2017/18

London Borough of Camden

Financial Outturn Forecast

Month 6 – September 2017

Contact Officer:

Nyree Hone

Financial Management & Accountancy

Telephone: 020 7974 8807

E-mail: Nyree.Hone@Camden.gov.uk

24th November 2017

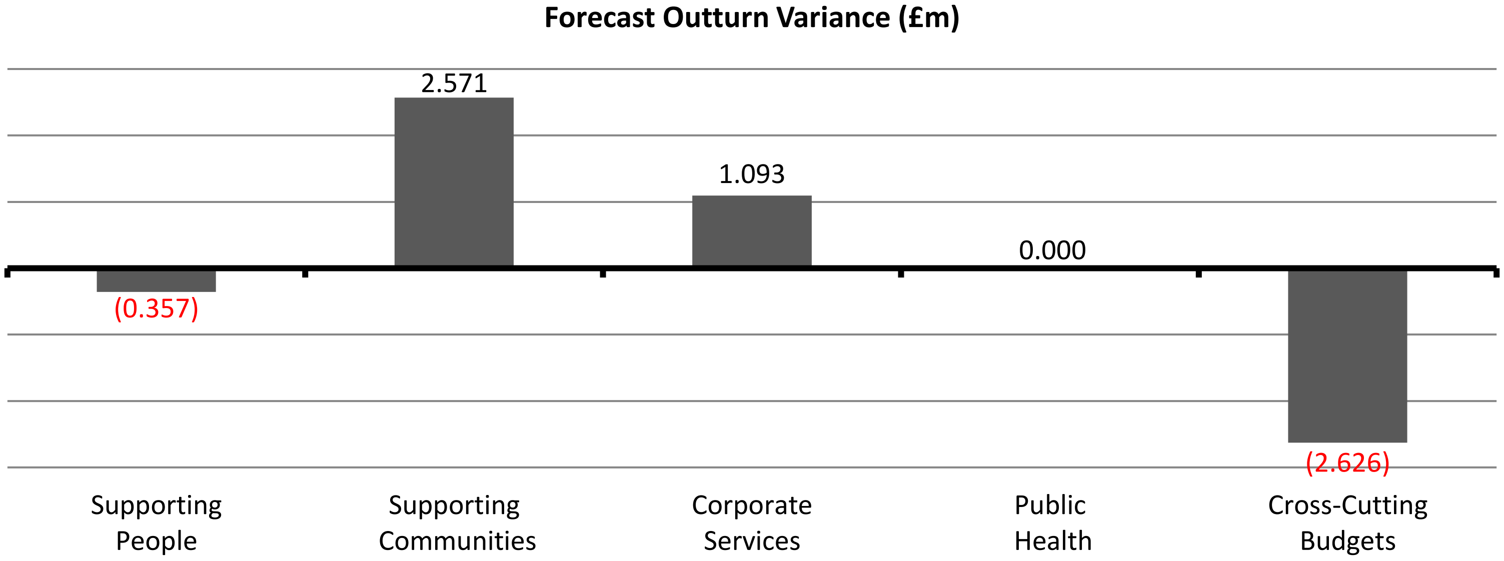
London Borough of Camden

Corporate Report

Month 6 – September 2017

Contents

1. General Fund Headlines



	Supporting People	Supporting Communities	Corporate Services	Public Health	Cross-Cutting Budgets	Total
Budget (£m)	162.131	63.302	23.990	22.411	(45.297)	**226.537**
Forecast Outturn (£m)	161.774	65.873	25.083	22.411	(47.923)	**227.218**
Forecast Outturn Variance (£m)	**(0.357)**	**2.571**	**1.093**	**0.000**	**(2.626)**	**0.681**
Forecast Outturn Variance (%)	(0.2)%	4.1%	4.6%	0.0%	(5.8)%	**0.3%**

Summary – General Fund

The authority is forecasting a net overspend on the General Fund (GF) at Month 6 of **£0.7m**. The main General Fund variations for month 6 are summarised below.

Supporting People. The adjusted forecast for the Supporting People Directorate is an underspend for the General Fund of **£(0.4)m**. The adjustment relates to a potential drawdown from Dedicated Schools Grant (DSG) reserves of £2.8m to cover any overspend resulting from the introduction of the enhanced Early Years' offer (£2.5m), and to cover any overspends in the DSG funded SEN & Educational Psychology service (£0.3m).

