

Finance & Contracts Committee

14 February 2019

Revenue and Capital Budget Monitoring Report

Report by Director, Corporate & Commercial

Call-in deadline 5pm on 28 February 2019

Purpose

To report the revenue and capital monitoring (forecast outturn) positions for 2018/19 and note the way in which this will impact on the delivery of the Medium Term Financial Plan.

Recommendations of the Portfolio Holder for Finance

To **resolve** that -

1. the forecast outturn position in respect of the General Fund including the impact of ongoing expenditure restraint and mitigating actions, for 2018/19 be noted;
2. the 2018/19 forecast outturn position on the Housing Revenue Account be noted;
3. the forecast in respect of the Schools Budget and the Dedicated Schools Grant (DSG) for 2018/19 be noted;
4. the forecast outturn position in respect of the capital programme for 2018/19 to 2021/22 be noted;
5. the changes to the capital programme set out in paragraphs 56 to 62 be noted;
6. Any additional business rate income from the pool pilot that is not required to deliver a balanced budget in 2018/19 is put into the general fund reserve at the year end.

Benefits to the Community:

This report sets out the forecast year end financial position. The transparent reporting of this position enables the community to carry out greater scrutiny of the use of public funds.

Key Points

- A. The Council approved its Medium Term Financial Plan for 2018/19 to 2021/22 and detailed budget for 2018/19 at Budget Council on 28 February 2018. This report updates the Committee on the forecast outturn position for revenue and capital expenditure based upon monitoring at month 9, and highlights some key risks which have a potential impact on the forecast outturn position for 2018/19 and on the medium term position.
- B. In addition to the budget approved in February, some budget changes were agreed at Council on 17 July 2018. The budget figures reported in this report reflect these amendments and other virements actioned to reallocate budgets to the new Directorate structure or made under delegated authority.
- C. The forecast revenue outturn position as at month 9 is an overspend of £1.163m which is an improvement of £0.815m since the month 6 position was reported to

this committee in November. This variance is derived from a number of elements, the most significant of which are described below and are largely the same factors that have been present throughout the year:

1. A shortfall of income in relation to new investment in commercial property which has not yet proceeded. The associated growth in capital financing is also therefore not currently required which reduces the impact of this loss of income (net impact £1.5m)
 2. Delays in delivering expected savings from Commissioning and Contract management (£1.75m) although these have been offset by one off savings from contracts in-year.
 3. Ongoing pressures in relation to Unaccompanied Asylum Seeking Children (UASC) and Special Educational Needs (SEN) Transport within the Achieving for Children budget (total AfC forecast overspend £1.57m).
- D. Offsetting these pressures, the value of the compensating underspends have increased, bringing the overall forecast overspend down to £1.163m. This is due to a number of things including implementation of expenditure restraint, recovery actions plans being implemented by the Strategic Leadership Team and other underspends being identified.
- E. The Council's General Fund balance is held to mitigate against the financial risks inherent in delivering Council services. At the start of the year the general fund balance was £11.619m. The 2018/19 budget included a contribution of £3.473m to the General Fund Balance and at Council in July 2018, it was agreed to transfer £2m of the opening balance to a new reserve for Education and Children's Services risks. The expected year end balance would therefore be £13.092m if a balanced outturn position is achieved. The current forecast outturn position will reduce this to £11.929m.
- F. Alongside budget monitoring, managers have been asked to provide a RAG rating against each savings proposal in the 2018/19 budget. The value of Red savings, i.e. those that are considered to be unable to be delivered in 2018/19 remains at £7.070m. These proposals are being removed from the proposed budget in 2019/20 being considered elsewhere on this agenda.
- G. The Housing Revenue Account (HRA) is forecasting an underspend of £0.850m, an increase of £0.205m since month 6 (see paragraphs 29 to 32)
- H. The forecast for the schools budget at month 9 shows a forecast overspend of £1.176m (£2.262m at month 6). As in recent years, this ongoing pressure stems primarily from the High Needs Block and both current and forecast future demand for services to support children and young people with Special Educational Needs. The position has improved as estimates of future demand have decreased and additional funding has been provided by Government (see paragraphs 33 to 37)
- I. The General Fund capital programme is forecast to deliver an underspend in 2018/19 of £27.472m with an overspend of £2.555m over the four year programme. The Housing Revenue Account (HRA) capital programme is forecasting an in-year overspend of £0.108m in 2018/19 with a total underspend of £3.392m across the four years of the programme (paragraphs 38 to 55).
- J. Changes to the capital programme are set out in paragraphs 56 to 62.

