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Public Accounts Select Committee Supplementary Agenda

Tuesday, 5 July 2016
7.00 pm,
Civic Suite
Lewisham Town Hall
London SE6 4RU

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Part 1

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PUBLIC ACCOUNTS SELECT COMMITTEE			
REPORT TITLE	Financial Forecasts 2016/17		
KEY DECISION	No	Item No.	5
WARD	N/A		
CONTRIBUTORS	Executive Director for Resources and Regeneration		
CLASS	Part 1	Date	5th July 2016

1. EXECUTIVE SUMMARY

1.1 This report sets out the financial forecasts for 2016/17 as at 31 May 2016. The key areas to note are as follows:

i. There is a forecast overspend of £7.7m against the directorates' net general fund revenue budget. This is set out in more detail in sections five to nine of this report. This compares to a final outturn of £3.1m for 2015/16 which resulted after applying £3.2m of funding for 'risks and other budget pressures' against the directorates' year-end overspend of £6.3m for that year.

ii. The Dedicated Schools Grant (DSG) is expected to balance at the year end.

iii. It is expected that there will be eight schools that require a licensed deficit. This is set out in more detail in section 11 of this report.

iv. It is expected that following the academy conversion order for Sedgehill School the school's deficit will be written off against the schools' contingency.

v. The Housing Revenue Account (HRA) is currently projecting a balanced budget position. This is set out in more detail in section 12 of this report.

vi. As at 31 May 2016, some 19.1% of council tax due and 27.9% of business rates due had been collected. At this point last year, 19.4% of council tax due and 30.6% of business rates due had been collected. This is set out in more detail in section 13 of this report.

vii. For the 2016/17 capital programme, the revised budget is now £157.2m, compared to the figure presented in the Budget Report 2016 of £129.2m. The budget has been amended to take into account the rolling forward of unspent budgets at the end of the last financial year and to update for known changes to grants and new projects. At 31 May 2016, some £5.5m or 3% of the budget had been spent, which is below the profile figure expected if the programme is to be delivered in full. This is set out in more detail in section 14 of this report. The comparable figure to 31 May last year was 7% of the budget of £154.8m, with the final outturn being 80% of the revised budget of £118.1m.

2. PURPOSE

2.1 The purpose of this report is set out the financial forecasts for 2016/17 as at the end of May 2016, projected to the year end.

3. RECOMMENDATIONS

3.1 The Public Accounts Select Committee is recommended to:

3.3.1 Note the current financial forecasts for the year ending 31 March 2016 and the action being taken by the Executive Directors to manage down the forecasted year-end overspend.

3.3.2 Note the updated capital programme budgets which have been set out in section 14 of this report.

4. POLICY CONTEXT

4.1 Reporting financial results in a clear and meaningful format contributes directly to the council's tenth corporate priority: inspiring efficiency, effectiveness and equity.

5. DIRECTORATE FORECAST OUTTURN

5.1 The forecasts against the directorates' general fund revenue budgets are shown in Table 1 below. In summary, a forecast year end overspend of £7.7m is being reported as at the end of May 2016. At the same time last year, an overspend of some £8.6m was forecast. Members should note that for 2016/17, there is a sum of £3.75m held corporately for managing 'risks and other budget pressures' which emerge during the year. As in previous years, the Executive Director for Resources and Regeneration will give due consideration as to when it might be appropriate to apply this sum to alleviate budget pressures. This consideration will happen towards the end of the financial year, after assessing the progress that has been made to manage down the current forecast overspend.

Table 1 – Overall Directorate position for 2016/17

Directorate	Gross budgeted spend	Gross budgeted income	Net budget	Forecast Outturn 2016/17	Final Outturn 2015/16
	£m	£m	£m	£m	£m
Children & Young People (1)	57.8	(8.9)	48.9	4.6	7.4
Community Services	170.0	(76.9)	93.1	1.6	(1.2)
Customer Services (2)	101.5	(57.0)	44.5	1.6	3.9
Resources & Regeneration	41.2	(15.5)	25.7	(0.1)	(3.8)
Directorate Totals	**370.5**	**(158.3)**	**212.2**	**7.7**	**6.3**
Corporate Items	24.0	0.0	24.0	0.0	(3.2)
Net Revenue Budget	**394.5**	**(158.3)**	**236.2**	**7.7**	**3.1**

(1) – gross figures exclude £276m Dedicated Schools' Grant expenditure and matching grant income

(2) – gross figures exclude approximately £220m of matching income and expenditure for housing benefits.

