

<b>Mayor &amp; Cabinet</b>		
<b>Report Title</b>	Financial forecasts for 2013/14	
<b>Key decision</b>	No	Item No.
<b>Ward</b>	N/A	
<b>Contributors</b>	EXECUTIVE DIRECTOR FOR RESOURCES & REGENERATION	
<b>Class</b>	Part 1	Date: 13 November 2013

## **1 Summary of the Report**

1.1 This report sets out the financial forecasts for 2013/14 as at 30 September 2013. The key areas to note are as follows:

- i. An overspend of £0.6m against the directorates' net general fund revenue budget is forecast. At the same time last year an underspend of £0.9m was forecast. The consolidated results for the year were an underspend of £3.5m.
- ii. 95% of the £20.9m savings agreed in setting the 2013/14 budget are forecast to be delivered on schedule.
- iii. On the capital programme, the forecast expenditure for 2013/14 is now £132m, compared to the budget of £150.8m. This reduction is mainly due to schools projects being rephased. However, to 30 September 2013 only 29% of the budget (and 34% of the forecast) had been spent, around two thirds of the figure expected if the programme is to be delivered in full. The forecasts on the projects are being reviewed.
- iv. The Housing Revenue Account (HRA) is projecting an underspend of £0.5m.
- v. The Dedicated Schools Grant (DSG) is forecast to be spent to budget but three schools are expected to apply for a licensed deficit and the balances of £15.7m include £5.5m of excess balances as defined by the schools' forum.
- vi. As at 30 September 2013 council tax collection is 0.52% lower than last year in terms of the percentage of gross cash collected and 0.48% lower against this year's profile. Performance statistics for the first 6 months of the year still indicate that the impact of welfare reform in this area has been significantly less than the worst-case scenario. As this is the first year of the reforms there are no trends to measure against as yet so a degree of caution is needed at this stage.
- vii. Business rates collection is 0.78% higher than the same period last year and if this performance is maintained the target of 98.50% for the year should be achievable.

## **2 Purpose of the Report**

2.1 To set out the financial forecasts for 2013/14 at end of September 2013.

### 3 Recommendations

- 3.1 To note the financial forecasts for the year ending 31 March 2014.

### 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. Overall Directorate Outturn

- 5.1 The forecasts against the directorates' general fund revenue budgets are shown in the table below; in summary an overspend of £0.6m. At the same time last year an underspend of £0.9m was forecast. The financial result for 2012/13 was an underspend of £3.5m on the general fund revenue budget.

Directorate	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/(under) spend
	£'000	£'000	£'000	£'000
CYP (1)	79,610	(20,451)	59,159	1,182
Community Services	178,813	(60,599)	118,214	(1,899)
Customer Services (2)	78,658	(47,586)	31,072	1,547
Resources & Regeneration	58,344	(12,995)	45,349	(225)
<b>Directorate total</b>	<b>395,425</b>	<b>(141,631)</b>	<b>253,794</b>	<b>605</b>
<b>Corporate items</b>			30,838	
<b>Budget requirement</b>			<b>284,632</b>	

- (1) – gross figures excludes £250m Dedicated Schools' Grant expenditure and matching grant income
- (2) – gross figures exclude approximately £225m matching income and expenditure for housing benefits. This figure is lower than last year due to the implementation of the Council Tax Reduction Scheme (CTRS), an effect of which is to replace benefits paid out with discounts at source

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

Directorate	Savings agreed for 2013/14	Forecast delivery	Variance	
	£'000	£'000	£'000	%
CYP	6,469	6,469	0	0
Community Services	6,930	6,430	500	7
Customer Services	2,453	2,245	208	8
Resources & Regeneration	5,082	4,664	418	8
<b>Total</b>	<b>20,934</b>	<b>19,808</b>	<b>1,126</b>	<b>5</b>

- 5.3 The variance reported above for Community Services represents the proposed saving from the reablement service; this is now unlikely to be achieved in this financial year. The shortfall in savings in Customer Services relates to the introduction of cashless parking payments. This will materialise over the life of the new contract but not in the first year of operation.