Adult Social Care are forecasting a break-even position now that the budget has been adjusted for the additional funding (precept & improved Better Care Fund) agreed last quarter. It should be noted, however, that this funding is currently being held centrally within Adult Social Care, pending agreement by the Director as to its final allocation; and that the current forecast requires further verification. One other significant pressure is the on-going costs of school redundancies (£0.8m) within Education (Achievement & Aspiration) although this is offset within the overall forecast underspends in the Directorate, the main one being Housing Support Services £(0.9)m as high occupancy levels continue to deliver higher than budgeted levels of income.

Camden Learning is a trading company which started trading on 1st September. The company is currently forecasting an overspend of £0.1m but more analysis of actual spend and the budgets previously transferred over to Camden Learning is required to establish: i) the true cause of any variance (e.g. additional staffing costs, lower than expected income) and ii) whether the basis used to re-allocate budgets needs re-visiting.

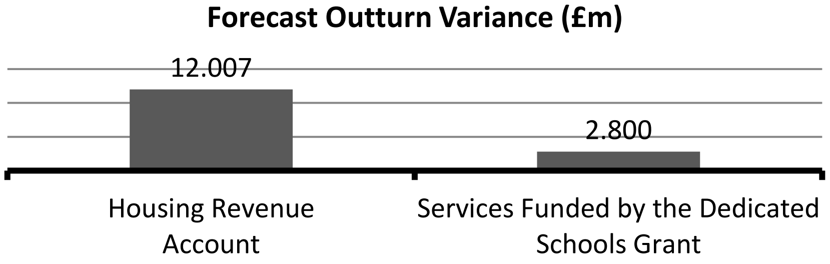
Supporting Communities are forecasting a net overspend **£2.6m**. The main cause of this pressure is delayed implementation of Medium-Term Financial Strategy savings (£2.1m) and historical on-going pressures (£1.2m) across Community Services, Regeneration and Planning, Place Management and Property Management. The services are taking steps to address these pressures through the creation of a finance board to identify solutions and a project plan to implement these actions and monitor progress. There are one-off expenses (£0.9m) in relation to the Tavistock public inquiry, maternity cover, additional Food Safety officers, additional security, valuation consultants and corporate property repairs. These are off-set by one-off mitigations of £(1.5)m across the Directorate relating to the outsourced waste contract, commercial property rents , void property underspends and vacancies held.

Public Health are currently forecasting a nil variance as the expectation is that overspends in Public Health Leadership (resulting from the employment of additional staff to promote various initiatives, including the promotion of good health) will be offset by underspends in GP & Pharmacy services relating to Substance Misuse and Smoking & Tobacco. The fallback position is that any overspend in Public Health Leadership (£0.1m) will be covered by a drawdown from reserves.

Corporate Services. Net overspend of **£1.1m**. There is a large underspend which can be accounted for by the decision not to contribute to the bad debt provision for Housing Benefit, as it is currently overfunded. Although this is partially offset by underachievement of income in Parking, Customer Services is now reporting an overall position of £(0.3)m underspend. Finance and Procurement are forecasting an overspend of £1.3m largely due to backfill pressures relating to the HR/Finance system as well as expected non-delivery of the savings associated with the project, and those associated with the Income Maximisation project. ICT Shared Digital is reporting a balanced budget. Detailed work has been done to systemise all aspects of the shared service to fully reflect all known costs and the expected year-end recharge however due to the complexity of the project it will be monitored closely and any material exceptions will be reported on a monthly cycle going forward. Strategy and Change are also reporting a balanced budget prior to the final details of their restructure becoming available. Communications are reporting a £0.3m overspend largely due to maternity and sickness cover.

Cross-cutting. Net underspend of **£(2.6)m**. The largest contributor to the underspend is £(1.0)m previously allocated to fund the transition of the remaining workforce onto new contracts. It has now been advised that this work will take place in 2018/19, and therefore budget is no longer likely to be required in 2017/18. An underspend of £(0.2)m has arisen following actuarial advice that the back funding contribution to the London Pension Fund Authority is no longer required in 2017/18 and £(0.2)m New Homes Bonus returned funding has also been received by the Council. The £(0.9)m underspend remains for Minimum Revenue Provision due to a reduced Capital Financing Requirement following slippage in the capital programme last year.

