in 2018/19. £0.465m relates to moving clients into Moreton close, the construction of which will not complete until the end of the year. £0.150m is linked with savings from cases 0-25 years old which is currently under review but will not be resolved in 2018/19, and £0.050m is linked with lower than anticipated savings from the reduction of care agency usage by personal assistant employed directly by service users.

2.1.47 Assets, Regeneration and Growth unachievable savings of £0.500m will now not be achieved until 2019/20 as a result of the Office Move to Colindale taking place later than originally planned.

2.1.48 Policy and resources savings of £0.500m as part of the Customer transformation programme have been delayed until 2019/20.

2.2. Capital Programme

2.2.1 The forecast as at 31 December 2018 on the council's 2018/19 capital programme is £294.791m, £261.227m of which relates to the General Fund programme and £33.564m to the HRA capital programme. This is £70.966m less than the 2018/19 budget of £365.758m which was approved by Policy and Resources committee on the 11th December 2018. Table 7 below summarises the actual expenditure, budget and variance by service.

Table 7: Capital Forecast

Service	2018/19 Revised Budget £000	Additions/ (Deletions) £000	(Slippage)/ Accelerated Spend £000	Forecast £000	Variance from Budget £000	Variance from Budget %
Adults and Communities	2,850	-	(450)	2,400	(450)	(15.8)
Commissioning Group	59,974	(526)	(5,757)	53,691	(6,283)	(10.57)
Children's Service (Education and Skills)	31,092	(110)	(10,739)	20,243	(10,849)	(34.9)
Children's Service (Family Services)	7,568	-	(1,522)	6,046	(1,522)	(20.1)
Housing General Fund (Tackling Homelessness)	68,232	-	(23,986)	44,246	(23,986)	(35.2)
Parking and Infrastructure	1,585	-	(68)	1,517	(68)	(4.3)
Development & Regulatory Services (Including Re)	150,366	13	(21,120)	129,259	(21,107)	(14.0)
Street Scene	4,201	1	(377)	3,825	(376)	(9.0)
General Fund Programme	325,869	(622)	(64,019)	261,227	(64,641)	(19.8)
HRA (Barnet Homes)	39,889	-	(6,325)	33,564	(6,325)	(15.9)
Total Capital Programme	365,758	(622)	(70,344)	294,791	(70,966)	(19.4)

2.2.2 Forecast capital expenditure for 2018/19 as at period 9 totals £294.791m which is £70.966m (19.4%) lower than the latest budget. The majority of service areas are forecasting slippage with two areas identifying deletions. The principal variances from budget and the reasons for these are highlighted below. Further detail can be found in appendix B:

- **Adults and Communities** have forecasted slippage of £0.450m on the Mosaic project.
- As at month 9 **Commissioning** are forecasting slippage of £5.757m and deletions of £0.526m. The deletion is as a result of the community centre fit out and the Tarling Road community centre projects being combined and releasing funds that are no longer required. The slippage relates primarily to the Office build where construction will not be completed until 2019/20 and the ICT Strategy where implementation of systems is now scheduled in 2019/20.
- The **Children's Services (Education)** forecast £20.243m includes slippage of £10.739m, this is largely due to the Saracens and Grammar school projects now not starting until 2019/20 (£2.000m), access issues causing delays to the Alternative Provision project (£2.995m) and underground contamination problems causing delays to the Blessed Dominic build (£2.586m). The forecast also includes a deletion of £0.110m as a result of a clawback of funding by the EFSA
- The **Children's services (Family Services)** forecast of £6.046m includes slippage of £1.522m. This is primarily due to delays to Meadow Close (£0.551m) and re-profiling of library works into 19/20 (£1.065m)
- The **Housing General Fund (Tackling Homelessness)** capital programme is showing slippage of £23.986m. This is largely due to Direct acquisitions that will not complete until 2019/20 (£14.000m), the Open Door project (£9.000m) where land transfer delays have delayed the drawdown of funds and the Pinkham Way Land release which will not complete until 2019/20 (£1.250m). The programme also has accelerated spend in relation to the Micro sites project which is expected to now complete in 2018/19 (£0.673m).
- The **Parking and Infrastructure** programme is forecasting slippage of £0.068m. This is as a result of budget realignment on the Highways permanent re-instatements project.
- The **Development & Regulatory Services (including Re)** capital programme has decreased by £21.107m overall, £5.000m of which relates to the Colindale Station following an updated timescale from TFL. The Thames Link station (£5.000m) and Strategic Infrastructure fund (£7.000m) projects have been re-profiled. The Hendon Cemetery refurbishment has slipped by £1.000m as a result of delays to the scheme design, and the Colindale Highways and transport project will slip £0.800m into 2019/20 following delays by TFL for junction works. The Graham Park community facility project has re-profiled £0.940m into 2019/20 following re-planning of this project after initial plans were aborted.
- **Street Scene** is forecasting slippage of £0.377m for vehicles where further purchases will not take place in 2018/19.
- As at period 9, forecasted capital expenditure on the **HRA** capital programme is £33.228m against a revised budget of £33.564m, resulting in a forecast variance of £6.325m. The most significant movements are:
 - The HRA fire and safety programme forecasting slippage of £5.000m following a review of the plans for delivery of all the various improvements to the tower blocks to ensure residents are where possible only disturbed once.
 - The Upper and Lower Fosters project is forecasting slippage of £0.365m following a review of the profile of the spend and the phasing of the project.