Context

1. From 2018/19 Kingston has had to become self sufficient in terms of funding as government grant has disappeared. This included joining the rest of London in a pooling pilot of Business Rates Retention. This means we forego the final year of grant funding in favour of retaining (across the pool) 100% of business rate growth. This is also the third year of the '4 Year Settlement Offer' which provides some certainty over our resource position, though the reliance on Business Rates means the Council is dependent, to a degree, on the performance of the local economy.
2. Within the Council, consistent with the national picture, there has continued to be a high level of demand for Adult Social Care. High levels of demand in Children's Services has also continued to be a significant issue centred on social care, children leaving care, Asylum Seeking children and SEN Transport. However, the most important financial pressure in recent years has been the emergence of a structural overspend in the activities covered by the Dedicated Schools Grant.
3. Taking all these risks and pressures into account, the Council set a balance budget to deliver savings of £22m this year. This was always known to be challenging, and risks in achieving it required greater provision to be made for contingencies, including a planned contribution to the General Fund Balance in order to increase the Council's low level of reserves.

General Fund Revenue Budget

4. The forecast outturn as at month 9 for each directorate is shown in the table below. Non-controllable budgets primarily relate to capital charges and all have nil variances. They are included here for completeness.

Directorate	Latest Controllable Budget £000s	Non - controllable Budget £000s	Latest Total Budget £000s	Month 9 Forecast £000s	Month 9 Variance £000s	Month 6 Variance £000s
Adults	53,570	529	54,099	53,318	(781)	(683)
AFC	25,972	4,613	30,585	32,155	1,570	1,518
Growth	(9,196)	4,737	(4,459)	(1,698)	2,761	3,311
Communities	8,281	8,809	17,090	17,723	633	432
Corporate & Commercial	42,895	(18,688)	24,207	21,187	(3,020)	(2,587)
Chief Executives	1,593	0	1,593	1,593	0	(13)
Total	123,115	0	123,115	124,278	1,163	1,978
Add back draw down from Enforcement Accounts	6,883	0	6,883	6,883	0	0
Total Net Budget as per MTFS	129,998	0	129,998	131,161	1,163	1,978

5. Further explanations of the reasons for these variances, the movement since month 6 and the actions being taken in relation to the delivery of savings are described in subsequent paragraphs.
6. The forecast excludes the additional income that is likely to be available as a result of participation in the London Business Rates Pooling Pilot. No formal monitoring has been provided by the City of London who administer the pool, but informal discussions suggest there is likely to be a small improvement on the position estimated at the start of the financial year. If the additional business rate income is realised then this will reduce the Council's in-year overspend. This report recommends that any additional business rates income above what is required in relation to the in-year overspend is put into the general fund reserve. In addition there are proposed decisions on other papers on this agenda if agreed would also impact on the financial outcome.

Savings Delivery

7. The table below sets out the RAG status of savings within each directorate. This demonstrates that the forecast overspend of £1.163m is significantly less than the value of the red savings due to other mitigating actions.

Directorate	Red	Amber	Green	Grand Total
Adults	600	69	2,678	3,347
AFC	318	300	625	1,243
Growth	3,176	1,735	2,922	7,833
Communities	0	331	1,413	1,744
Corporate & Commercial	2,976	1,158	3,884	8,018
Chief Executives	0	0	0	0
Total	7,070	3,593	11,522	22,185

Adults

8. An underspend of £0.781m is forecast within the Adults Directorate (this is an increase of the underspend by £98k since month 6). As shown in the table below, this derives from a forecast underspend of £64k in Adult Social Care (ASC) and a forecast underspend on the Housing General Fund of £0.718m.