5.2 For various reasons the financial forecasts at this stage of the year are usually higher than resulting outturn. However, similar to the scale of the variances projected last year, the current overspending projections are significantly greater than those in recent earlier years. This suggests that the council continues to face budget pressures of a different order than normal.

5.3 Directorate Expenditure Panels (DEPs) have been in operation throughout 2015/16, with the Corporate Expenditure Panel (CEP) becoming operational in October 2014. Towards the end of last year, the operation of the CEP in terms of its effectiveness was reviewed by the Chief Executive and the Executive Director for Resources and Regeneration. This concluded that the CEP would continue to remain in operation for at least the first half of the 2016/17 financial year. This will ensure that a regular corporate oversight of the council's financial spending position remains. Although the council ended last year with an overall overspend of £3.1m, these measures ensured that the variance was no worse. Although some of the budget pressures reported throughout the course of the last year have been alleviated with the allocation of corporate funding, a number of pressures have continued into this financial year. Therefore, close scrutiny of the financial position will again be very important.

5.4 Furthermore, delivering a large package of revenue budget savings for 2016/17 is managerially complex and challenging. There is an inherent risk that some savings will be delivered later than planned, which would results in overspends within the year. As a result, officers will continue to focus on monitoring the progress of savings being implemented.

5.5 The table below sets out the proportion of agreed revenue budget savings delivered in the year. Any variances are included in the overall forecasts shown in the table above.

Table 2 – Forecast Savings Delivery

Directorate	Savings Agreed for 2016/17	Forecast Delivery	Variance	
	£m	£m	£m	%
Children & Young People	2.8	2.8	0.0	0.0
Community Services	5.3	4.6	0.7	13.0
Customer Services	3.2	3.2	0.0	0.0
Resources & Regeneration	3.0	2.4	0.6	20.0
Corporate	2.9	2.9	0.0	0.0
Total	**17.2**	**15.9**	**1.3**	**8.0**

6. CHILDREN AND YOUNG PEOPLE'S SERVICES

6.1 As at the end of May 2016, the Children and Young People's directorate is forecasting a £4.6m overspend. At the same time last year, the year-end forecast was an overspend of £4.7m, with the actual year-end outturn being an overspend of £7.4m.

Table 3 – Children & Young People Directorate

Service Area	Gross budgeted spend	Gross budgeted income – including grants*	Net budget	Forecast Outturn 2016/17	Forecast over/ (under) spend
	£m	£m	£m	£m	£m
Children's Social Care – includes No Recourse to Public Funds	43.5	(1.5)	42.0	45.9	3.9
Education, Standards and Inclusion	3.0	(1.8)	1.2	1.2	0.0
Targeted Services and Joint Commissioning	11.3	(4.3)	7.0	7.7	0.7
Schools	0.0	(1.3)	(1.3)	(1.3)	0.0
Total	**57.8**	**(8.9)**	**48.9**	**53.5**	**4.6**

* The government grants include the Adoption Reform Grant, SEND reform grant, Troubled Families grant and Music grant

6.2 The most significant cost pressures for the directorate fall within the *children's social* care division which amounts to £3.9m. It is expected that this year, the *no recourse to public funds* budget will be in a balanced position by the year end. The key issues relating to the directorate's budget pressures have been set out in the following paragraphs.

6.3 The placement budget for *looked after children* is currently forecast to overspend by £2.1m with the current number of looked after children totalling 442.

6.4 *Children leaving care* is currently forecast to overspend by £0.7m. The overspend as at the end of last year was £1.3m. The reduction has been achieved through better procurement of accommodation and reducing numbers.

6.5 There is an additional pressure on the *Section 17* unrelated to no recourse to public funds of £0.4m and on salaries and wages which show a forecast overspend of £0.7m. This has mainly been created by greater use of agency of the last three months.