- The extra care pipeline project has identified slippage of £0.621m following delays in leaseholder purchases.
- The voids and lettings project has accelerated spend of £0.380m following increases in the expected work required.

Funding of Capital Programme

2.2.3 Table 8 below shows the how the 2018/19 forecast capital programme is being funded.

Table 8: Funding of 2018/19 Capital Programme

Service Area	Grants £000	S106/ Other Contrib- utions £000	Capital Receipts £000	Revenue / MRA £000	CIL £000	Borrow- ing £000	Total £000
Adults and Communities	-	-	-	-	-	2,400	2,400
Commissioning Group	-	-	6,523	200	23,293	23,675	53,691
Children's Service (Education and Skills)	15,509	4,734	-	-	-	-	20,243
Children's Service (Family Services)	-	-	835	-	4,434	777	6,046
Housing General Fund (Tackling Homelessness)	250	1,855	5,955	346	-	35,840	44,246
Parking and Infrastructure	-	-	1,127	-	-	390	1,517
Development and Regulatory Services (including Re)	68,832	2,399	445	-	1,250	56,333	129,259
Street Scene	599	125	707	-	-	2,394	3,825
General Fund Programme	85,190	9,113	15,592	546	28,977	121,809	261,227
HRA	60	-	829	25,348	-	7,327	33,564
Total Capital Programme	85,250	9,113	16,421	25,894	28,977	129,136	294,791

2.2.4 Table 9 below shows the impact of the movements in the forecast of the capital programme when compared to the budget.

Table 9: Funding movements of 2018/19 Capital Programme

Service Area	Grants £000	S106 £000	Capital Receipts £000	Revenue / MRA £000	CIL £000	Borrow- ing £000	Total £000
Adults and Communities	-	-	-	-	-	(450)	(450)
Commissioning Group	(2020)	-	(3,212)	200	2,516	(3,767)	(6,283)
Children's Service (Education and Skills)	(9,581)	(268)	-	-	-	(1,000)	(10,849)
Children's Service (Family Services)	-	-	(768)	-	335	(1,089)	(1,522)
Housing General Fund (Tackling Homelessness)	(1,250)	471	(2,089)	(191)	-	(20,927)	(23,986)
Parking and Infrastructure	-	-	(33)	-	-	(35)	(68)
Development and Regulatory Services (including Re)	(5,536)	(7,341)	(495)	-	(40)	(7,695)	(21,107)
Street Scene	2	-	-	-	-	(378)	(376)

Service Area	Grants £000	S106 £000	Capital Receipts £000	Revenue / MRA £000	CIL £000	Borrow- ing £000	Total £000
General Fund Programme	(18,385)	(7,138)	(6,597)	9	2,811	(35,341)	(64,641)
HRA	10	-	(163)	(4,102)	-	(2,070)	(6,325)
Total Capital Programme	(18,375)	(7,138)	(6,760)	(4,093)	2,811	(37,411)	(70,966)

3. Reserves and Balances

3.1. General Fund Balance

3.1.1 The General Fund balance as at 1 April 2018 was £15.083m (excluding schools' balances). The net overspend of £2.396m would ordinarily reduce the General Fund balance as at April 1st 2019, however the balance being maintained by means of a transfer from the MTFS reserve.

Earmarked Reserves

3.1.2 The council has set aside specific amounts as reserves for future policy purposes or to cover contingencies. As at 31 March 2018 the council held reserves of £75.755m. Net drawdowns from earmarked reserves of £24.321m are forecast as at Period 9 which would result in total earmarked reserves as at 31 March 2019 of £51.434m.