Adults Directorate	Latest total budget £000s	Latest forecast £000s	Variance £000s
Operations	44,531	44,429	(103)
Commissioning & Transformation - ASC	6,689	6,730	40
Commissioning & Transformation - Community Housing	2,878	2,160	(718)
Total	54,099	53,318	(780)

9. The Adult Social Care part of Commissioning & Transformation is forecasting an overspend of £40k mainly due to Kingston at Home costs.
10. Operations is forecasting an underspend of £104k, this is a decrease to the month 6 underspend forecast of £240k. The main changes are:

1. The predicted cost of Mental Health clients has fallen to an overspend of £141k, decreasing from a month 6 overspend £282k.
 2. There has also been a reduction in the forecast relating to Learning Disabilities and the service is now predicted to underspend by £397k, a reduction of £294k from month 6.
 3. There is a forecasted underspend of £279k in relation to direct payments resulting from revised assumptions re client activities, costs and start dates and additional clawback income.
 4. A predicted overspend of £417k in home care is being offset by an underspend of £175k in placements. Placement underspend is up £102k from month 6, Maximising Independence and Discharge to Assess has meant more community based support and less placements.
 5. There is a forecasted underspend of £279k in relation to direct payments resulting from revised assumptions re client activities, costs and start dates and additional clawback income.
11. Community Housing are currently predicting an underspend of £0.718m, an increase to underspend of £0.144m since month 6. The underspend is mainly due to lower numbers in nightly paid/B&B TA than expected from the impact of Homelessness Reduction Act and Universal Credit together with staffing underspends due to vacancies and the effective use of graduate recruits.

Children's Services

12. Children Services are forecasting an in year overspend of £1.570m after recovery actions of £169k. This is an increase of £52k since month 6.

Children's Services	Latest net budget £000s	Latest forecast £000s	Variance £000s
Legal	620	885	265
Children Looked After	5,929	5,897	(32)
Leaving Care and Unaccompanied Asylum Seekers	2,241	3,387	1,146
SEN Transport	2,558	2,918	360
AfC controllable budget	14,624	14,624	0
Non-controllable budget (held in RBK)	4,613	4,613	0
Total	30,585	32,324	1,739
In-year Recovery Savings			(169)
Net Projected Variance			1,570

13. The in year recovery actions have realised £170k of cost reductions resulting in the in-year recovery savings reducing from £340k at Q2 to £169k at Q3. This reduction has been achieved through full placement review meetings as well as the Partners in Practice work within Social Care and Early Help. The remaining recovery actions of £169k in Social Care will be challenging as the impact of placement changes become less significant as the financial year progresses.

14. The majority of the Children's Services overspend is contained within the Leaving Care and Unaccompanied Asylum Seeker Children (UASC) cohorts which is overspending by £1.146m. Pressures have been growing in this area for 3 main reasons:
 1. The Leaving Care cohort has had an increasing number of high cost and complex cases that have transitioned from Children Looked After. This has led to significant overspends within Leaving Care as young people are supported up to age 25.
 2. The UASC aged over 18 cohort have increased by 31% since the start of the financial year from 52 to 68. There is an average annual shortfall of £14k against the Home Office funding for these clients.
 3. Following the suspension of the National Transfer Scheme by the Home Office, which has effectively suspended Authorities thresholds for taking UASC, AfC are currently supporting 32 under 18 UASC. This is one over our set threshold. An announcement on the future of the National Transfer Scheme is expected by the end of January from the Home Office.
15. SEN Transport is projected to overspend by £360k. A paper outlining options to reduce spend to within budget for next financial year is being presented to the Children's and Adults' Care and Education Committee on 7 February 2019.
16. Legal service overspend has increased by £75k since quarter 2 due to an increase in complexity and therefore the length of proceedings in Social Care and an increase in the number of SEN related legal spend.