## 6. Children and Young People's Services

- 6.1 The directorate is forecasting an overspend of £1.2m. At this time last year the forecast was for an underspend of £0.6m and the result was an underspend of £1.1m.

CYP Directorate – Service Area	Gross budgeted spend	Gross budgeted income - grants	Gross budgeted income - other	Net budget	Forecast over / (under) spend
	£'000	£'000	£'000	£'000	£'000
Children's Social Care	47,455	(1,892)	(583)	44,980	2,042
Standards and Achievements	4,125	(221)	(2,138)	1,766	(212)
School Infrastructure	1,574	0	(15)	1,559	0
Targeted Services and Joint Commissioning	15,299	(1076)	(2,245)	11,978	(239)
Resources & Performance	11,157	0	(10,955)	202	(409)
Schools	0	0	(1,326)	(1,326)	0
<b>Total</b>	<b>79,610</b>	<b>(3,189)</b>	<b>(17,262)</b>	<b>59,159</b>	<b>1,182</b>

- 6.2 The main budget pressure is a net £2.0m in respect of the budget for **Children's Social Care** and comprises the following three main areas.

- a. The placement budget for *looked after children (LAC)* is currently forecast to overspend by £0.9m. The number of LAC has increased since August by 7 and now totals 501 children. This time last year there were 12 fewer children in care (these figures exclude asylum seekers).
- b. *Clients with no recourse to public funds* are those cases that have an application to remain in the country and are waiting to be dealt with by the Home Office. These clients are not seeking asylum but are people to whom the local authority owes a duty of care; they and their children are causing a significant cost pressure. The caseload now stands at 8,120 client/weeks (or about an annualised equivalent of 156 clients) against the budget assumption of 44. This represents an increase in numbers by about 71% since April 13. In order to minimise the costs, families are being accommodated in low cost accommodation out of area. Work is under way to better track the No recourse families in order to speed up and improve the processing of their applications to the Home Office but progress has been slow and the difficulties of the UKBA have been highlighted in the press. This is now creating a cost pressure of £1.8m
- c. There are an increasing number of *young people leaving care* who require support and together with the national changes in housing benefit has created pressure on this budget since last year and this has continued into this year. Delays in finding appropriate accommodation for some of the young people results in them remaining in expensive provision. The current average caseload is 54 fte against budget assumption of 23. As the number of Asylum Seekers is below the threshold grant, funding is not available. The unit cost of these placement has been brought down from £140 per day at the start of the year to the current cost of £105 per day. Currently the management action is focused on increasing the usage of Supported Lodgings and

also using preferred provider agreements A review is taking place with children and young people directorate representatives and housing representatives to consider alternatives. These combined efforts are expected to offset the cost of accommodation and placements which are the main cost drivers for this service and will hope to reduce the spend by about 20% in future years. The current spend is £2.1m, which gives a budget pressure of £0.8m.

6.3 These cost pressures in Children’s Social Care total £3.5m. Efficiency measures, over and above those agreed in the budget, are expected to offset £1.5m of those pressures, with a further £0.8m of savings in the other service areas. These additional measures are:

- Reduction in supplies and services spend – £1.2m
- General impact of expenditure controls - £0.7m
- Further reductions in agency staff and vacancies - £0.4m.

This will leave an overall forecast overspend of £1.2m.

6.4 The savings on the **youth service** were agreed to be delivered over two years. The re-organisation is planned to take place in October. Most youth activities occur in the summer and consequently most of the expenditure occurs before November. With the re-organisation it is anticipated the shortfall in savings will be covered either by some staff leaving early or some posts being held vacant.

6.5 The delay in closing the **Early Years Centres** will mean that this saving will not be delivered as intended. However the funding shortfall of £0.7m will be covered by the DSG.

6.6 The key unit costs and activity levels within children’s social care are summarised below.

	<u>Average weekly unit costs</u>		<u>Client numbers</u>
	<u>September 2012 (£)</u>	<u>September 2013 (£)</u>	<u>September 2013</u>
Local authority fostering	385	350	204
Agency fostering	875	853	215
Residential homes	2,969	2,822	42

6.7 These demonstrate the importance of the directorate’s strategy for shifting the balance of provision towards fostering (as well as of course trying to bear down on costs). As examples, every client moving from agency to local authority fostering results in a saving of around £27,000 p.a. and around £109,000 for every movement from a residential placement to agency fostering.