6.6 The only other budget pressure in the rest of the directorate is on schools' transport within the partnerships and targeted services area. The final outturn on schools' transport at end of 2015/16 was an overspend of £0.9m. In 2016/17, it is expected to be £0.7m. Members should note that there is currently a review of fleet and passenger transport services underway. This is a cross council review and is expected to report back on its initial findings later this year.

6.7 The key unit costs and activity levels within children's social care are summarised in the following table.

Table 4 – Fostering Client Numbers

Placement type	Average weekly unit costs		Client numbers
	May 2016 (£)	May 2015 (£)	May 2016
Local authority fostering	421	409	219
Agency fostering	911	908	187
Residential homes	3410	3,486	53

6.8 The unit cost information set out in the table above demonstrates the importance of the directorate's strategy for shifting the balance of provision towards fostering, as well as reducing costs.

7. COMMUNITY SERVICES

7.1 As at the end of May 2016, the community services directorate is forecasting an overspend on £1.6m. At the same time last year, the year-end forecast was an overspend of £2.0m, with the actual year-end outturn being an underspend of £1.2m.

Table 5 – Community Services Directorate

Service Area	Gross budgeted expenditure	Gross budgeted income	Net budget	Forecast Outturn 2016/17	Forecast over/ (under) spend
	£m	£m	£m	£m	£m
Adult Services Division	101.5	(31.1)	70.4	71.5	1.1
Cultural and Community Development	19.1	(7.6)	11.5	11.2	(0.3)
Public Health	17.6	(17.9)	(0.3)	1.2	1.5
Crime Reduction & Supporting People	18.9	(9.0)	9.9	9.3	(0.6)
Strategy & Performance	12.9	(11.3)	1.6	1.5	(0.1)
Total	**170.0**	**(76.9)**	**93.1**	**94.7**	**1.6**

7.2 The *adult services* division is forecast to overspend by £1.1m. The placement budgets, which has a projected overspend £0.7m, remains volatile in particular. These projections are based on only two months of activity and will not necessarily provide a reliable guide to expenditure later in the year, but costs are monitored closely and any changes will be reported during the course of the year.

7.3 The projected overspend includes expected pressures, identified as budget risks, from learning disability transition cases of £0.3m and Deprivation of Liberty Safeguards (DOLS) work of £0.1m. Revenue budget savings of £2.5m have been agreed for adult social care for 2016/17. Most of these have either already been achieved in full or will be achieved in the next three months. Proposals to achieve the largest remaining savings areas will be brought to members in coming months. Once achieved, these can be expected to reduce the projected overspend. The current projections assume use of £0.4m of the Care Act funding which is being held corporately.

7.4 In 2015/16, underspends on the original Better Care Fund (BCF) plan were used to address pressures within adult social care. In 2016/17, there are again likely to be underspends against the BCF programme as several larger schemes have yet to start. No formal decisions have yet been taken about the application of this underspend. Therefore, the figures in this report make no assumption about any impact on social care budgets.

7.5 The c*ultural and community services division* is forecasting an underspend of £0.3m. This is primarily due to a projected underspend on the budget for the main leisure management contract. This contract reduces in value each year to reflect the increases in projected usage included in the contract profile. The contract underspend forms part of an agreed package of savings for the 2017/18 financial year. Other variances within the division are expected to come in on budget at this stage.

7.6 In addition to the Council's £2m savings target across 2016/17 and 2017/18 for *public health,* these services are also subject to deliver a £2.08m reduction in grant funding in 2016/17 with further reductions expected in the next two financial years. Across 16/17 and 17/18, the service therefore has to identify savings in excess of £4m. Action has already been taken to reduce discretionary spend and a report to M&C in July 2016 will propose consultation on a further set of disinvestments. However, it will not be possible to reduce spend in the current financial year by the full level of the funding reduction and at the end of May 2016 an overspend of £1.5m is projected. This includes a pressure on sexual health or genitourinary medicine (GUM) services budgets of £0.3m.