Communities

Communities	Latest total budget £000s	Latest forecast £000s	Variance £000s
Communities Directorate Management	64	102	38
Healthy and Safe Communities	(250)	(217)	33
Culture, Communities and Engagement	3,195	3,344	149
Shared Environment Service	9,668	10,076	408
Customer Contact	408	340	(68)
ICT	4,005	4,078	73
Total	17,090	17,723	633

17. Communities is forecasting an overspend of £0.633m, this is an increase of £0.201m since month 6, mainly due to an increase arising from street lighting costs in the Highways and Transport Shared Service offset by decreased costs in Culture & Communities and Customer Journey.
18. The forecast for the Shared Environment Service has increased by £269k since month 6 and now stands at £0.408m. The increase is due to an overspend in Street Lighting of £0.200m and the write off, on legal advice, of a disputed unpaid invoice of £75k.
19. Kingston Adult Education - £189k overspend, down by £21k from month 6, due to income pressure due to loss of grant from the Skills Funding Agency, offset by action to increase income and reduce staffing through a restructure.

20. ICT costs - £73k overspend due to an unbudgeted Microsoft contract increase.

Corporate and Commercial

Corporate and Commercial	Latest total budget £000s	Latest forecast £000s	Variance £000s
Corporate & Commercial Directorate Management	10	10	0
Shared Finance Service	3,105	3,122	17
People and Organisational Development	813	827	14
Contracts and Commercial	3,082	2,594	(488)
Governance and Law	2,240	2,540	300
South London Waste Partnership	4,678	4,075	(603)
Support and Operations	3,853	3,625	(228)
NSU Savings/Growth held centrally	(1,751)	0	1,751
Other Corporate Services	8,177	4,394	(3,783)
Total	24,207	21,187	(3,020)

21. There is an underspend of £3.020m forecast in Corporate and Commercial, an increase in the underspend of £0.433m since month 6.
22. In Contracts and Commercial, an underspend is forecast of £0.488m. This is made up of an underspend of £0.807m on major contracts and an overspend of £0.320m on commissioning and procurement mainly related to the delayed implementation of the Council's restructure. The forecast additional income on off street parking has reduced from £1.151m at month 6 to £0.570m at month 9, mainly related to a VAT adjustment to ensure the correct treatment of VAT.
23. There is an underspend on SLWP of £603k due primarily to lower gate fees during testing phase of Energy from Waste facility.
24. In Governance and Law, an overspend of £0.300m is forecast due to delay in the implementation of the Council's restructure, this is an improvement of £0.468m since the position reported at month 6.
25. The main driver of the overall underspend in the Corporate and Commercial Directorate is a £3.784m underspend on Other Corporate Services, an increase in the underspend of £0.495m since month 6. This position is due to a few factors including:
 1. growth for capital financing not needed in full due to: the non-delivery of investment and operational property savings (£1,561k), the impact of 2017-18 capital outturn (£600k) and use of internal borrowing to fund purchase of Kingsmill Business Park (£312k)
 2. Shortfall of income from interest received reduced by £45k as cash balances and interest rates have risen
 3. Analysis of centrally held Government grants revealed higher than budgeted income (£429k)
 4. Housing Benefit Overpayments (£420k), as a result of the migration of claims over to Universal Credit, there appears to be a larger than usual amount of overpayments transferring to the debtors system as entitlement to Housing benefit ends.

5. A small contingency budget remains unspent, so an assumption has been made to include a proportion of this (£197k) as being unused throughout the remainder of the year with the remainder expected to be required to increase the Council's bad debt provision.