## 7. Community Services

7.1 As at 30 September 2013 the directorate forecasts an underspend of £1.9m, broken down across the directorate as set out below. This remains significantly greater than the forecast underspend of £0.1m at the same point last year. The actual result last year was an underspend of £2.2m.

<b>Community Services Directorate – Service Area</b>	<b>Gross budgeted expenditure</b>	<b>Gross budgeted income</b>	<b>Net budget</b>	<b>Forecast over/ (under) spend</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cultural and Community Development	24,187	(7,427)	16,760	(393)
Adult Services Division	112,098	(30,670)	81,428	(381)
Public Health	14,648	(14,648)	0	(637)
Crime Reduction & Supporting People	25,695	(7,640)	18,055	(394)
Strategy & Performance	2,185	(188)	1,997	(120)
Community Reserves	0	(26)	(26)	26
<b>Total</b>	<b>178,813</b>	<b>(60,599)</b>	<b>118,214</b>	<b>(1,899)</b>

7.2 **Adult Social Care** is now forecast to underspend by £0.4m. As is to be expected on a budget of £112m, a number of over and underspends are forecast against individual services. These broadly offset one another leading to the overall forecast underspend of £0.4m. Nonetheless, the delayed delivery of the enablement saving is a concern given that this is of key significance to the long-term cost reduction strategy in this area.

7.3 The key issues to note are as follows:

- i. Learning disability budgets are projected to underspend by £0.1m. The main financial issues for this client group remain transition from CYP budgets and a shift in the balance of care with growing numbers of direct payments.
- ii. The safeguarding, quality and risk service, which includes budgets for residential and nursing care for older adults and physical disability, is projected to overspend its budget by £0.4m.
- iii. The assessment and support planning service for domiciliary care is now projected to overspend by £0.2m although this is offset by recovery of unspent sums from recipients of direct payments.
- iv. Overall, the proportion of the purchased services budgets spent on home care and direct payments has increased in this financial year for older adults and stayed the same for younger adults. Further reducing the dependence on residential care and supporting more clients in their own homes, which is the overall strategy being pursued, would bear down further on costs.

7.4 A net underspend of £0.4m is forecast for the **Crime Reduction and Supporting People** division.

7.5 This is net of a forecast overspend within the youth offending service of £0.2m as a result of the changes to the financing of secure remand and youth detention, where local authorities now bear all of the financial risk associated with this provision. This is a volatile area of spend which is not entirely controllable in that costs are driven by the number of local young people ordered into secure remand by the courts, the severity of their offences and hence how long they are held pending the court process.

- 7.6 The division is due to deliver significant savings on the supporting people programme this year and next. At present the service is on target to achieve programme savings of £1.2m for 2013/14. However, this requires that significant de-commissioning of services and renegotiation of contracts goes ahead as planned. There are some significant risks within this for 2014/15 although in the current financial year Supporting People budgets are projected to underspend by £0.2m. The Drugs & Alcohol service is also projected to underspend by £0.4m; this relates to services funded from the Public Health Grant.
- 7.7 From April 2013, responsibility for local **Public Health** functions transferred to local authorities. Resources to fund these new functions in Lewisham have been transferred in the form of a specific grant of £19.5m in 2013/14. This includes £4.9m relating to drug & alcohol funding that has been managed by the council locally for the last five years so only £14.6m of this funding is new.
- 7.8 At the present time commitments against this budget are £18.9m. A process has begun to consider and prioritise options for the use of the sum currently not committed. These changes will require approval by the Mayor. At this stage it is assumed that none of this will be committed on new activity but that it will be used to support eligible base budget activity. This will result in an underspend of £0.6m. However the options remain either to commit the grant on new projects in this year or to carry the unspent balance forward to 2014/15; to the extent that either of these options are pursued, the total underspend would reduce.
- 7.9 The **Cultural and Community Services** division is projected to underspend by £0.4m in 2013/14. There is a forecast underspend of £0.1m within the budget for the Broadway Theatre which is offset by a similar overspend within the Deptford Lounge budget and various other minor variances. Across the division as a whole there is a staffing underspend of £0.1m, reflecting the early delivery of planned savings.
- 7.10 The **Community Education Lewisham** (CEL) service is forecast to spend to budget. However, the treatment of some of the grant income, which is planned to finance capital works at the Brockley site, has not yet been fully determined. This might impact on the presentation of the forecast (although not on the total cash spend).
- 7.11 The **community grants sector** service is forecasting an underspend of £0.3m, which comprises a large number of relatively small amounts (for example; where planned grants will not currently proceed due to matters to be resolved with individual groups). The largest single item making up the underspend is £0.1m in respect of the reduced contribution to the London Boroughs Grants Scheme.
- 7.12 The available 2013/14 funding for the **Community Sector Investment Fund** is £2.1m, after taking account of unspent amounts rolled forward from previous years. A report to Mayor and Cabinet on 10 July 2013 set out the spending plans against this budget. There is expected to be a small in year underspend but permission to carry this forward will be sought at year end. In 2012/13 a significant element of the movement between the early forecasts and final results for the directorate was due to those early forecasts being, in hindsight, unduly optimistic with regard to the ability to commission and spend these grants within the year. The forecast of only a small variance should therefore