2. Non-General Fund Headlines



	Housing Revenue Account	Services funded by the Dedicated Schools Grant
Budget (£m)	213.059	162.703
Forecast Outturn (£m)	225.066	165.503
Forecast Outturn Variance (£m)	**12.007**	**2.800**
Forecast Outturn Variance (%)	5.6%	1.7%

Summary – Non-General Fund

The authority is forecasting a net overspend of **£12.0m** on Housing Revenue Account and a forecast required **£2.8m** drawdown from the Dedicated Schools Grant reserve.

Housing Revenue Account (HRA). The forecast position is an overspend of **£12m**, this relates to costs associated with the Chalcots Operation along with the emergency work required which is forecast to cost approximately £17.5m. This includes the cost of the temporary evacuation, 24-hour fire-safety patrols, and security for the Chalcots estate and all other associated costs. This expenditure can be funded from HRA reserves as it is a one off cost. Reserves will need to be replenished over the medium term but the cost of the evacuation will not require any change to the existing savings targets for Housing services. This is offset by underspends due to lower than planned borrowing costs of £(4.7)m, however this may increase if additional borrowing for Chalcots capital work is required. Regeneration and Development are forecasting an underspend £(0.3)m due to operating with vacancies both at development and senior development officers, currently trying to balance the resource required to carry business as usual by utilising agency staff. The repairs service are forecasting a minor overspend £0.3m due to staffing and a one-off settlement compared to a budget of £39.0m. Temporary accommodation are forecasting a shortfall in the Rent and Service Charge budgeted income due to Holmes Road Hostel being unlikely to open this financial year. The impact has partially been offset by costs not being incurred such as gas and maintenance resulting in overall forecast overspend and vacancies.

Dedicated Schools Grant (DSG) – The variance here relates to the enhanced Early Years offer and is discussed above, in the Supporting People General Fund summary.

3. General Fund Significant Variances (Over £0.5m)

Directorate	Service	Issue	Month 6 Variance £m	Budget £m	Cause	Action
Corporate Services	Benefits	Underspend on bad debt	(0.650)	(1.346)	Prudent decision made not to fund the bad debt provision, as it is currently overfunded.	None
Corporate Services	Parking Operations	Under-achievement of income - On street Enforcement	0.729	(17.669)	Penalty Charge Notice and Paid for parking revenue impacted due to road closures as a result of High Speed 2 and West End Project as well as changes in road layouts as a result of the West End Project. Parking Management System downtime resulted in reduced Penalty Charge Notices issued.	Continue to monitor
Supporting People	Education (Achievement and Aspiration) Management	Level of School redundancies.	0.807	0.588	Mainly due to reduction in real-terms funding of schools by Central Govt.	Revised processes by which redundancies are approved are being introduced for the 2017/18 academic year. It is expected that these costs will peak in 2017/18 and reduce thereafter.
Regeneration and Planning	Development Management	Under collection of statutory income and staff overspend	0.672	(1.218)	**Income shortfall:** Anticipated £0.197m shortfall against the income target as statutory planning applications lower than expected. Pre-application advice income on target. **Staff overspend**: Overspend £0.3m on staffing for the planning solutions team to cover current workload and the use of agency staff due to vacancies and maternity cover for three staff.Contribution to other council services; transport services & environmental health in respect of advice offered on planning applications and this cost is estimated at £0.1m pressure on the budget.	The service anticipates an announcement from the Government in January, which would allow local authorities to increase statutory planning fees by 20%. A paper was submitted to Cabinet and Council to this effect seeking approval for a 20% increase in anticipation of the announcement in January, which was approved. If implemented this rise would help to alleviate the budget pressures within Development Management.

Directorate	Service	Issue	Month 6 Variance £m	Budget £m	Cause	Action
Supporting Communities	Property Management	Property Services overspend	0.710	1.874	Security - £0.480m overspend. £0.250m core budget pressure due to the hourly rate assumed being lower than achieved and the budget being based on a cheaper out-sourced model, this decision was reversed and some of the service was kept in-house. There are additional cost due to increased security threat and £0.180m of security cost for CIP properties vacated but not disposed of. Consultant costs- £0.185m overspend. Consultants required for the vacant Facilities Managers posts with some costs for 2016/17 being paid for in 2017/18 as these had not been billed. In addition, consultants have been required to undertake some valuation work.	The service proposed the use of Property guardians on vacated properties from October 2017. A new security contract is being procured. Any changes to pressures to the existing budgets would be known then.
Supporting Communities	Property Management	Commercial Property underspend	(0.727)	(5.154)	There are a number of variances within the commercial properties portfolio. The main underspend is within the void properties, as £(0.338)m was allocated twice during the year to offset the income budget on Liddell Road and one entry will be reversed in 2018/19. The reason for the other underspends is that the properties are overachieving on income targets on Elm Village £(0.158)m due to rent reviews and Westend Lane £(0.150)m as it was anticipated this would be sold in 2017/18.	There is no action that is required on this. The underspend will help to offset pressures within the Commercial Property staffing budget.