Table 11: Reserves

Service Area	Reserves b/fwd 1 April 2018 £000	Estimated Drawdown* £000	Estimated Contrib- utions/ new reserves raised/ transfers* £000	Reserves c/fwd 31 March 2019 £000
Capital				
Central - Community Infrastructure Levy	22,560	(29,107)	10,000	3,453
Revenue Implications of Capital	-	-	2,428	2,428
Total Capital Reserves (GF)	22,560	(29,107)	12,428	5,881
Non Ringfenced Revenue Reserves				
New Homes Bonus	-	-	-	-
Central - MTFS	30,374	(6,436)	4,685	28,623
Revenue - Uncommitted	2,056	(833)	-	1,223
Transformation	3,432	(2,000)	-	1,432
Revenue – Service Specific	5,145	(1,837)	150	3,458
Total Non-Ringfenced Revenue Reserves	41,007	(11,106)	4,835	34,736

Service Area	Reserves b/fwd 1 April 2018 £000	Estimated Drawdown* £000	Estimated Contributions/ new reserves raised/ transfers* £000	Reserves c/fwd 31 March 2019 £000
Ringfenced Revenue Reserves				
DSG	501	(798)	-	(297)
Collection Fund Smoothing Reserve	3,038	-	1,962	5,000
Housing Benefits	3,542	(430)	-	3,112
North London Sub Regional Partnership (NLSR)	567	-	-	567
PFI	-	-	-	-
Public Health	2,392	(600)	-	1,792
Special Parking Account	2,148	(1,505)	-	643
Sub-total Ring-fenced Reserves	12,188	(3,333)	1,962	10,817
Total Earmarked Reserves	75,755	(43,536)	19,225	51,434

Table 12: Estimated drawdown details

Title & Description	Use of reserves reported in the revenue forecast £000	Other planned reserve drawdowns and contributions	Total
Barnet CIL (non admin fee)		(18,977)	(18,977)
Transformation Reserve		(2,000)	(2,000)
Balancing the MTFS reserve	3,685	(6,436)	(2,751)
NWLA contribution to MTFS reserve	1,000		1,000
Council tax and NNDR smoothing reserve		4,390	4,390
Area Committee		(16)	(16)
Entrepreneurial Barnet - BOOST employment support, Skills Escalator		(355)	(355)
Community Budgets and Troubled Families	(318)		(318)
Service Development Reserve	(833)		(833)
Mayoral CIL 4% Admin Fee	(28)		(28)
Barnet CIL 5% Admin Fee Only	(102)		(102)
Local Elections Reserve		150	150
Local Elections Reserve	(473)		(473)
Corporate Anti-Fraud Team Reserve (CAFT)	(73)		(73)
Communications FTC funding'	(204)		(204)
Sports Development	(40)		(40)

Benefit Subsidy	(430)		(430)
Public Health	(600)		(600)
DSG		(798)	(798)
Local Welfare Provision	(345)		(345)
SHAPE (11501)	(13)		(13)
Special Parking Account		(1,505)	(1,505)
	1,226	(25,547)	(24,321)

Public Health Reserve

- 3.1.3 Included within earmarked reserves is the ring fenced public health reserve which, after proposed drawdowns, totals £1.792m. The service is identifying proposals to deliver better public health outcomes which may reduce it further.

Housing Revenue Account Balance

- 3.1.4 The Housing Revenue Account (HRA) has a budgeted contribution from balances of £0.754m in 2018/19. The forecast outturn for the year as at 31 December 2018 is a deficit of £1.147m, thus there is a forecast balance of £13.856m as at 31 March 2019.

Table 13: HRA Balance

	£000
HRA Balance brought forward 1 April 2018	(15,003)
Budgeted deficit	754
variance from budget	393
Forecast HRA Balance 31 March 2019	(13,856)

Dedicated Schools Grant Balance

- 3.1.5 The DSG reserve as at 1 April 2018 was £0.501m which was budgeted to be drawn down. In addition, as at period 9, an in-year overspend is forecast which would result in the DSG balance being in deficit by £0.297m.

Table 14: DSG Balance

	£000
DSG Balance brought forward 1 April 2018	(501)
Budgeted drawdown	501
In-year overspend	297
Forecast DSG Balance 31 March 2019	297

- 3.1.6 The Schools Forum need to approve any carry forward of a DSG deficit on central expenditure to the following year, if it is to be funded from the schools' budget. Otherwise, the deficit will fall on the General Fund.