be regarded with some caution although decisions allocating £2m of the £2.1m available funding to specific organisations have now been taken.

## 8. Customer Services

- 8.1 As at 30 September 2013 an overspend of £1.5m is forecast. This represents an increase of £0.3m compared to the overspend forecast at this point last year of £1.2m. The final variation at outturn was a £0.9m overspend.

Customer Services Directorate – Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/(under) spend
	£'000	£'000	£'000	£'000
Strategic Housing and Regulatory services	13,589	(10,055)	3,534	500
Environment	41,098	(20,348)	20,750	86
Public Services *	21,879	(16,943)	4,936	961
Strategy & Performance	2,092	(240)	1,852	0
<b>Total</b>	<b>78,658</b>	<b>(47,586)</b>	<b>31,072</b>	<b>1,547</b>

\* - excludes £225m of matching income and expenditure in respect of housing benefits

- 8.2 Within the **strategic housing service** slippage in the planned implementation of a major reorganisation is currently creating a pressure on salaries budgets of £0.2m. This is to be managed down throughout the year although ER/VR costs relating to the restructuring materialising through the year may have an impact on the outturn.
- 8.3 The number of clients in bed and breakfast accommodation has risen from an average of 79.5 in 2012/13 to an average of 145 in September 2013. The number of “live” rent accounts relating to Bed and Breakfast at the end of September 2013 is 165. This compares to 78 as at the end of September 2012. Should this level of demand be maintained throughout the year an overspend of around £0.8m would be expected. It was previously reported that this was expected to be mitigated by the final stream of temporary accommodation units coming into service in the autumn and the implementation of alternative procurement arrangements. Whilst some mitigation is still expected the continued growth in numbers means that the overspend is expected to be around £0.5m by the end of the financial year.
- 8.4 There are also forecast overspends of £0.1m within the Private Sector Leasing (PSL) budget, where void rates are currently higher than anticipated. This is expected to be managed down throughout the year and a balanced budget achieved.
- 8.5 The **Environment division** is projecting an overspend of £0.1m resulting from reduced income from pest control and bereavement services and a number of minor overspends across the division. Management action to reallocate unspent resources from across the directorate is being used to offset the long term income shortfall at Beckenham Place Park.
- 8.6 The **Public Services division** projected overspend is £1.0m. Parking budgets account for the entire overspend, largely as a result of a shortfall in parking income (£0.7m), additional legal costs relating to Parking Control Notices (£0.1m) and the non achievement of savings relating to the new contract (£0.2m).

- 8.7 The table below gives a more detailed analysis of the projected position in respect of parking budgets together with a comparison with last year's performance.