4. Non-General Fund Significant Variances

Directorate	Service	Issue	Month 6 Variance £m	Budget £m	Cause	Action
Housing Revenue Account (HRA)	Leaseholder Services	Major works	(10.928)	5.000	Leaseholders have moved to annual billing for major works and the forecast reflects the estimate charged to leaseholders.	The service should closely monitor when work begins and income collected. This offset by an increase in the leaseholder contribution to capital so the overall impact to the HRA is nil.
Housing Revenue Account (HRA)	Non-Departmental	Revenue to Capital Contribution	10.928	5.000	Increased contribution to capital to offset estimate billed to leaseholders.	Service need to carefully monitor collection of income as this will impact the capital programme if the contribution is reduced.
Housing Revenue Account (HRA)	Supporting Communities	Chalcots Operation	17.559	-	Fire safety emergency response as a result of advice from London Fire Brigade.	Need to assess the impact of the fire safety response on expenditure in year and longer term expenditure requirements.
Housing Revenue Account (HRA)	HRA Non-Departmental	Lower than budgeted interest on borrowing	(4.776)	21.776	Lower than planned borrowing costs. May increase if additional borrowing for Chalcots capital work is required.	Continue to monitor carefully

5. General Fund Risks

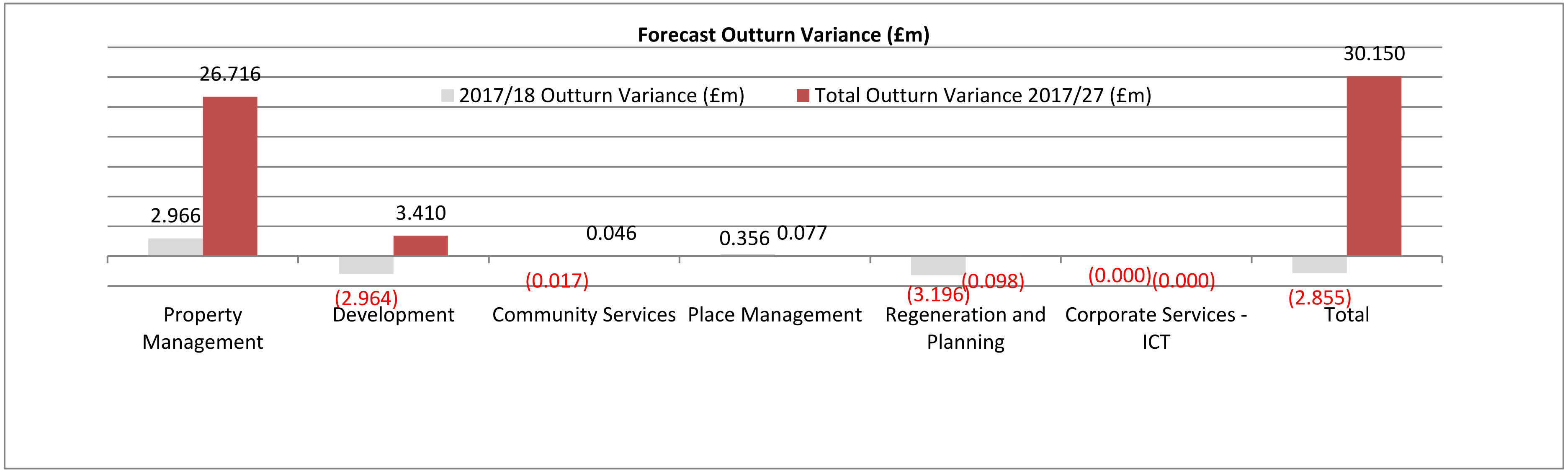
Directorate	Service	Risk	Likelihood/Mitigations	Financial Risk £m
Corporate Services	Financial Management and Accountancy	HR/Finance system risk of pressure, which does not include salary costs that are currently being absorbed by Finance, HR and ICT.	Cost mitigations and alternate funding are currently being investigated.	1.000
Corporate Services	Share Digital Service (As a whole)	Potential for over / (under) stating Service position. Due to the various projects running alongside each other within ICT and the various arrangements, regarding classification of Shared Digital / non-Shared Digital expenditure there is a risk of incorrectly stating forecasts across the service.	The introduction of monthly monitoring and guidance for Budget Managers on correct cost treatments for various project spend etc. will help mitigate this risk moving forward.	N/A
Supporting Communities	Building Control / Engineering Service	"Brexit" - Impact on construction related income streams. There is the risk that Brexit will have a negative impact on the construction industry in London	Impact of the EU referendum of 23 June 2016 on the construction industry in Camden is unknown. Services will be reviewing how Brexit might impact on income within Building control and Engineering services.	Unknown
Supporting Communities	Sports and Physical Activity	Leisure contract variation	The service expect final meeting(s) and sign off for the contract variation around January with an expectation that payment of turnover rent owed to Camden Council should follow shortly after within the financial year 2017/18. There is a potential risk the variation may not be signed-off this year and the payment is delayed.	2.500
Supporting Communities	Community Safety	Rough Sleeping	Current area of risk due to increase in volume. Uncertainty as there is a risk that it might impact service budget although there is a sense that it might be addressed as a pressure shared across the organisation.	Unknown