7.7 An underspend of £0.6m is projected on *crime reduction and supporting people*. There is a £0.3m projected underspend on the Supporting People Programme from an expected early achievement of the agreed 2017/18 contract savings. Elsewhere in the division there are projected staffing underspends of £0.2m across the crime, enforcement and regulation and prevention & inclusion services. There is an underspend of £0.15m on drugs & alcohol services resulting from the enforcement of contract penalties on performance by results contracts. These underspends are offset by a small overspend projected on the youth offending budget reflecting the reduction in government grant funding for secure remand placements.

7.8 The *strategy and performance* service which included the directorate management team budget is projected to underspend by £0.1m due to staff vacancies. This budget also includes the proportion of the Better Care Fund budget managed by the Clinical Commissioning Group.

8. CUSTOMER SERVICES

8.1 As at the end of May 2016, the customer services directorate is forecasting an overspend of £1.6m. At the same time last year, the year-end forecast was an overspend of £3.0m, with the actual year-end outturn being an overspend of £3.9m.

Table 6 – Customer Services Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast Outturn 2016/17	Forecast over/ (under) spend
	£m	£m	£m	£m	£m
Strategic Housing	25.7	(20.2)	5.5	6.1	0.6
Environment	35.7	(16.8)	18.9	19.9	1.0
Public Services*	32.5	(19.0)	13.5	13.5	0
Strategy & Technology and Change	7.6	(1.0)	6.6	6.6	0
Total	**101.5**	**(57.0)**	**44.5**	**46.1**	**1.6**

* -excludes £220m of matching income and expenditure in respect of housing benefits

8.2 The *strategic housing service* is projecting an overspend of £0.6m. This relates to the number of people in nightly paid accommodation and action taken to manage that number. The number of bed and breakfast tenancies as at end of May 2016 was 566, compared to 546 reported in March 2016. This compares to 586 reported at the same period in 2015/16.

8.3 As is previous years, the cost mostly arises from the Housing Benefit limitation recharge. That is, where the cost of nightly paid accommodation exceeds the rent levels covered by Housing Benefits. Action taken to keep these costs to a minimum include allocating a higher percentage of temporary accommodation places to those in nightly paid accommodation and incentives to landlords in order to prevent eviction. Both courses of action still incur costs to the council, but at a lower level than the cost of nightly paid accommodation.

8.4 The *environment division* is forecasting an overspend of £1m. This projection assumes the £1.0m cost of the disposal of dry recyclables will be met from corporate resources.

8.5 The largest proportion of the overspend, £0.7m, relates to additional vehicle hire costs as a result of a number of vehicles coming to the end of their operational life. Officers are currently considering options for leasing or purchasing vehicles which may reduce the pressure going forward.

8.6 The *green scene* budgets are projecting an overspend of £0.1m largely as a result of the loss of income from the former Foxgrove Club. The future use of the premises is being considered as a part of the plans for Beckenham Place Park, but at present there is no clear scope for attracting the budgeted level of rental income.

8.7 For *bereavement services* this is projecting an overspend of £0.1m, largely arising from increased crematorium maintenance costs. Income levels are currently higher than in previous years as a result of issues at a local crematorium in a neighbouring borough. This will need close monitoring as there has been significant pressure on the services income budgets over several years and the risk of not achieving the budgeted income levels remain.

8.8 The provision of automated public conveniences no longer funded as a part of the JC Decaux highways contract will result in a £0.1m overspend in the street management budgets.

8.9 The *public services division* is forecasting a balanced position at this point in the year. A number of risks have been identified, in particular, the levels of income raised by the internal enforcement service, but at this stage every effort is being made to achieve budgeted income levels.

8.10 The *strategy* and *technology and change* divisions are also forecasting a balanced position.

9. RESOURCES AND REGENERATION

9.1 As at the end of May 2016, the resources and regeneration directorate is forecasting an underspend of £0.1m. At the same time last year, the year-end forecast was an underspend of £1.1m, with the actual year-end outturn being an underspend of £3.8m.