The options to reduce / limit the forecast deficit are as follows:

- Move 0.5% or less from the school block to the high needs block with Secretary of State approval. A recovery plan will be needed. Internally the council already requires all services with an overspend to develop a recovery plan.
- Reduce the high needs top up rates for SEN pupils/ reduce out of borough education places, review central services and operate full cost recovery charging.

3.1.7 From the autumn term, there will be a new requirement for local authorities to report on how they will bring any deficit position back in line if the deficit is more than 1% of total DSG as at 31 March 2019; for LBB 1% equates to £2m.

4. Treasury Management

4.1. Investment Performance

4.1.1 Investment deposits are managed internally. As at 31 December 2018, deposits outstanding were £38.6 million, achieving an average annual rate of return of 0.80% against a benchmark average (7-day London Interbank Bid Rate - LIBID) of 0.58%. The benchmark is the rates that banks pay to attract deposits from other banks. The list of deposits outstanding as at 31 December 2018 are detailed in table 14 below.

4.1.2 Investment deposits have declined over the last nine months, this is primarily as a result of a larger capital programme than in previous years. Expenditure on capital in the first nine months of the year exceeds the total expenditure for the full 2017/18 year.

Table 15: Investments Outstanding as at 31 December 2018

	Principal (£'000)	Interest Rate (%)	Start Date	Maturity Date	Lowest long term rating	Historic risk of Default (%)
Money Market Fund						
MMF Federated Investors	12,300	0.76			AAA	0.000
MMF Aberdeen Standard	11,300	0.68			AAA	0.000
Total Money Market	23,600					
Local Authority Deposits						
LONDON BOR OF SOUTHWARK	5,000	0.95	28-Mar-18	02-Jan-19	AA	0.000
Total Local Authority	5,000					
Banks						
LLOYDS BANK	5,000	0.85	02-Feb-18	04-Feb-19	A+	0.005
LLOYDS BANK	5,000	1.00	19-Jun-18	19-Jun-19	A+	0.025

Total Banks	<u>10,000</u>		
Total Investments	<u>38,600</u>	<u>0.80</u>	<u>0.004</u>

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

4.2. Borrowing

- 4.2.1 The council has operated within the Prudential Indicators with an emphasis on high quality secure borrowers in relation to investment activity and ensuring that funds remain available to meet cash requirements. The Local Government Act 2003 requires the council to set maximum limits on its total outstanding debt. During the period to 31 December 2018, there were no breaches of the Authorised Limit (maximum permitted debt) and the Operational Boundary (the value of debt considered affordable).
- 4.2.2 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 Strategy for 2018/19 was approved by Council on 6 March 2018. The Treasury Management Strategy 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 corporate Treasury Management Strategy
- 4.2.3 The total value of long-term loans as at 31 December 2018 was £304.08m. There has been no new external long-term borrowing in the 2018/19 financial year to date, but see note below on short-term borrowing. The average interest rate for long-term borrowing is 3.86%.

New Short-term Borrowing

- 4.2.4 The Treasury Management Strategy Statement requires any new borrowing to be reported to Members. Additional loans of £15 million were acquired on 1st November 2018. These comprise three loans of £5 million each from local authorities at a rate of 0.9% with a 6-month (1 May 2019) maturity. On 7 December further £20 million of 6-month local authority borrowing was taken at a rate of 1%, bringing total short-term borrowing to £35 million. Both loans have an effective annual cost of 1% (0.5% for the loan period) as the first tranche of loans incurred 0.1% annualised broker commission (Tradition). These loans are to support the capital programme and coincided with expenditure on Brent Cross development.
- 4.2.5 The total loans outstanding has increased to £339.08 million. The authorised debt limits (absolute maximum permitted) is £659.2 million and the Operational Boundary (maximum consistent with long term affordability) is £568.8 million. The current projected year end debt (excluding £16 million of leases) is £386.4 million.