<b>Parking Management</b>	<b>2013/14 Budget</b>	<b>2013/14 Forecast over/(under)</b>	<b>2012/13 Variation</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
Fines	(2,867)	(383)	(473)
Pay and Display	(2,794)	762	332
Permit	(2,340)	319	382
Other	(100)	5	(76)
<b>Total income</b>	<b>(8,101)</b>	<b>703</b>	<b>165</b>
Enforcement contract	1,573	214	513
Car park running costs	231	-14	-10
Management and administration	325	36	119
Legal fees	114	75	87
<b>Total expenditure</b>	<b>2,243</b>	<b>321</b>	<b>709</b>
<b>Net income</b>	<b>(5,858)</b>	<b>1,024</b>	<b>874</b>

- 8.8 The largest contributor to the income shortfall is a significant reduction in pay and display income. The decline experienced over the last two years has continued. Indications are that income will drop by 10%, approximately £0.3m, in 2013/14. In addition to this, the planned closure of two car parks during the year will result in a £0.2m loss of income.
- 8.9 The shortfall in savings relates to the introduction of cashless parking payments. This will materialise over the life of the new contract but not in the first year of operation.
- 8.10 Additional management and legal costs are incurred in the collection of Parking Control Notices (PCNs). The costs are offset by income raised through improved collection.
- 8.11 A recent High Court judgement (David Atfield v London Borough of Barnet) has been reviewed by officers. The judgement did not comment on the level of the charges but the rationale for determining what the charges should be. The judgement makes clear that the only lawful basis for deciding on parking charges of any sort is the traffic management reasons set out as the objectives of the traffic regulation in the Road Traffic Regulations Act 1984. The judgement also sets out that Councils can lawfully make a surplus on their parking account, the law does not require charges to be set as to simply cover costs. It is also lawful to forecast what that surplus may be and to take this into account in budget setting. However, this should not become a target or a budget in its own right.
- 8.12 The Council set its charges according to the relevant legislation. Officers consider the Council's policy and charges are appropriate and comply with the Road Traffic Regulations Act 1984.
- 8.13 Other Public Services budgets are projecting balanced budgets overall.



## 9. Resources and Regeneration

- 9.1 The directorate is forecasting an underspend of £0.2m. At this point last year an underspend of £1m was forecast and the result for last year was an underspend of £1.1m. The table below sets out this year's forecast by service division.

Resources and Regeneration Directorate - Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/(under) spend
	£000s	£000s	£000s	£000s
Audit & Risk	5,438	(2,633)	2,805	63
Corporate Policy & Governance	3,589	(54)	3,535	(239)
Finance	6,497	(1,234)	5,263	(368)
Executive Office	221	0	221	(30)
Personnel & Development	3,353	(270)	3,083	(5)
Legal Services	2,734	(395)	2,339	109
Strategy	2,840	(424)	2,416	(116)
IMT	10,302	(1,177)	9,125	491
Planning & Economic Development	3,692	(1,527)	2,165	(22)
Regeneration & Asset Management	19,678	(5,281)	14,397	(108)
<b>Total</b>	<b>58,344</b>	<b>(12,995)</b>	<b>45,349</b>	<b>(225)</b>

- 9.2 The **Audit & Risk Division** is forecasting an overspend of £0.1m that relates to insurance premium renewal. An element of these costs may be attributable to the HRA and work is underway to quantify any recharge that will bring this overspend back within budget.
- 9.3 The **Corporate Policy & Governance Division** is forecasting an underspend of £0.3m. Of this £0.2m is in staffing costs where several posts are being held vacant and £0.1m is the aggregation of a series of smaller underspends across various supplies and services budgets.
- 9.4 The **Finance division** is forecast to underspend by £0.4m. The bulk of this relates to the contingency for the directorate that is held within this division and is currently forecast to underspend by £0.4m. The underspend on this area has increased since last month due to the inclusion of the pay award that is held here pending reallocation.
- 9.5 The **Legal Services** budget is projected to overspend by £0.1m. This is partly due to agency staffing costs arising on posts for which permanent recruitment is underway.
- 9.6 The significant cost pressure for the directorate is within the **Information Management and Technology** service, at £0.5m. This principally relates to the onerous leases for photocopiers which it will not be possible fully to exit from until August 2014. This issue was highlighted throughout 2012/13, in which year the service underspent by £0.1m. The main contract for core IT services is also forecast to overspend by £0.2m and the impact of redundancies following from the recent restructuring also adds £0.1m to the position. Additional costs on the implementation of the Oracle upgrade has also added £0.1m to the forecast. However, there are offsetting savings in printing costs and SLA income with Lewisham Homes which have brought the overall forecast down to the projected overspend of £0.5m.