Table 7 – Resources and Regeneration Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast Outturn 2016/17	Forecast over/ (under) spend
	£m	£m	£m	£m	£m
Corporate Resources	4.9	(2.5)	2.4	2.4	0.0
Corporate Policy & Governance	3.8	0.0	3.8	3.5	(0.3)
Financial Services	5.0	(1.4)	3.6	3.6	0.0
Executive Office	0.2	0.0	0.2	0.2	0.0
Human Resources	3.0	(0.4)	2.6	2.3	(0.3)
Legal Services	3.0	(0.4)	2.6	2.6	0.0
Strategy	2.3	(0.4)	1.9	1.7	(0.2)
Planning	3.0	(1.6)	1.4	1.3	(0.1)
Regeneration & Asset Management	16.0	(8.4)	7.6	8.4	0.8
Reserves	0.0	(0.4)	(0.4)	(0.4)	0.0
Total	**41.2**	**(15.5)**	**25.7**	**25.6**	**(0.1)**

9.2 The *corporate policy & governance* division and the *human resources* division are both forecasting underspends of £0.3m, principally driven by underspending on salaries costs. This is also the main reason for the forecast underspend of £0.2m within the *strategy* division.

9.3 The *planning* division is forecasting an underspend of £0.1m. The high levels of Planning Fee income are again being forecast for 2016/17, but this is being partly offset by higher salaries and supplies and services costs in order to manage the additional workload.

9.4 The *regeneration & asset management* division is forecasting an overspend of £0.8m. There is currently a £0.3m underachievement of income forecast against the budget which relates to large format advertising. This income target was agreed as part of setting the 2016/17 budget. Officer will continue to progress with the options for this proposal and will continue to update members as the year progresses. There is also an underachievement of income from utilities companies against the network management budget of £0.3m. There are other areas of budget pressure including the costs of running the corporate estate of £0.5m which are partly offset by areas of underspending including on salaries costs to result in the overall position for the division.

9.5 There are no significant variances currently being forecast within the *corporate resources*, *financial services* or *legal services* divisions.

10. CORPORATE PROVISIONS

10.1 The *corporate financial provisions* include working balances, capital expenditure charged to the revenue account (CERA), and interest on revenue balances. These provisions are not expected to overspend although, with the impact of continued reductions in service budgets, there is ever greater pressure on working balances. Certainty on their outturn only becomes clear towards the end of the financial year.

10.2 With the United Kingdom electorate having recently voted to leave the European Union and the pending uncertainty this brings, there will continue to be concerns about the stability of the banking sector. The council's treasury management strategy continues to be focused on avoiding risk, wherever possible. With investment returns still at historically low levels, albeit with indications of modest rate rises possible by the end of the calendar year, there is little opportunity to seek higher returns. However, the council continues to keep its strategy under review and assess alternative investment strategies to find the appropriate balance in the trade off between return and risk. Members should note that similar to last year, a sum of £3.75m is being held corporately to help manage ‘risks and other pressures’ during 2016/17.

10.3 For the pension fund, Members should note that the triennial valuation as at 31 March 2013 revealed that the Fund’s assets as at 31 March 2013 were sufficient to meet 71.4% of the current liabilities. The next actuarial valuation of the Fund is currently underway in this financial year and will be carried out as at 31 March 2016, with new employer contribution rates taking effect from 1 April 2017 for the 2017/18 financial year. The value of the Pension Fund’s assets as at 31 March 2016 was £1.042bn.

11. DEDICATED SCHOOLS’ GRANT

11.1 The Dedicated Schools Grant (DSG) for 2016/17 has provisionally been set by the Department for Education at £283.5m, although this will change during the year to reflect updated pupil numbers. The DSG is now £47m (or 20%) larger than the council’s net general fund budget. Further grants are given to schools and routed through the local authority. These include the pupil premium (£17m), post 16 funding (£6m) and the universal free school meals grant (£3m) making total funds of £309m. In total, this is £73m higher than the council’s net general fund.

<u>Schools</u>

11.2 The deadline for schools to submit budget returns to the local authority is 31 May 2016. At the end of the financial year 2015/16, there were 11 schools that had deficits. This compares with the three schools that had a licensed deficit agreement in place for the end of that year. Not all schools have submitted budget returns for this year, but of those that have, there are three schools showing a deficit. It is believed that this will at least grow to eight schools, although indications suggest that in could be higher.