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

4.2.6 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

4.2.7 The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

Table 16: Upper limits for Interest rate exposure

	Limits for 2018/19 %
Upper Limit for Fixed Rate Exposure	100
Compliance with Limits:	Yes
Upper Limit for Variable Rate Exposure	30
Compliance with Limits:	Yes

Table 17: Maturity Structure of Fixed Rate Borrowing

Maturity Structure of Fixed Rate	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 30/11/18 £'000	% Fixed Rate Borrowing as 30/11/18	Compliance with Set Limits?
Under 12 months	0	50	35,000	10.32%	Yes
12 months and within 24 months	0	50	0	0.00%	Yes
24 months and within 5 years	0	75	0	0.00%	Yes
5 years and within 10 years	0	75	22,516	6.64%	Yes
10 years and above	0	100	281,564	83.04%	Yes
Total			339,080	100.00%	

4.2.8 This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Table 18: Capital Financing Requirement and External Debt

	Forecast for March 2019 £000
Prudential Indicator – Capital Financing Requirement (CFR)	
CFR – Non-housing	395,791
CFR – Housing	208,166
Total CFR	603,957
Prudential Indicator – The Operational Boundary for External Debt	
Borrowing	568,784
Other long-term liabilities	15,661
Total debt	584,445

4.2.9 The table above demonstrates that capital plans for 2018/19 and associated debt are within the agreed borrowing limit. It is anticipated that the out-turn for CFR will be considerably lower than the above forecast reflecting deferrals to the capital programme.

5. Debtors

5.1 An analysis of debtors as at the 31 December 2018 is displayed within this section of the report. It should be noted that this information is a snapshot as at that date and the position moves on a daily basis.

5.2 Between November and December 2018 overall debt increased by £9.127m, this was the third month in a row that overall debt had increased. As a consequence debt has increased by £12.340m since September. The value of debts aged over 90 days decreased slightly by £0.064m. The invoice raised at year end and previously reported as still outstanding for £2.254m with NHS Barnet CCG still remains outstanding. This invoice, together with a number of other invoices within the CCG balance owed of £12.93m (see table 20) have been escalated to the Service Director.

5.3 Concerted effort by the council's finance team has been dedicated to reducing the level of outstanding debt. Their efforts have made a material impact on the level of debt which was outstanding at the end of period 9. Table 21 gives detail of the top ten individual debts by debtor (totalling £24.829m) and the actions being undertaken to expedite recovery. As a result of the recovery work, £13.318m (54%) in outstanding debt has been recovered (payment physically received) since 31st December 2018, with payment agreed for a further £5.466m (22%) resulting in a material improvement to the council debt position.

Table 19: Aged Debt Analysis as at 31st December 2018

Period	Not overdue	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total debt
Month 9	1,545,773	11,863,786	1,852,278	5,135,538	17,579,608	37,976,983
Month 8	2,324,560	2,418,463	6,216,410	246,349	17,643,893	28,849,675
Movement	(778,787)	9,445,323	(4,364,132)	4,889,189	(64,285)	9,127,308

Table 20: Top 10 debtors as at 31st December 2018

Organisation	Sum of Amount (£)	Age
NHS Barnet CCG	12,931,290	£8,067,620 over 90 days, £331,133 up to 90, £743,126 up to 60 days £3,682,012 up to 30 days and £107,399 not yet overdue
The Barnet Group	5,874,642	Age £2,897,127 up to 90 days, £29,917 up to 60 days and £2,947,599 up to 30 days
Hasmonean High	3,106,867	Up to 30 days

School		
Hammerson PLC	1,021,353	£682,133 up to 90 days, £339,220 over 90 days
Comer Homes	992,522	Over 90 days
The Archer Academy	894,904	Up to 30 days
Capita Business Services	870,174	£80,757 up to 60 days £213,837 up to 90 days, £575,580 Over 90 days
Regional Enterprise Ltd	793,501	£623,582 Up to 90 days, £169,919 over 90 days
Barratt London	587,416	up to 30 days
The Fremantle Trust	576,875	Over 90 days

Table 21: Top 10 debt invoices, and recovery actions undertaken since 31/12/18, by debtor

21.1: NHS Barnet CCG

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
NHS BARNET CCG	3,518,211	BCF -18/19 Ext Nursing Care OA Ext Residntl Care OA Direct Payments - OA Resp Care Rsdntl OA Equip & Adaptatns OA Ext Residntl Care LD Ext Residntl Care LD	No Dispute, payment expected
NHS BARNET CCG	2,254,368	11 months actual spend on the Millbrook Community Equipment contract and 1 month based on projection	Client is disputing the invoice and proposed to pay at least £1.9M
NHS BARNET CCG	732,228	CCG Section 75 money	Invoice currently in dispute
NHS BARNET CCG	684,088	Q2-LD shared funded clients	Now paid
NHS BARNET CCG	652,939	Tripartite funded placements	Now paid
NHS BARNET CCG	635,965	Placement costs	Now paid