## **10. Corporate Provisions and Treasury Management**

- 10.1 The Corporate financial provisions include working balances, Capital Expenditure charged to the Revenue Account (CERA) and interest on revenue balances. Although they are not expected to overspend, certainty on the outturn on these provisions will only become clear towards the end of the financial year.
- 10.2 With continued concerns about the stability of the banking sector, the Council's treasury management strategy continues to be focused on avoiding risk. Investment returns are at such historically low levels that there is in any case little opportunity to seek higher returns, except at unreasonable levels of risk, and so there is relatively little upside in pursuing an alternative strategy. The effect of this is that real returns, after inflation, are negative.

## **11 Dedicated Schools' Grant**

- 11.1 As at 31 March 2013 balances held by schools were £15.7m in aggregate, £2.3m higher than the equivalent figure a year before.
- 11.2 There is a capping limit which the Schools' Forum can apply if a primary school or special school has balances in excess of 8% of its budget, or 5% for a secondary school. Under this agreed definition there are 32 schools with excess balances which total £5.5m in aggregate. The Schools' Forum has identified nine of these schools as being of particular concern, which accounts for £2.8m, slightly more than half of the excess balances. The Forum has agreed to cap these schools' balances at the percentage levels set out above, but to release the funds back to the schools concerned on completion of a satisfactory budget plan. If those plans are not then delivered the excess balances will be distributed to other schools in 2014/15. Of the 9 schools mentioned above eight of the schools have been visited and challenged about their spending plans and discussions with the last schools will take place shortly.
- 11.3 Currently three schools will be in deficit at the year end, namely Trinity, Sedgehill and Edmund Waller. All three are in the process of applying for a licensed deficit.
- 11.4 The only budget pressure is on the independent school fees budget where there are currently 12 more pupils placed than allowed for in the budget. The cost for this year can be met from contingency. Subject to other funding uncertainties being resolved in a cost-neutral way, (for example; for post 16 high needs funding where student numbers and costs will not be clear until after September), the current forecast is that expenditure on the DSG, which is of course mostly delegated to schools, will be on budget.
- 11.5 While the budget pressure identified on SEN can be met this year from the contingency this is only a short term solution to the problem. The budgetary pressure is expected to increase over the coming months as the pupil numbers grow and funding does not keep pace with the growth. The national funding arrangements for high need children is such that no inflation is taken into account and only a partial allowance is made for growth in numbers. The expected shortfall in 2014/15 is £0.5m and in 2015/16 this will grow to £2.0m. With this in mind the Schools' Forum have set up a sub-group to consider this

issue and they will report back to the Forum later in 2013/14 on possible areas of saving to cover the £0.5m for next year and, in a further 12 months time, a more detailed report on the long term capacity issues within Lewisham for High Needs children.

## 12. Housing Revenue Account

- 12.1 The Housing Revenue Account is projecting an underspend of £0.5m. The table below sets out the budgets and projected variations by service

HRA – Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/(under) spend
	£'000	£'000	£'000	£'000
Customer Services – Housing	12,176	(3,172)	9,004	238
Lewisham Homes & Repairs and Maintenance	36,538	0	36,538	0
Resources	1,634	0	1,634	0
Rents and Service Charges	0	(80,065)	(80,065)	(713)
HRA Subsidy	0	(34,353)	(34,353)	0
Capital and Debt Financing (net of Major Works income)	72,382	(9,176)	63,206	0
Other Centrally Managed Budgets	5,006	(970)	4,036	21
<b>Total</b>	<b>127,736</b>	<b>(127,736)</b>	<b>0</b>	<b>(485)</b>

- 12.2 The £0.2m overspend in Customer Services Housing Budgets relates to reduced rent and service charge income from hostels due to higher than budgeted void rates. The current void rate is 15.92% compared to a budget rate of 14.9%.
- 12.3 Rent income is forecast to exceed budget by £0.7m. This is because: (1) voids (other than hostels) are currently running at a lower level than budgeted for; and (2) vacancies resulting from regeneration schemes are now expected to be less in 2013/14 than originally forecast.
- 12.4 The rent collection rate for current year rents is 98.25%. This falls to 94.74% when brought forward arrears are taken into account.