Growth Directorate

Growth Directorate	Latest net budget £000s	Latest AD forecast £000s	Variance £000s
Property	(5,777)	(2,908)	2,869
Strategic Planning and Infrastructure	0	6	6
Growth Directorate Management	314	264	(50)
Regeneration and Strategic Housing	1,004	940	(64)
Total	(4,459)	(1,698)	2,761

26. There is a forecast overspend of £2.761m in Growth, an improvement of £0.550m since month 6. The overspend in Growth primarily arises from a shortfall in income rather than additional cost.
27. In assets there is a forecast overspend of £2.870m due to shortfall of income as new investment property savings are not being delivered this financial year. The forecast is based on revised investment property income and service running costs. A related underspend is forecast in Corporate and Commercial as capital financing costs are not being incurred. The net shortfall on new commercial property investment is £1.5m.

Chief Executives

28. No variance is currently reported against the Chief Executive's budget.

Housing Revenue Account

29. In the ring fenced Housing Revenue Account (HRA) an £0.850m underspend is reported in month 9, representing a £0.205m increase in the underspend since month 6.
30. The forecast position stems mainly from £0.380m of understated enhanced housing management income budget due to systems error, £0.209m additional revenue income from higher than budgeted major works income expected from leaseholders and a £0.349m underspend on bad debt provision following delayed full rollout of Universal Credit.
31. Other smaller underspends reported from lower than budgeted running, supplies and services budgets and higher rent of affordable rent stock recently added to the HRA, as well as improving void losses on garages.
32. These are offset by carried forward 2017/18 estate regeneration funding commitment, and £0.394m increase in depreciation charge after stock revaluation.

Schools Budget

33. Schools Budgets are currently predicting an overspend of £1.176m, a decrease of £1.086m since month 6. The reduction is due to additional high needs funding of £0.414m announced in December together with a £0.450m reduction in projected future demand. Whilst the number of EHCPs has continued to rise

significantly (103 since the start of the financial year), the average cost associated with these new EHCPs is lower than first anticipated, particularly in post 16 education. Due to the attached average cost of these new plans reducing as the financial year has progressed, the overall projections have subsequently been reduced. This is really positive and reflects the significant activity that is ongoing in AfC, the Council and schools to improve efficiency in delivering solutions that continue to meet the needs of young people.

34. The main overspends in SEN are centred around Independent Placements and School Top-ups. Demand for Education, Health and Care Plans (EHCPs) has increased by 103 since the start of the financial year indicating that the speed at which demand is escalating is not improving.
35. The projected overspend in the High Needs Block is £1.64m for 2018/19, which includes £0.45m future demand. The overspend pressures in SEN are partially offset by underspends in the Early Years and Schools Blocks.
36. The Early Years Block is forecast to underspend by £0.21m due to reduced take up of additional 15 hours support and low requests to date for the SEN Inclusion Fund. The Schools Block is forecast to underspend by £0.27m due to lower than expected expansions and bulge classes.
37. The deficit balance on the DSG stood at £10.690m at the beginning of the year. A £1.176m overspend would increase this deficit to £11.866m.

Capital Programme

38. The general fund capital programme forecasts an underspend in 2018/19 of £27.472m with an overspend of £2.555m over the four year programme. The HRA programme forecasts an in year overspend of £0.108m in 2018/19 with a total underspend of £3.392m over the life of the programme.
39. A breakdown of the forecast position is shown in the table below.