11.3 To date, there are 20 schools which have not made their budget return to the local authority finance team. All these schools have been written to by the Head of Education, Standards and Inclusion. If a return is not received by Monday 4 July 2016, then the schools' Chair of Governors and Headteacher will be written to by the Executive Director of Children and Young People.

11.4 Looking further, the summary of budget returns show another seven schools going into deficit in 2017/18.

11.5 Currently, officers are performing 'reasonableness' checks on the information provided by schools which is likely to have an impact on the overall schools deemed to be in deficit by the year end. These checks are in place to ensure that the following questions are asked and responses to then are provided. These include:

- Does the budget plan income agree to funding notification?
- Is the carry forward quoted in the budget plan incorrect?
- Reasonableness check, such as whether the budgets set align to previous year's budget and or expenditure?

11.6 The Government is proposing to introduce a new national funding formula for schools in April 2017. With the current details available through the release of the first stage consultation earlier in the spring, it is not possible to see the exact impact on Lewisham. The most likely scenario is that schools in Lewisham will see a circa 10%, or £17m reduction in funding over the next three years. This is likely to impact on the level of traded services schools buy from the council. Likewise there is a review of the high needs block funding and it is expected the funding in the high needs block could also be reduced by some 10%, or £4.5m.

DSG central expenditure

11.7 Currently, there are no overspends forecast for the DSH central expenditure. The High Needs block is currently showing a balanced position, although this budget will be subject to pressure of growing numbers during the year and will need to be closely monitored.

Mutual Funds

11.8 Sedgehill School will transfer to an academy by order, although the exact date for conversion has not yet been confirmed. The national regulations under this type of academy conversion is that the deficit remains the responsibility of the local authority. In the first instance, it can be charged to the schools contingency if there are sufficient funds. Otherwise it is left as the responsibility of the council to meet the cost.

11.9 In Lewisham, the schools contingency is held by the Schools Forum as a mutual fund for all schools. The deficit to this school which is circa £1.3m, will be charged to this contingency.

12. HOUSING REVENUE ACCOUNT

12.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2016/17. At this relatively early stage of the new financial year, no variation is being reported.

Table 8 – Housing Revenue Account

Service Area	Expenditure Budget	Income Budget	2016/17 budget	Forecast over/ (under) spend
	£m	£m	£m	£m
Customer Services – Housing	11.7	(3.1)	8.6	0
Lewisham Homes & R&M	36.6	0	36.6	0
Resources	2.1	0	2.1	0
Centrally Managed Budgets	50.3	(97.6)	(47.3)	0
Total	**100.7**	**(100.7)**	**0**	**0**

13. COLLECTION FUND

13.1 As at 31 May 2016, £23.2m of council tax had been collected. This represents 19.1% of the total amount due for the year of £114.3m. This is marginally below the profiled collection rate of 19.4% if the overall target for the year of 96% is to be met. At the same time last year, the collection rate to date was 19.4%, which is 0.3% higher than this year.

13.2 Business rates collection is at 27.9%, a decrease of 2.7% compared to the same period last year, but 1.6% higher than the profiled collection rate if the overall target rate for the year of 99% is to be achieved.

14. CAPITAL EXPENDITURE

14.1 The overall spend to 31 May 2016 is £5.5m. This represents 3% of the revised budget of £157.2m. The figures agreed at Council when the budget was set have been updated and are proposed for agreement as the revised budget by way of this report. The proposed amendments relate only to the rolling forward of unspent budgets at the end of the last financial year and to update figures for known changes to grants and new projects. At this point last year, 7% of the budget of £154.8m has been spent, with the final outturn being 80% of the revised budget of £118.1m

14.2 During 2015/16, the council established the Regeneration and Capital Programme Delivery Board comprising key officers involved in the planning and delivery of the capital programme. This Board has responsibility and accountability for the delivery of all regeneration and capital projects and programmes of the built environment and is also responsible for ensuring that all projects and programmes are adequately and appropriately resourced.