Directorate	Service	Risk	Likelihood/Mitigations	Financial Risk £m
Supporting Communities	Transport Planning and Parking	Tavistock Place Public Enquiry legal fees assessed at £0.1m and part of the forecast. However, additional staff costs to be determined	Additional staff costs are still to be determined and is likely to be a one-off pressure for 2017/18. However, further costs could emerge if the scheme goes ahead as investment will be required and these costs need to be determined.	Unknown
Supporting People	Children's Care Provision	There has been a significant increase in the number & costs of Unaccompanied Asylum Seeking Children (UASC). These factors could result in an overspend for the Council as Home Office grant does not cover all of the costs. N.B. UASC now represent over 20% of the care population.	The service, supported by finance, are raising these concerns to central government via the London Councils Group. Meanwhile, UASC numbers and associated costs are being closely monitored by the service.	Not Quantified
Supporting People	Early Years	The financial impact of the new Early Years service will be difficult to ascertain until at least Quarter 3 by which time information should be available as to the take up of the service.	Monitoring of data, numbers and costs to identify the pressure as soon as possible so that the likely drawdown from the Dedicated Schools Grant reserve can be established.	2.500 to 3.000
Supporting People	Camden Learning	Camden Learning is currently predicting an overspend of about £0.1m, although the expectation was that the company would at least break even.	Further work needs to be done with Camden Learning to review actuals and forecasts in order to establish the true cause and extent of the overspend. Once this is known Finance Support Team & Camden Learning will discuss and agree various options for dealing with any overspend.	0.100
Supporting People	Adult Social Care - Care Purchasing	Various Issues including data quality (e.g. client commitments not being recorded on system or being under-stated), prior year void costs not accrued for, impact of London Living Wage (on contracts) and 'Sleep In' allowances could mean that the current forecast is understated.	Further work is to be undertaken ahead of qtr3 in order to establish a robust forecast position.	0.500

6. Non-General Fund Risks

Directorate	Service	Risk	Likelihood/Mitigations	Financial Risk £m
Housing Revenue Account (HRA)	Universal Credit	The Welfare Reform Act introduced Universal Credit on a phased basis from April 2016. This will have an impact on rent collection potentially resulting in higher rent arrears as housing benefit payments will go directly to the claimant and it will become their responsibility to pay their rent.	This has been legislated so the likelihood is certain, the rent collection team have undertaken analysis to understand the impact this will have on rent collection. An update on the analysis undertaken is required for Q3 to understand the impact on rent collection.	Unknown
Housing Revenue Account (HRA)	Better Homes Delivery	Expenditure in 2017/18 will need to be monitored closely and it is possible that the reduced expenditure on Mechanical & Electrical services in 2016/17 will lead to additional spend in 2017/18 as testing regimes gather pace and the new contracts are fully mobilised. Pressure also remains in relation to major repair commitments.	Monitoring the activity across the Mechanical & Electrical maintenance contracts to establish projected spend for 2017/18 and take corrective action where required. Working with Wates to progress the major repairs commitments and close down works orders.	Unknown
Housing Revenue Account (HRA)	Housing	Housing have experienced an increase in counter claims from Leaseholders and have a high profile legal claim resulting in a back dated settlement payment to leaseholders, it should be noted that this is a historical case and the contractors in question are no longer used and in April 2016, the Council mobilised the Better Homes framework. This saw a move away from the partnering arrangements that had been in place since October 2008.	It is unclear if the settlement costs will be incurred in 2017/18 and the total value is unknown at this stage. Leaseholder services should consider the risk of future counter claims and why this is occurring.	Unknown

