

# London Borough of Camden



## 2015/16 Financial Outturn Forecast

Quarter 2, Month 7

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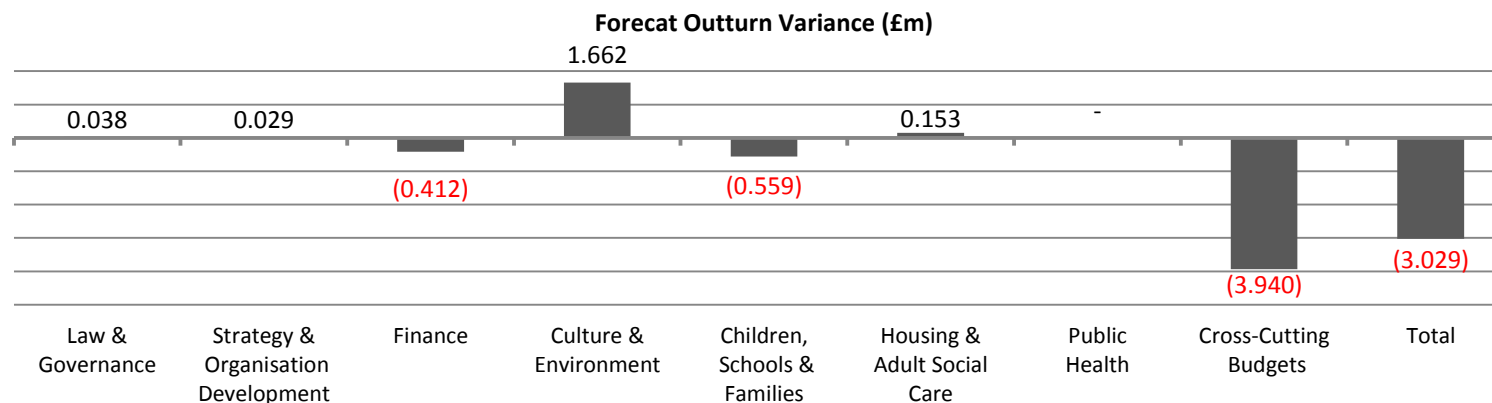
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3<sup>rd</sup> December 2015

## 1. General Fund Headlines



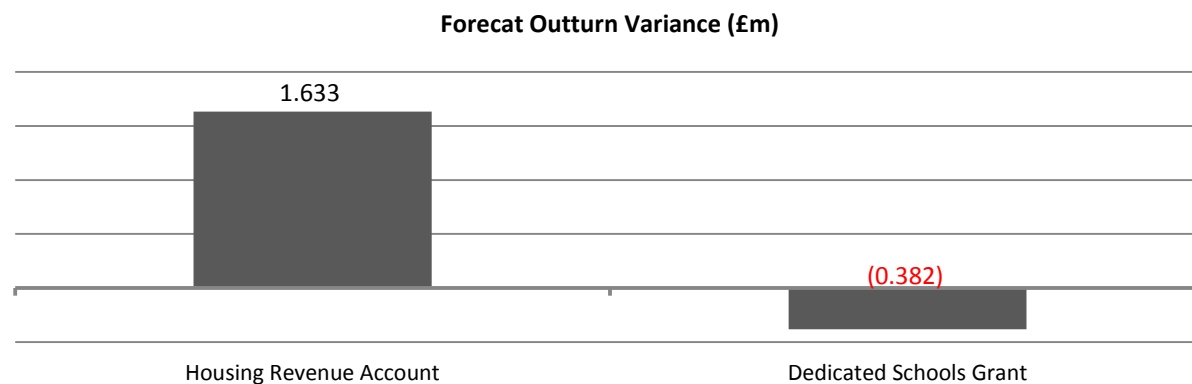
	Law & Governance	Strategy & Organisation Development	Finance	Culture & Environment	Children, Schools & Families	Housing & Adult Social Care	Public Health	Cross-Cutting Budgets	Total
Budget (£m)	4.282	7.811	44.459	28.553	63.048	102.190	26.713	(45.248)	231.808
Forecast outturn (£m)	4.320	7.840	44.047	30.215	62.489	102.343	26.713	(49.188)	228.779
<b>Forecast Outturn Variance (£m)</b>	<b>0.038</b>	<b>0.029</b>	<b>(0.412)</b>	<b>1.662</b>	<b>(0.559)</b>	<b>0.153</b>	<b>-</b>	<b>(3.940)</b>	<b>(3.029)</b>
Forecast Outturn Variance (%)	0.9%	0.4%	(0.9)%	5.8%	(0.9)%	0.1%	0.0%	8.7%	(1.3)%