14.3 The key objectives of the Board are to ensure that a consistent and corporate approach is taken to the development and authorisation of all project and programme initiation documents and the associated financing and funding of projects and programmes. It meets every two months and ensures that a corporate approach is taken to the monitoring, management and delivery of all projects and programmes. It reports through to the Regeneration Board which is chaired by the Executive Director for Resources and Regeneration.

Table 9 – Capital Programme

2016/17 Capital Programme	Budget Report (February 2016)	Revised Budget	Spend to 31 May 2016	Spent to Date (Revised Budget)
	£m	£m	£m	%
Community Services	0.4	1.2	0.1	8%
Resources & Regeneration	17.8	22.5	0.9	4%
CYP	9.4	28.4	1.9	7%
Customer Services	0.7	1.9	0.0	1%
Housing (Gen Fund)	14.7	17.5	0.8	5%
Total General Fund	**43.0**	**71.5**	**3.7**	**5%**
Housing Matters Programme	51.3	50.8	1.0	2%
Decent Homes Programme	34.8	34.8	0.8	2%
Total HRA	**86.1**	**85.6**	**1.8**	**2%**
Total Expenditure	**129.1**	**157.1**	**5.5**	**3%**

14.4 The table below shows the current position on the major projects in the 2016/17 general fund capital programme (i.e. those over £1m in 2016/17).

Table 10 – Major Capital Projects

2016/17 Capital Programme	Budget Report (February 2016)	Revised Budget	Spend to 31 May 2016	Spent to Date (Revised Budget)
	£m	£m	£m	%
Housing Regeneration Schemes (Kender, Excalibur, Heathside and Lethbridge)	2.9	5.0	0.0	0%
Primary Places Programme	6.0	17.2	1.6	9%
BSF – Sydenham	1.2	2.2	0.0	0%
Other Schools Capital Works	1.5	7.8	0.1	1%
Disabled Facilities / Private Sector Grants	1.3	1.7	0.1	6%
Highways and Bridges (TfL)	2.0	4.0	0.0	0%
Catford Town Centre	8.5	8.6	0.0	0%
Asset Management Programme	3.1	3.2	0.2	6%
Highways and Bridges (LBL)	4.0	4.0	0.1	3%
Travellers Site Relocation	1.0	1.1	0.0	0%
Acquisition – Hostels Programme	1.5	1.6	0.5	31%
Grove Park Street Improvements	1.2	1.2	0.0	0%
Property Acquisition–Lewisham Homes	4.0	3.0	0.0	0%
Surrey Canal	0.6	1.0	0.3	30%
Total Major Projects	**38.8**	**61.6**	**2.9**	**5%**
Other Projects	4.3	10.0	0.8	8%
Total Projects – General Fund	**43.1**	**71.6**	**3.7**	**5%**

14.5 The main sources of financing the programme are grants and contributions and capital receipts from the sale of property assets. A total of £5.1m has been received so far this year, comprising £1.3m of usable receipts and £3.8m of grants.

15. FINANCIAL IMPLICATIONS

15.1 This report concerns the financial forecasts for the 2016/17 financial year. However, there are no direct financial implications in noting these.

16. LEGAL IMPLICATIONS

16.1 The Council must act prudently in relation to the stewardship of Council taxpayers' funds. The Council must set and maintain a balanced budget.

17. CRIME AND DISORDER ACT IMPLICATIONS

17.1 There are no crime and disorder implications directly arising from this report.

18. EQUALITIES AND ENVIRONMENTAL IMPLICATIONS

18.1 There are no equalities or environmental implications directly arising from this report.

19. CONCLUSION

19.1 The council has continued to apply sound financial controls. However, the short and medium-term outlook remains difficult and continued strong management and fiscal discipline will be required to enable the council to meet its financial targets for 2016/17 and beyond.

BACKGROUND PAPERS AND APPENDICES

Short Title of Report	Date	Location	Contact
Financial Outturn for 2015/16	1st June 2016 (M&C)	5th Floor Laurence House	Selwyn Thompson
2016/17 Budget	24th February 2016 (Council)	5th Floor Laurence House	David Austin

For further information on this report, please contact Selwyn Thompson, Head of Financial Services on 020 8314 6932

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