7. Capital Forecast Outturn



	Supporting Communities						
	Property Management	**Development**	**Community Services**	**Place Management**	**Regeneration and Planning**	**Corporate Services - ICT**	**Total**
2017/18 Budget (£m)	68.467	107.383	3.613	9.807	8.414	5.000	**202.684**
Total Budget 2017/27 (£m)	571.233	647.662	15.412	33.211	36.364	7.730	**1,311.612**
2017/18 Forecast Outturn (£m)	71.433	104.419	3.596	10.163	5.218	5.000	**199.829**
Total Forecast Outturn 2017/27 (£m)	597.949	651.072	15.458	33.288	36.266	7.730	**1,341.762**
2017/18 Outturn Variance (£m)	2.966	(2.964)	(0.017)	0.356	(3.196)	0.000	(2.855)
Total Outturn Variance 2017/27 (£m)	**26.716**	**3.410**	**0.046**	**0.077**	**(0.098)**	**0.000**	**30.150**
Total Forecast Outturn Variance 2017/27 (%)	4.7%	0.5%	0.3%	0.2%	(0.3)%	0.0%	2.3%

Summary – Month 6

Overall, the capital programme is forecasting an overspend of **£30.1m** across all years to 2026-27. The overspend is mainly due to a significant adverse variance, of **£31.4m**, on the Chalcots Estates fire safety programme. Estate Regeneration and Planning & Regeneration schemes are forecasting overspends of **£3.0m** and **£2.8m** respectively. The **£2.8m** overspend on the Corridors and Neighbourhoods schemes are being offset by other minor underspends in the Regeneration and Planning division to get an overspend of **£2.4m**. The overall overspend is net of forecast underspends on the Better Homes **£(4.1)m**, Planned improvements to corporate buildings **£(0.8)m** and the West End project **£(2.5)m**.

The latest budget for the 2017-18 capital programme is approximately **£203m** with a forecast outturn of approximately **£200m** and a potential underspend of **£(2.9)m**. The year-to-date spend is **£70.4m** or 33.6% of current year budget. The year-to-date spend represents 35.2% of 2017-18 forecast outturn.

The Chalcots Estates Fire Safety capital works remains the primary capital financial risk for the Council. The scheme is estimated to cost approximately **£14m** in 2017-18 and **£31.4m** in total. This projection includes a holding estimate of **£17m** for the replacement solution for modelling purposes, but the eventual cost will be dependent on the final solution adopted following consultation with residents. A budget is yet to be allocated for the essential works being carried out and the forecasts carry significant uncertainty as the designs and solution for the replacement of the cladding are yet to be finalised.

Development. The Development service has 2017-18 budget of **£107.3m** and forecast outturn on **£104.4m**. 2017-18 spend to date is **£48.5m**. This represents a forecast underspend of **£(2.9)m** (or 7.8% of budget) against the 2017/18 budget. This is due to project delays resulting in potential underspends at CIP projects including Central Somers Town **£(5.3)m**, Regents Park HS2 **£(2.0)m**, Bacton Low Rise Phase 2 **£(0.8)m** and others totalling **£(2.1)m**. These are partially offset by forecast overspends at Bacton Low Rise Phase 1 **£2.2m**, Maiden Lane **£2.6m** and Parliament Hill **£2.0m**. The developer at Abbey Road is projecting a large increase in spend towards the end of this year which is currently not reflected in the 2017-18 forecast. A more clear position will be available and reflected in quarter 3 projections.

Property Management. The capital budget for Property Management for 2017-18 is **£68.4m**. The forecast outturn is **£71.4m** showing a potential overspend of **£3m**. Actual spend currently stands at **£17.3m**. Although the Better Homes programme is forecasting a potential underspend of **£(11.4)m**, the division is forecasting an overspend of **£3m** mainly as a result of significant forecast overspend of **£14.1m** on the Chalcots Estate fire safety project. The forecast underspend on the better homes programme is mainly due to delays in completion of projects. Better Homes schemes scheduled for commissioning in Q2 of 2017/18 are being reviewed and will be commissioned in Q3, due to the Planned Works team focusing its activity on Chalcots.