NHS BARNET CCG	571,555	Continuing Care	Now paid
NHS BARNET CCG	507,730	Q2-LD shared funded clients	Now paid
NHS BARNET CCG	405,143	CHC Recharges for LD QTR 4	Now paid
NHS BARNET CCG	236,708	Q1-PSI shared funded clients	Now paid

Value of top ten Debtor Invoices at report date	£10,198,936
of which;	
Payment received	(£3,694,128)
Payment agreed	(£3,518,211)
Resolution awaited	£2,986,596

21.2: The Barnet Group

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
The Barnet Group	2,892,260	Paid M10	Now paid
The Barnet Group	880,500	Paid M10	Now paid
The Barnet Group	880,500	Paid M10	Now paid
The Barnet Group	425,820	Grounds Maintenance April to September 2018	Dialogue with organisation ongoing
The Barnet Group	403,348	Paid M10	Now paid
The Barnet Group	220,301	Paid M10	Now paid
The Barnet Group	43,446	Paid M10	Now paid
The Barnet Group	34,999	Barnet Homes Q1 & Q2 Revs & Bens	Dialogue with organisation ongoing
The Barnet Group	31,597	Paid M10	Now paid
The Barnet Group	31,573	Paid M10	Now paid

Value of top ten Debtor Invoices at report date	£5,844,344
of which;	
Payment received	(£5,383,525)
Payment agreed	£0
Resolution awaited	£460,819

21.3: Hasmonean High School

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
HASMONEAN HIGH SCHOOL	707,252	November 2018 Payroll invoice	Now paid
HASMONEAN HIGH SCHOOL	634,792	September 2018 Payroll invoice	Now paid
HASMONEAN HIGH SCHOOL	610,938	August 2018 Payroll invoice	Now paid
HASMONEAN HIGH SCHOOL	583,161	July 2018 Payroll invoice	Now paid
HASMONEAN HIGH SCHOOL	557,385	October 2018 Payroll invoice	Now paid
HASMONEAN HIGH SCHOOL	13,376	Payroll Services for the period April 18-March 19	Now paid
HASMONEAN HIGH SCHOOL	- 36	receipt	

Value of top ten Debtor Invoices at report date	£3,106,867
of which;	
Payment received	(£3,106,867)
Payment agreed	£0
Resolution awaited	£0

21.4: Hammerson Plc

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
HAMMERSON PLC	235,491	Brent Cross North Aug-18	More info requested by debtor
HAMMERSON PLC	150,411	Brent Cross North May-18	More info requested by debtor
HAMMERSON PLC	147,314	Brent Cross North May-18	More info requested by debtor
HAMMERSON PLC	128,660	Hammerson Invoice Jun-18 Brent Cross North May-18	More info requested by debtor
HAMMERSON PLC	115,654	Brent Cross North Jul-18	More info requested by debtor
HAMMERSON PLC	100,787	Brent Cross Jan-18	More info requested by debtor
HAMMERSON PLC	91,119	Brent Cross Feb-18	More info requested by debtor
HAMMERSON PLC	14,687	Brent Cross North Jul-18 Only	More info requested by debtor

HAMMERSON PLC	12,745	Brent Cross North Aug-18 Only	More info requested by debtor
HAMMERSON PLC	12,108	Brent Cross North May-18 Excluding	More info requested by debtor

Value of top ten Debtor Invoices at report date	£1,008,976
of which;	
Payment received	£0
Payment agreed	£0
Resolution awaited	£1,008,976

21.5: Comer Homes

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
COMER HOMES	201,488	Elec Re-charge B3 - Apr 13	Invoice under dispute – Referred to legal
COMER HOMES	151,702	Elec Re-charge B3 - Dec 2012 With Harrow Legal Hpublic Law	Invoice under dispute – Referred to legal
COMER HOMES	138,753	Cost Recovery Building 3 NLBP Electricity Re-Charge April 2015 Building 3 NLBP Electricity Re-Charge May 2105 June 2015 July 2015 August 2015 September 2015 October 2015	Invoice under dispute – Referred to legal
COMER HOMES	104,542	FEES AND CHARGES Electricity Re-Charge Building 3 - NLBP For October 2014 For November 2014 For December 2014 For January 2015 For February 2015 For February 2015	Invoice under dispute – Referred to legal
COMER HOMES	100,032	FEES AND CHARGES Electricity Re-charge Building 3 - April 2014 Building 3 - May 2014 Building 3 - June 2014 Building 3 - July 2014 Building 3 - August 2014 Building 3 - September 2014	Invoice under dispute – Referred to legal
COMER HOMES	59,254	Elec Re-charge Feb 2011 B3	Invoice under dispute – Referred to legal
COMER HOMES	57,673	Elec Re-charge B3 - Feb 2014	Invoice under dispute – Referred to legal
COMER HOMES	38,267	Elec Re-charge August 2012 B3	Invoice under dispute – Referred to legal
COMER HOMES	28,708	Elec Re-charge April 2011	Invoice under dispute – Referred to legal