Capital Programme (£000's)	Budget					Forecast					Variance	
	18/19	19/20	20/21	21/22	Total	18/19	19/20	20/21	21/22	Total	Total	In-year
Schools	9,618	4,726	913	0	15,256	3,497	5,850	5,913	0	15,259	3	(6,121)
GF Property	10,425	13,007	3,570	900	27,902	10,685	13,266	8,382	900	33,233	5,331	260
Property Investment	0	68,000	0	0	68,000	0	68,000	0	0	68,000	0	0
GF Housing	27,705	1,440	1,440	1,440	32,025	7,650	20,367	1,440	1,440	30,897	(1,128)	(20,055)
ICT	4,090	2,208	2,165	1,500	9,963	3,523	2,380	2,165	1,500	9,567	(395)	(567)
Regeneration	9,011	10,299	0	0	19,310	9,019	10,299	0	0	19,318	8	8
Environment	1,615	2,061	180	0	3,856	1,068	2,697	180	0	3,945	89	(547)
Highways	4,406	3,889	3,304	2,332	13,931	3,955	3,270	3,162	2,190	12,577	(1,353)	(450)
GF Total	66,870	105,630	11,572	6,172	190,243	39,397	126,129	21,242	6,030	192,797	2,555	(27,472)
HRA	15,971	14,951	9,742	3,537	44,201	16,079	12,451	6,742	5,537	40,809	(3,392)	108
CAPITAL TOTAL	82,840	120,581	21,314	9,709	234,444	55,476	138,580	27,984	11,567	233,606	(837)	(27,364)

40. The following section of this report highlights any significant variance within projects at a service level.

Schools: in-year underspend £6.121m - total overspend £0.003m

Capital Programme (£000's)	Budget					Forecast					Variance	
	18/19	19/20	20/21	21/22	Total	18/19	19/20	20/21	21/22	Total	Total	In-year
Expansion Projects	7,294	2,408	0	0	9,702	1,192	3,515	5,000	0	9,707	4	(6,103)
Maintenance Projects	1,436	1,362	350	0	3,148	1,419	1,379	350	0	3,148	0	(17)
Other Projects	887	955	563	0	2,406	887	955	563	0	2,405	(1)	(1)
Schools Programme	9,618	4,726	913	0	15,256	3,497	5,850	5,913	0	15,259	3	(6,121)

41. Basic Need grant of £6.107m has been reprofiled from 18/19 to 19/20 and 20/21 to better reflect planned spending in school expansion projects. Reductions in forecast school maintenance grant allocations of £2.078m have been reflected in 20/21 and 21/22. Estimates had been used for future years, however due to uncertainty this budget and forecast has been reduced to reflect the ESFA not announcing future allocations past 19/20.

General Fund Property: in-year overspend £0.260m - total overspend £5.331m

Capital Programme (£000's)	Budget					Forecast					Variance	
	18/19	19/20	20/21	21/22	Total	18/19	19/20	20/21	21/22	Total	Total	In-year
Property Projects	9,470	12,607	3,170	500	25,747	9,721	12,866	7,982	500	31,069	5,322	251
Responsive Projects	955	400	400	400	2,155	964	400	400	400	2,164	9	9
GF Property Programme	10,425	13,007	3,570	900	27,902	10,685	13,266	8,382	900	33,233	5,331	260

42. The property projects line includes provision for an increase in the dementia care home cost to £15.554m. This project is being considered in more detail at the Children's and Adults' Care and Education Committee on 12 February 2019.
43. There is budget reprofiling in CCTV projects, Coombe Oak redevelopment, external works to Tolworth recreation centre and changing rooms at King Edward recreation ground. The reprofiling reflects the latest estimate of spend and total budgets at a project level have not changed.

Housing General Fund: in-year underspend £20.055m - total underspend £1.128m

Capital Programme (£000's)	Budget					Forecast					Variance	
	18/19	19/20	20/21	21/22	Total	18/19	19/20	20/21	21/22	Total	Total	In-year
Disabled Facilities Grant	2,178	840	840	840	4,698	1,100	840	840	840	3,620	(1,078)	(1,078)
Discretionary Grants Unallocated	600	600	600	600	2,400	550	600	600	600	2,350	(50)	(50)
Cambridge Road Acquisition	24,927	0	0	0	24,927	6,000	18,927	0	0	24,927	0	(18,927)
GF Housing Programme	27,705	1,440	1,440	1,440	32,025	7,650	20,367	1,440	1,440	30,897	(1,128)	(20,055)

44. The underspend on Disabled Facilities Grants is based on current forecasted uptake by residents in this financial year, any underspend on this grant will be available in the next year. This budget has increased due additional funding announced by government in the budget as well as updating the baseline to reflect this years increased allocation.
45. Cambridge Road Acquisition GLA loan has been reprofiled to better reflect the spend of this budget in line with the overall project.