### Summary – General Fund

The authority is forecasting a net underspend on the General Fund (GF) at Quarter 2, October of **£(3.029)m**. This caused by a number of overspends and underspends in directorates, with the main contributors being;

- **Culture and Environment** – Net overspend of £1.662m mainly due to income pressures. £1m relates to income targets in Commercial Waste and Building Control where both services operate in highly competitive markets alongside private sector suppliers. There is an in-year pressure of £0.5m in Parking Services as a result of strike action by Civil Enforcement Officers (CEOs) impacting on Penalty Charge Notice (PCN) revenue, a resolution has now been found and impact is forecast.
- **Cross Cutting budgets** - Net underspend of **£(3.940)m**. The main contributor to the underspend is **£(2.519)m** Minimum Revenue Provision due to low supported borrowing repayments. The other significant contributor is interest payable, which is forecast to underspend by **£(0.332)m** as a result of lower than budgeted levels of borrowing being required for 2015/2016.

## 2. Non General Fund Headlines



	Housing Revenue Account	Dedicated Schools Grant
Budget (£m)	196.021	162.630
Forecast outturn (£m)	197.654	162.248
<b>Forecast Outturn Variance (£m)</b>	<b>1.633</b>	<b>(0.382)</b>
Forecast Outturn Variance (%)	0.8%	(0.2)%

### **Summary - Non General Fund**

The authority is forecasting a net overspend for the Housing Revenue Account and an underspend for the Dedicated Schools Grant.

- Housing Revenue Account - Net overspend of £1.633m mainly due to the increased volume of repairs orders
- Dedicated Schools Grant - Net underspend of £(0.382)m mainly due to a reduction in the anticipated cost of Special Educational Needs places

### 3. General Fund Significant Variances identified in year

Directorate	Service	Issue	Variance (£m)	Budget (£m)	Cause	Action	Quarter 1 Variance (£m)
Culture & Environment	Environment Service	Under achievement of Commercial Waste income	0.549	(0.708)	<p>The service operates in a highly competitive market alongside private sector suppliers and has to realise previous MTFS savings, alongside legacy budget pressures.</p> <p>Main Cost drivers are:                      - Cost of waste/recycling disposal - prices are set by the North London Waste Authority (NLWA), the statutory disposal authority for Camden and six other boroughs.                      - Cost of Collection - This is a fixed cost within the current contract, and hence as customer numbers have reduced the cost per tonne has risen. This contract will end in March 2017.</p>	<p>The service has considered options to reduce the shortfall through:</p> <p>a) Sales and marketing strategy to drive up market share;                      b) Retention strategy;                      c) Education and enforcement approach, and;                      d) Price increases.</p>	0.655
Culture & Environment	Parking Management	Under achievement of Income	0.525	(26.413)	Strike by Civil Enforcement Officers (CEOs) has resulted in reduced revenue forecasts for Penalty charge notices.	A resolution has now been found and no further loss of income is forecast	(0.058)
Children Schools & Families	Family Services Social Work Resources	Underspend in the Service	(0.553)	19.226	Forecast underspends in Placement costs £(0.647)m, additional income/ contributions £(0.202)m and a forecast overspends in staff costs of £0.229m are the major contributors to this underspend.	The service will continue to monitor placement costs.	(1.301)
Housing & Adult Social Care	Mental Health Services	Increasing Activity Levels & Unit Costs	0.635	10.480	Increasing activity levels and unit costs as well as the full year effect of prior year entrants across homecare, residential, nursing and direct payments	Reviews are being carried out and further proposals to bring the overspend down are being prepared.	0.802
Housing & Adult Social Care	Housing Commissioning	Commissioning Costs	(0.880)	10.548	The early delivery of savings for the Floating Support Service.	This is being monitored by the Service.	-