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
COMER HOMES	22,720	Elec Re-charge April 2012	Invoice under dispute – Referred to legal

Value of top ten Debtor Invoices at report date	£903,138
of which;	
Payment received	£0
Payment agreed	£0
Resolution awaited	£903,138

21.6: The Archer Academy

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
The Archer Academy	310,664	October 2018 Payroll invoice	Now paid
The Archer Academy	308,162	November 2018 Payroll invoice	Now paid
The Archer Academy	267,136	September 2018 Payroll invoice	Now paid
The Archer Academy	8,942	Payroll Services for the period April 18 - March 19	Invoice under query

Value of top ten Debtor Invoices at report date	£894,904
of which;	
Payment received	(£885,962)
Payment agreed	£0
Resolution awaited	£8,942

21.7: Capita Business Service

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
Capita Business Services	213,837	Hendon Town Hall - Oakleigh Depot	Capita have agreed to pay debt; monitor repayment
Capita Business Services	185,887	COMM	Capita have agreed to pay debt; monitor repayment
Capita Business Services	172,922		Now paid

Capita Business Services	156,290	NLBP 4 Security true up 2016/17	Capita have agreed to pay debt; monitor repayment
Capita Business Services	122,047	P7 to P12 Security true up Mill Hill Depot	Capita have agreed to pay debt; monitor repayment
Capita Business Services	41,133		Now paid
Capita Business Services	24,232	True up to Feb 18 17/18, procurement, customer services, revs & bens, HR, IT	Now paid
Capita Business Services	19,207	16/17 Final True up adjustment	Capita have agreed to pay debt; monitor repayment
Capita Business Services	11,074	TU Services 15/16 LBAD	Capita have agreed to pay debt; monitor repayment
Capita Business Services	7,760	O2 Mobile phone recharges	Face to face meeting with Capita. Debt is under review

Value of top ten Debtor Invoices at report date	
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	£954,390
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of which;

Payment received	
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	(£238,287)
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Payment agreed	
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	(£708,343)
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Resolution awaited	
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	£7,760
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21.8: Regional Enterprise Ltd

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
Regional Enterprise Ltd	587,689	Income agreed between both parties	R.E. have agreed to pay debt; monitor repayment
Regional Enterprise Ltd	31,970	Month 4 True Up 18/19 Land Registry	R.E. have agreed to pay debt; monitor repayment
Regional Enterprise Ltd	30,324	Vehicle hire/Lease 2014/15; Overheads 2014/15; Insurance 2014/2015	R.E. have agreed to pay debt; monitor repayment
Regional Enterprise Ltd	12,926	RE legal hours + disb Nov 16	Face to face meeting with RE. Debt is under review
Regional Enterprise Ltd	11,590	RE legal hours + disb Sept 16	Face to face meeting with RE. Debt is under review
Regional Enterprise Ltd	11,575	RE legal hours + disb Aug 16	Face to face meeting with RE. Debt is under review
Regional Enterprise Ltd	11,183	M8/M9 True Up: Planning, Building Control; Pvt Sector Hsg; Strategic dev. Unit; Hendon Crem; Scientific Services; Empt Prop Enforcement; Decent Homes	R.E. have agreed to pay debt; monitor repayment

Regional Enterprise Ltd	11,148	RE legal hours + disb Oct 16	Face to face meeting with RE. Debt is under review
Regional Enterprise Ltd	11,074	Trade Union Services 15/16	Face to face meeting with RE. Debt is under review
Regional Enterprise Ltd	10,613	RE legal hours + disb June 16	Face to face meeting with RE. Debt is under review

Value of top ten Debtor Invoices at report date	£730,092
of which;	
Payment received	£0
Payment agreed	(£661,166)
Resolution awaited	£68,926