ICT Programme: in-year underspend £0.567m - total underspend £0.395m

Capital Programme (£000's)	Budget					Forecast					Variance	
	18/19	19/20	20/21	21/22	Total	18/19	19/20	20/21	21/22	Total	Total	In-year
Managed Projects	1,972	600	665	0	3,237	1,552	600	665	0	2,817	(420)	(420)
Oversight Projects	614	0	36	0	650	466	172	36	0	674	24	(148)
Technology Investment Fund	1,504	1,608	1,464	1,500	6,076	1,505	1,608	1,464	1,500	6,076	0	0
ICT Programme	4,090	2,208	2,165	1,500	9,963	3,523	2,380	2,165	1,500	9,567	(395)	(567)

46. Managed ICT projects are forecasting an underspend as the strategy for the data centre refresh approach is being undertaken and delivery is better understood. There is budgetary under spends in the device refresh project and over spends in the planning system replacement and telephony projects, although these overspends are manageable within existing budgets.
47. Within the ICT oversight projects, the Library Management System and Registrars booking system budgets have been reprofiled to 19/20 to show the rollout of the systems.

Regeneration: in-year underspend £0.567m - total underspend £0.395m

Capital Programme (£000's)	Budget					Forecast					Variance	
	18/19	19/20	20/21	21/22	Total	18/19	19/20	20/21	21/22	Total	Total	In-year
Public Realm	893	475	0	0	1,368	901	475	0	0	1,376	8	8
SES Public Realm	0	0	0	0	0	0	0	0	0	0	0	0
Mini Hollands	8,118	9,824	0	0	17,942	8,118	9,824	0	0	17,942	0	0
Regeneration Programme	9,011	10,299	0	0	19,310	9,019	10,299	0	0	19,318	8	8

48. The New Homes Bonus funded Exchange project budget has been rephased from 18/19 to 19/20 based on service forecasts.

Environment: in-year underspend £0.547m - total overspend £0.089m

Capital Programme (£000's)	Budget					Forecast					Variance	
	18/19	19/20	20/21	21/22	Total	18/19	19/20	20/21	21/22	Total	Total	In-year
Public Realm	1,615	2,061	180	0	3,856	1,068	2,697	180	0	3,945	89	(547)
Environment Programme	1,615	2,061	180	0	3,856	1,068	2,697	180	0	3,945	89	(547)

49. The SLWP budget has been reprofiled to 19/20 to reflect contract start dates. The waste transfer station compliance works phase 2 project is currently being assessed so the budget has been reprofiled to reflect this. It is expected that these projects will still be delivered within budget.
50. Minor overspends are forecast on Relocation of Street Cleansing Chapel Mill Road.

Highways: in-year underspend £0.450m - total underspend £1.353m

Capital Programme (£000's)	Budget					Forecast					Variance	
	18/19	19/20	20/21	21/22	Total	18/19	19/20	20/21	21/22	Total	Total	In-year
Corridors & Neighbourhoods	1,314	0	0	0	1,314	1,214	0	0	0	1,214	(100)	(100)
Street Lighting	80	900	972	0	1,952	0	930	972	0	1,902	(50)	(80)
Principal Road Maintenance	3,012	2,989	2,332	2,332	10,665	2,741	2,340	2,190	2,190	9,461	(1,203)	(270)
Highways Programme	4,406	3,889	3,304	2,332	13,931	3,955	3,270	3,162	2,190	12,577	(1,353)	(450)

51. The street lighting column replacement programme has rephased some budget to 19/20 to reflect anticipated spend. The service has reviewed delivery and resource across the rolling programme and reduced future year budgets accordingly. Clarence Street and Fife Road street lighting replacement project has reprofiled budget as delivery will take place during springtime.
52. Additional Highways funding of £0.396m has been added to the programme in 18/19 as announced in the Autumn budget.