Directorate	Service	Issue	Variance (£m)	Budget (£m)	Cause	Action	Quarter 1 Variance (£m)
Cross-Cutting Budgets	Minimum Revenue Provision (MRP)	Lower than anticipated MRP	(2.519)	4.168	<p>Council policy is to transfer, or 'pre-apply' capital receipts to the Capital Adjustment Account to reduce the Capital Finance Requirement. The practical effect of this is to reduce the level of debt, and therefore the Minimum Revenue Provision, which is the accounting mechanism through which funds are set aside to pay off debt principle, in the following year.</p> <p>In 2014/15 slippage in capital expenditure, together with utilisation of other available funding to fund capital expenditure, resulted in lower call on capital receipts – leaving higher amount of receipts to be "pre-applied" than envisaged at the time of 2015/16 budget setting.</p>	Underspend will remain as part of year end corporate position.	-

#### 4. Non-General Fund Significant Variances identified in year

Directorate	Service	Issue	Variance (£m)	Budget (£m)	Cause	Action	Quarter 1 Variance (£m)
Housing Revenue Account (HRA)	Responsive Repairs	Demand	1.008	7.992	High demand for repairs	The overspend is being monitored by the Service and strategies are being looked at to reduce this overspend	-
Housing Revenue Account (HRA)	Sheltered Repairs	Demand and Cost of Works	0.622	0.711	High demand and cost of specification requirements	This overspend is being monitored by the service.	-

## 5. General Fund in-Year Risks

Directorate	Service	Risk	Likelihood/Mitigations	Financial Risk (£m)
Culture & Environment	Development Management	There is the risk that the significant increase in Pre-Application fees for 2015/16 may result in a reduced take up of the service with reduced income.	There will be a review in the coming months of how much the take up of the Service has been affected by the increased Pre-Application fees. This will help ascertain the likelihood of the risk of reduced income materialising and how the risk can be mitigated.	Not Known at this stage
Children Schools & Families	Integrated Early Years	The budget holder has identified a risk due to increased numbers of 3 year olds in the system	The cost may be able to be covered by Dedicated Schools Grant	Not Known at this stage
Children Schools & Families	Integrated Early Years	Potential risk of loss of fee income in early years centres due to changes to fee-paying places to be implemented in September.	Not Known at this stage	Not Known at this stage
Housing & Adult Social Care	Houses in Multiple Occupation (HMO) Licensing	There is a risk there will be an underachievement of HMO Licensing Income for 2015/2016.	There is risk that once the new Licensing scheme starts in December 2015 that the amount received this financial year may not cover costs already incurred. This will be monitored by the Service.	Not Known at this stage

## 6. Non-General Fund in-Year Risks

Directorate	Service	Risk	Likelihood/Mitigations	Financial Risk (£m)
Housing Revenue Account (HRA)	Major Repairs	Increased volume of Major Repairs	The capitalisation of Major repairs will assist in offsetting costs	Not Known at this stage
Housing Revenue Account (HRA)	Major Repairs	Increase Volume of Repairs anticipated	The capitalisation of qualifying Void repairs will assist in offsetting cost of the anticipated high volume of repairs. Most Void repairs costs are categorised as revenue expenditure but some will qualify as capital expenditure.	Not Known at this stage
Housing Revenue Account (HRA)	Shops and Commercial rents	Non-achievable income Target	Shops & Commercial rents income overachieved by £(0.844)m in 2014/15. This has resulted in the 2015/16 Income Budget target being increased. There is a risk of not achieving this new income target.	Not Known at this stage

## 7. Capital Forecast Outturn

The forecast outturn for the year as at month 7 is £202.816m, which is **£(37.753)m** (15.68%) below the budget of £240.568m. Current spend to date is £99.289m, which is 12% behind profile. The majority of this relates to delays on major projects within CSF, and HASC.