Regeneration and Planning. The Regeneration and Planning schemes are forecasting an underspend of **£(3.2)m** in 2017-18 mainly due to forecast slippage **(£2.5)m** on the West End project. The service is at risk of overspending on the total budget due to forecast overspend of **£2.8m** on the TFL-funded Corridors and Neighbourhood schemes. The **£(2.5)m** slippage on the West End project is earmarked to be spent in future years.

Place Management. The Place Management service has a 2017-18 budget of **£9.8m** and forecast outturn of **£10.1m**; a forecast 2017-18 overspend of **£0.4m**.

Schemes that are potentially at risk over their total budget include:

i. Minor footway surfacing - **£2.4m** forecast overspend
ii. Minor carriageway surfacing - **£0.8m** forecast overspend
iii. Planned Improvements - public realm - **£0.6m** forecast overspend
iv. Earlham Street - S278 - **£0.3m** forecast overspend

The division is also forecasting significant underspends on;

i. Footway works - **£(4.4)m** forecast underspend,
ii. 2013/6674/P 1-11a Swains Lane - **£(0.2)m** forecast underspend,
iii. 2014/6903/P 32 Lawn Rd. - **£0.2m**

ICT Corporate Services. The ICT capital projects are forecasting a total spend of **£5.6m** (including **£3.2m** block budgets) against a total budget of **£5.6m**. The total forecast on the block budgets will be utilised in future years as new initiatives and programmes are identified.

Risks

Significant risks to the capital programme have been identified across all divisions. Overall, the quality of forecasting across the capital programme requires improvement in ownership and budget holder responsibility.

There is a significant gap between forecasts and actual spend in 2017-18. Spend is ahead of profile but at half way point in the year only 35.2% of forecast (or 34.5% of budget) has been spent to date. This is likely to lead to a big increase in spend in the second half of the year or a significant slippage into future years. However, it should be noted that the majority of spend is profiled for the latter half of the year and is actually ahead of profiled budget spend at this stage.

Capital Receipts

The capital programme is currently forecasting an under-achievement in capital receipts of **£89m** for 2017-18. Failure to achieve receipts on time will place additional pressure on the HRA debt cap and increase revenue financing costs. There is, however, an over-achievement of income across all years as a result of Plender Street sales achieving **£0.5m** more than target.

The below table summarises target capital receipts against forecasts:

FUNDING AREA	2017-18 Target Receipts £m	2017-18 Forecast £m	2017-18 Variance £m	Total of Current and Future Years Target Receipts £m	Total of Current and Future Years Forecast £m	Total of Current and Future Years Variance £m
General Fund						
GF Disposals Programme	3.430	3.430	-	14.430	14.430	-
Homes for Older People[1]	9.760	-	(9.760)	28.060	28.060	-
Accommodation Strategy[2]	22.500	-	(22.500)	38.539	38.539	-
Greenwood redevelopment	-	-	-	18.132	18.132	-
Surma redevelopment	-	-	-	8.900	8.900	-
Edith Neville School/ Somers Town redevelopment	-	-	-	21.858	21.858	-
Kingsgate expansion (Liddell Rd.)	-	-	-	26.800	26.800	-
Highgate New Town	-	-	-	23.286	23.286	-
General Fund sub-total	**35.690**	**3.430**	**(32.260)**	**180.005**	**180.005**	**-**
HRA RECEIPTS						
HRA Small Sites[3]	4.768	-	(4.768)	8.687	8.687	-
Right to Buy (Camden's Share)	3.566	0.332	3.566	11.254	11.254	-
Right to Buy (Retained Receipts)	8.008	8.008	-	17.945	17.945	-
Estate Regen. - Holly Lodge	10.170	10.170	-	10.170	10.170	-
Estate Regen. - Chester/Balmore	0.680	0.680	-	0.680	0.680	-
Estate Regen. - Maiden Lane	62.409	62.409	-	91.002	91.002	-
Estate Regen. - Bacton Low Rise[4]	10.000	3.200	(6.800)	129.394	129.394	-
Estate Regen. - Abbey	-	-	-	126.892	126.892	-
Estate Regen. - Bourne	3.000	3.000	-	34.500	34.500	-
Estate Regen. - Agar	-	-	-	219.785	219.785	-
Estate Regen. - Gospel Oak Infill[5]	1.000	-	(1.000)	50.422	50.422	-
HS2 - Regents Park[6]	45.120	-	(45.120)	61.682	61.715	0.033
Camden/Plender St. GF/HRA[7]	1.027	1.547	0.520	1.027	1.547	0.520
HRA sub-total	**149.748**	**89.346**	**(53.602)**	**763.440**	**763.993**	**0.553**