21.9: Barratt London

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
Barratt London	266,812	CPO2 Cost recovery	No response from debtor
Barratt London	196,991	Property Acquisition Acquisition	No response from debtor
Barratt London	66,950	CPO cost recovery Q2 18-19	No response from debtor
Barratt London	56,662	PDA Cost recovery Q2 18-19	No response from debtor
Barratt London	5,880	Works undertaken	Now paid
Barratt London	4,397	West Hendon fees for design & legal advice and associated work for Phase 4 in Jan 2017 (LPA Ref. H/01054/13)	No response from debtor
Barratt London	3,795	West Hendon fees for work undertaken in relation to the PPA for June 2018	No response from debtor
Barratt London	3,215	ENVS - Stonegrove Q2 2018-19	Now paid
Barratt London	2,861	West Hendon fees for work undertaken in relation to the PPA for August 2018	No response from debtor
Barratt London	1,897	West Hendon fees for work undertaken in relation to the PPA for September 2018	No response from debtor

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
		Value of top ten Debtor Invoices at report date	£609,461
		of which;	
		Payment received	(£9,095)
		Payment agreed	£0
		Resolution awaited	£600,366

21.10: The Fremantle trust

Organisation	Invoice Value	Detail of Invoice	Action being undertaken to recover debt
THE FREMANTLE TRUST	199,290	100 beds	Intention to settle by end of the financial year
THE FREMANTLE TRUST	192,511	Recharge- lease costs	Intention to settle by end of the financial year
THE FREMANTLE TRUST	186,503	Block contract /Lease contribution private Bed-	Intention to settle by end of the financial year

Value of top ten Debtor Invoices at report date	£578,304
of which;	
Payment received	£0
Payment agreed	(£578,304)
Resolution awaited	£0

6. Reasons for Recommendations

- 6.1 The report provides an overview of the council's financial performance to period 9 of the 2018/19 financial year. The report also provides a commentary on the strategic financial issues facing the council during the period.

7. Alternative options considered and not recommended

- 7.1 None.

8. Post decision implementation

8.1 None.

9. Implications of decision

9.1 Corporate Priorities and Performance

9.1.1 The report provides an outline of the forecast financial performance for the 2018/19 financial year.

9.1.2 Robust budget monitoring is essential to ensure that there are adequate and appropriately directed resources to support delivery and achievement of council priorities and targets as set out in the Corporate Plan and Commissioning Plans. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximised.

9.1.3 Relevant council strategies and policies include the following:

- Medium Term Financial Strategy
- Treasury Management Strategy
- Debt Management Strategy
- Insurance Strategy
- Capital, Assets and Property Strategy.

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

9.2.1 This report considers the financial position of the Council.

9.3 Social Value

9.3.1 The Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders. The council's contract management framework oversees that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value will be monitored through this contract management process.

9.4 Legal and Constitutional References

9.4.1 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.

9.4.2 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.

9.4.3 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.

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

<https://barnet.moderngov.co.uk/documents/s47388/17FinancialRegulations.doc.pdf>

9.4.5 Section 2.4.3 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.

9.5 Risk Management

- 9.5.1 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.
- 9.5.2 The revised forecast level of balances needs to be considered in light of the financial performance reported.

9.6 Equalities and Diversity

- 9.6.1 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.
- 9.6.2 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.
- 9.6.3 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.

This is also what we expect of our partners.

- 9.6.4 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.
- 9.6.5 Progress against the performance measures we use is published on our website at: www.barnet.gov.uk/info/200041/equality_and_diversity/224/equality_and_diversity

9.7 Corporate Parenting

- 9.7.1 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.

9.8 Consultation and Engagement

- 9.8.1 None in the context of this report

9.9 Insight

9.9.1 None in the context of this report

10. Background Papers

Meeting	Description	Link
Financial Performance and Contracts Committee Monday 17th December 2018 7pm	7 Chief Finance Officer report - Month 7 Forecast	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=9787&Ver=4
Financial Performance and Contracts Committee Tuesday 9th October, 2018 7.00 pm	8 Chief Finance Officer report - Month 4 Forecast	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=9731&Ver=4
Financial Performance and Contracts Committee Monday 2nd July 2018 7.00 pm	8 Future financial Reporting	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=9716&Ver=4
Budget Council, Council Tuesday 7th March 2017 7.00 pm	11 Report of Policy and Resources Committee - Business Planning 2017 to 2020	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8819&Ver=4