These figures are based on the currently approved capital programme. Subject to the approval of the amended capital budgets by Cabinet in December, the majority of the significant variances will be reset for the remaining reporting periods in the year.

<b>2015/16 Forecast Capital Outturn</b>	<b>2015/16 Budget £m</b>	<b>2015/16 Forecast Outturn £m</b>	<b>2015/16 Variance from Budget £m</b>	<b>2015/16 Variance from Budget %</b>
ICT	5.669	5.669	-	0.00%
Property Services	15.291	15.271	<b>(0.020)</b>	<b>(0.13)%</b>
Children, Schools & Families	44.879	30.248	<b>(14.631)</b>	<b>(32.60)%</b>
Culture & Environment	22.115	22.450	0.335	1.51%
Housing & Adult Social care	152.614	129.178	<b>(23.436)</b>	<b>(15.36)%</b>
<b>Total</b>	<b>240.568</b>	<b>202.816</b>	<b>(37.752)</b>	<b>(15.68)%</b>

**ICT** are currently forecasting to budget, and spend to date figures are ahead of the profiled budget as at month 7. Some significant expenditure is expected towards the end of the year so this will be monitored accordingly.

**Property Services** are forecasting in line with budget, and spend to date figures are ahead of budget. Close monitoring of the Community Investment Programme schemes will be necessary as this makes up the majority of the budget.

**Children, Schools and Families** are forecasting an underspend of **£(14.631)m** in 2015/16, which is due to delays on CIP schemes - Parliament Hill school, **£(6.003)m**; Acland Burghley school, **£(1.769)m**; and Kingsgate expansion, **£(4.000)m**. These projects will now be funded and delivered as part of future years' budgets.

**Culture & Environment** are forecasting a slight overspend of £0.335m at the end of month 7. There are no significant variances at a project level within C&E, but cumulatively the Parks and Parking schemes are affecting the overall forecast. New funding from TfL will address the forecast overspend on the West End Project when the budget is updated.

**Housing & Adult Social Care** are forecasting an underspend of **£(23.436)m** in 2015/16. This is mainly due to slippage on CIP schemes within Estate Regeneration, as well as District Heating schemes, and Better Homes delivery. Further details can be found in Appendix A. These ongoing projects will now be funded and delivered from future years' budgets subject to approval of revised budgets by Cabinet in December.

## 8. Capital Receipts

In 2015/16, the Council has a target of £141.06m to be received from Capital receipts. The current forecast is £65.998m, which is £(75.108)m below target. Delays in schemes with completion dates late in the year, namely Maiden Lane, a disposal relating to the Kings Cross Accommodation Strategy, and Edith Neville / Central Somerstown, has meant that these receipts are now expected in future years, mainly 2016/17.

Capital Receipts	Target £m	Forecast Income £m	Variance to Target £m
<b>General Fund</b>			
GF Disposals Programme	3.500	0.083	(3.417)
Homes for Older People (HOPS)	20.650	17.590	(3.060)
Edith Neville / Somerstown redevelopment	13.000	-	(13.000)
Hostels - Parker House	24.000	24.000	-
Kings Cross Accommodation Strategy	26.525	-	(26.525)
<b>General Fund sub-total</b>	<b>87.675</b>	<b>41.673</b>	<b>(46.002)</b>
<b>Housing Revenue Account</b>			
HRA Small Sites	5.684	0.545	(5.139)
Right to Buy (Camden's share)	1.800	1.902	0.102
Right to Buy (retained receipts)	3.000	14.236	11.236
Estate Regen. - Holly Lodge	5.282	5.282	-
Estate Regen. - Chester/ Balmore	1.040	0.360	(0.680)
Estate Regen. - Maiden Lane	27.800	-	(27.800)
HS2 - Regents Park	2.000	2.000	-
Camden / Plender St.	6.825	-	(6.825)
<b>HRA sub-total</b>	<b>53.431</b>	<b>24.325</b>	<b>(29.106)</b>
<b>Total</b>	<b>141.106</b>	<b>65.998</b>	<b>(75.108)</b>