Notes

1. Branch Hill house sale is now expected in next financial year
2. 156 West End Lane slipped to next year
3. Small sites strategy being reconsidered
4. Re-profiled capital receipts due to slower than expected sales
5. Slippage of sale of land to next year
6. Slippage due to delay in completing building for decanting
7. Plender Street sales achieved £500k more than target

8. Reserves & Balances

Earmarked Reserves	Actual Reserves 31/03/2017 £000	Forecast Reserves 31/03/2018 £000	Forecast Reserves 31/03/2019 £000	Forecast Reserves 31/03/2020 £000	Forecast Reserves 31/03/2021 £000
Reserves to support key revenue budget outcomes					
Dedicated Schools Grant	7,339	4,948	2,782	2,782	2,782
Multi Year Budget Reserve	8,760	9,552	8,714	9,497	10,497
Education Commission (CPEE)	948	653	253	253	253
People Specific Reserves	2,570	1,778	986	394	394
Sub Total	**19,617**	**16,931**	**12,735**	**12,926**	**13,926**
Reserves to support the councils service remodelling programme					
Workforce Remodelling/Cost of Change	5,679	5,751	5,751	0	0
Camden Plan	2,056	2,981	0	0	0
Sub Total	**7,735**	**8,732**	**5,751**	**0**	**0**
Reserves to support on-going capital activity and asset management					
Future Capital Schemes	24,499	20,829	17,273	19,873	17,979
Commercial and other property	776	776	776	0	0
Haverstock PFI Funding Reserve	1,759	1,629	1,499	1,369	1,239
Schools PFI Equalisation Reserve	1,500	1,718	1,936	2,154	2,154
Building Schools for the Future	464	270	70	70	70
Accommodation Strategy	3,550	2,585	1,678	1,772	1,918
Sub Total	**32,548**	**27,807**	**23,232**	**25,238**	**23,360**
Reserves to mitigate future corporate risk					
Self-Insurance Reserve	5,477	5,477	5,477	5,477	5,477
Contingency Reserve	1,512	1,512	1,512	1,512	1,512
Business Rates Safety Net	8,880	7,380	7,380	7,380	7,380
Sub Total	**15,869**	**14,369**	**14,369**	**14,369**	**14,369**
Total Earmarked Reserves	**75,769**	**67,839**	**56,087**	**52,533**	**51,655**
General Balances	13,624	13,624	13,624	13,624	13,624
Housing Revenue Account	38,387	26,887	25,387	23,887	22,387
Schools Balances	16,054	13,054	9,054	4,054	4,054
Total Reserves	**143,834**	**121,404**	**104,152**	**94,098**	**91,720**

9. Chalcots Summary

Due to the nature and financial impact of the works relating to the Chalcots Estate, the below table is provided as an overall summary. This information is included in the normal reporting lines above as well.

	2017/18 £m	2018/19 £m	Total £m
Chalcots forecast (capital – as discussed in the capital report above)	14.100	17.300	**31.400**
Chalcots forecast (revenue – as discussed in the revenue report above)	17.500	0	**17.500**
Chalcots forecast (Total)	**31.600**	**17.300**	**48.900**

Chalcots Estate Fire Safety project. The Chalcots project has a forecast of **£14.1m** in 2017/18 for new fire doors and removal of existing cladding on the capital side. A further **£17.3m** capital spend for the replacement solution is included as a holding forecast for modelling purposes in 2018/19. The final costs will be dependent on the final solution adopted following consultation with residents. Consequently, there remains considerable cost uncertainty in the replacement solution estimate for 2018/19, which is being reviewed on a frequent basis. These projections do not include Phase 1a repairs which are reported within the Chalcots revenue forecast. Revenue costs associated with the evacuation of the Chalcots Estate along with the emergency work required are forecast to cost approximately **£17.5m**. This includes the cost of the temporary evacuation, 24-hour fire-safety patrols, and security for the Chalcots estate and all other associated costs. This expenditure can be funded from HRA reserves as it is a one off cost. Reserves will need to be replenished over the medium term but the cost of the evacuation will not require any change to the existing savings targets for Housing services..