Housing Revenue Account (HRA): in-year overspend £0.108m - total underspend £3.500m

Capital Programme (£000's)	Budget					Forecast					Variance	
	18/19	19/20	20/21	21/22	Total	18/19	19/20	20/21	21/22	Total	Total	In-year
Better Homes	4,193	1,000	0	0	5,193	4,193	1,000	0	0	5,193	0	0
Other Projects	1,986	9,331	5,772	372	17,461	1,986	6,831	2,772	2,372	13,961	(3,500)	0
Statutory Compliance	1,184	650	650	650	3,134	1,220	650	650	650	3,170	36	36
Asset Improvements	1,641	3,250	2,600	1,795	9,286	1,606	3,250	2,600	1,795	9,251	(35)	(35)
Health & Safety	185	50	50	50	335	249	50	50	50	399	64	64
Housing Conversion	577	400	400	400	1,777	612	400	400	400	1,812	35	35
Refurbishment	270	270	270	270	1,080	270	270	270	270	1,080	0	0
1-4-1 Developments	5,935	0	0	0	5,935	5,943	0	0	0	5,943	8	8
HRA Programme	15,971	14,951	9,742	3,537	44,201	16,079	12,451	6,742	5,537	40,809	(3,392)	108

53. Better Homes has reprofiled budget to deliver the last phase of works; delivery has been delayed due to a number of factors impacting the contractor's ability to deliver the works on time.
54. HRA other projects has reprofiled budgets against its Keystone project. This is to better reflect the planned spend on Major capital works across the four years and to purchase a new ICT system in 19/20. The budget reduction forecast of £3.5m will in reality be profiled against future year budgets outside the four years considered in this report.
55. Budgets have been reprofiled for Affordable Housing Partner work, Estate Lighting project and the Provision of Parking Bays project due to recruitment issues within the service. The Housing Management solutions project has been reprofiled due to a redesign of the housing model.

Capital Programme Changes

56. Additional budget is requested for the Dementia Nursing home project of £0.350m in 18/19, £0.102m in 19/20 and £4.812m in 20/21. The total budget for

this project will now be £15.554m.

57. Additional Disabled Facilities Grant for 2018/19 of £0.155m was announced at Budget and is reflected in the programme, our original allocation for 18/19 was also higher than estimated and has been increased to match the years grant award.
58. Additional Highways funding £0.396m added to programme in 18/19. Added to budget, not yet reflected in forecast but is assured to be fully utilised in year.
59. Additions to the schools maintenance programme include roofing projects at Lovelace, Robin Hood and Alexandra and flooring projects at various schools drawn down from existing reserves and reflected in forecasts.
60. Additional project in general fund property for Guildhall estate remedials drawn down from existing reserve and reflected in forecast.
61. Addition in budget forecast of Home Improvement grant allocation; to be drawn down from existing reserve.
62. Reductions in school maintenance grant allocations of £2.078m have been reflected in 20/21 and 21/22. Estimates had been used for future years, however due to uncertainty this budget and forecast has been reduced to reflect the reduction in grant payable to the Council down to zero in each respective year.

Consultations

63. None in relation to this report.

Timescale

64. Regular monitoring of the forecast outturn position is one of the essential building blocks for planning the next stages of the Council's medium term financial strategy. An update on the forecast outturn position is expected to be reported to each Finance and Contracts Committee meeting.

Resource Implications

65. The resource implications are contained within the main body of this report.

Legal Implications

66. None arising from this report.

Risk Assessment

67. This report considers the forecast outturn position and highlights some of the risks which are being managed within the 2018/19 budget. No further risk assessment has been carried out other than as detailed in the report.

Equalities Impact Assessment

68. None required as no new or revised policies arising from this report.

Health Implications

69. None in relation to this report.

Road Network, Environmental & Air Quality Implications

70. None in relation to this report.

Background papers

None

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