## Appendix A - Detail on 2015/16 Capital Variances

EXPENDITURE	2015/16 Budget £m	2015/16 Forecast Outturn £m	2015/16 Variance from Budget £m
<b>INF. &amp; COMMS. TECHNOLOGY</b>			
IT investment	5.669	5.699	0.030
<b>Total ICT</b>	<b>5.669</b>	<b>5.699</b>	<b>0.030</b>
<b>PROPERTY SERVICES</b>			
Planned mtce. Operational bldgs.	1.250	1.250	-
St. P & I	0.410	0.400	(0.010)
Greenwood redevelopment	2.500	2.500	-
Camden St./Plender St. redevelopment	5.800	5.800	-
Netley redevelopment	1.312	1.312	-
Surma redevelopment	0.260	0.260	-
Kings Cross Accommodation Strategy	1.009	1.009	-
York Way freehold/Freight Lane	0.096	0.096	-
Other properties	2.654	2.644	(0.010)
<b>Total Property Services</b>	<b>15.291</b>	<b>15.271</b>	<b>(0.020)</b>
<b>CHILDREN SCHOOLS AND FAMILIES</b>			
Kings X Prim. School (incl. Frank B.)	4.809	4.059	(0.750)
PRU & Special Schools	0.162	0.369	0.207
Sustainability Enhancement Works	1.000	0.793	(0.207)
Edith Neville redevelopment	3.362	2.612	(0.750)
Parliament Hill Secondary School	6.903	0.900	(6.003)
Acland Burghley Secondary School	2.118	0.349	(1.769)
La Sainte Union	2.608	2.108	(0.500)
Kingsgate Expansion	8.608	4.608	(4.000)
Other CIP schools projects	6.013	5.999	(0.014)
Primary Schools STEM	1.250	0.750	(0.500)
Other CSF capital expenditure	8.046	7.701	(0.345)
<b>Total CSF</b>	<b>44.879</b>	<b>30.248</b>	<b>(14.631)</b>

EXPENDITURE	2015/16 Budget £m	2015/16 Forecast Outturn £m	2015/16 Variance from Budget £m
<b>CULTURE AND ENVIRONMENT</b>			
Planned Improvements – Highways	7.237	7.737	0.500
Parks & Open Spaces	1.994	2.371	0.377
Corridors & Neighbourhoods	2.812	2.629	(0.183)
West End Project	0.800	1.500	0.700
Parking Schemes	2.136	1.486	(0.650)
Euston Rd CHP	1.825	1.659	(0.166)
Other C & E capital expenditure	5.311	5.068	(0.243)
<b>Total C &amp; E</b>	<b>22.115</b>	<b>22.450</b>	<b>0.335</b>
<b>HOUSING &amp; ADULT SOCIAL CARE</b>			
Homes for Older People	1.450	1.450	-
Other Adult Social Care	0.230	0.230	-
Housing GF exp.	1.764	1.736	(0.028)
Mechanical & Electrical works	22.250	19.746	(2.504)
ER – Abbey Area	6.047	3.596	(2.451)
ER – Holly Lodge	3.392	1.327	(2.065)
ER – Chester Balmore	1.294	1.294	-
ER – Maiden Lane	24.260	22.017	(2.243)
ER – Bourne	11.021	7.816	(3.205)
ER – Bacton Low Rise	11.500	8.600	(2.900)
ER – Tybalds	2.233	2.233	-
ER – Gospel Oak	2.865	1.485	(1.380)
ER - Agar Grove	6.711	7.693	0.982
HRA Hostels	2.895	2.895	-
HRA Decent Homes	31.327	27.187	(4.140)
HRA Major Void Works	2.200	2.259	0.059
HRA Major Repairs work	1.000	1.100	0.100
HRA other	20.175	16.514	(3.661)
<b>Total HASC</b>	<b>152.614</b>	<b>129.178</b>	<b>(23.436)</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>240.568</b>	<b>202.846</b>	<b>(37.732)</b>