## 13. Collection Fund

- 13.1 As at 30 September 2013, £54.1m of Council Tax had been collected, 50.65% of the total amount due for the year of £106.8m. This is 0.48% lower than the profiled collection rate of 51.13% if the overall target for the year of 94.5% is to be met. At the same time last year, the collection rate to date was 51.17%, 0.52% higher than this year.
- 13.2 Business rates collection is at 65.52%, an increase of 0.78% compared to the same period last year and 1.18% higher than the 64.34% profiled collection rate if the overall target rate for the year of 98.5% is to be achieved.

## 14. Capital Expenditure

- 14.1 The overall spend this year to the end of September is £44.3m, which is only 29% of the Budget and 34% of the Latest Forecast. Following substantial schools capital works during the summer, the forecast expenditure for the year has been reduced for a number of these projects.
- 14.2 For the non-schools schemes, project managers are still reporting that they expect to deliver their projects on budget this year. Given the latest spend, it is probable that a number of these forecasts are not realistic, since on a straight-line average (which is broadly appropriate for the programme as a whole) around 50% of the programme should have been spent to date if it were to be delivered on time. A number of these schemes are currently being reviewed and amended forecasts will be reported in the next monitoring where appropriate.

	2013/14 Budget	2013/14 Forecast	Spend to 30 Sept	Budget Spent to Date	Forecast Spent to Date
	£m	£m	£m	%	%
Community Services	1.6	1.6	0.3	19	19
Resources & Regeneration	19.6	19.3	4.6	23	24
CYP	69.1	50.7	24.1	35	48
Customer Services	3.9	4.0	0.3	8	8
Housing (Gen Fund)	11.7	11.4	1.3	11	11
<b>Total General Fund</b>	<b>105.9</b>	<b>87.0</b>	<b>30.6</b>	<b>29</b>	<b>35</b>
HRA - Council	2.1	2.3	1.4	67	61
HRA - Lewisham Homes	42.8	42.8	12.3	29	29
<b>Total HRA</b>	<b>44.9</b>	<b>45.1</b>	<b>13.7</b>	<b>31</b>	<b>31</b>
<b>Total Expenditure</b>	<b>150.8</b>	<b>132.1</b>	<b>44.3</b>	<b>29</b>	<b>34</b>

- 14.3 The table below shows the current position on the major projects in the 2013/14 General Fund capital programme (i.e. those over £1m in 2013/14).

	2013/14 Budget	2013/14 Forecast	Spend to 30 Sep	Budget Spent to Date	Forecast Spent to Date
	£m	£m	£m	%	%
TfL - Highways and Bridges	3.4	3.7	1.1	32	30
LBL - Highways and Bridges	5.5	5.5	0.1	2	2
Catford Broadway & Town Centre Regeneration	6.5	6.5	0.6	9	9
Asset Management Programme	2.4	2.4	0.3	13	13
BSF - Prendergast Hilly Fields	8.6	8.6	6.8	79	79
BSF - Sydenham	10.0	10.0	4.1	41	41
BSF – Brent Knoll	2.8	2.8	0.0	0	0
Primary Places Programme	36.6	20.6	10.3	28	50
Other Schools Capital Works	10.2	8.0	2.5	25	31
Vehicle Replacement	2.1	2.1	0.0	0	0
Lewisham Mortuary - Cremator	1.2	1.2	0.2	17	17
Disabled Facilities / Private Sector Grants	1.7	1.4	0.5	29	36
Housing Regeneration Schemes (Kender, Excalibur, Heathside and Lethbridge)	5.2	5.1	0.7	13	14
Deptford Station, Town Centre & High Street Improvements	1.6	2.0	1.2	75	60

14.4 One of the main sources of financing the programme is capital receipts from the sale of property assets. £3.4m of usable receipts have been received so far this year, comprising £1.7m in respect of previous year's Housing stock transfers, £0.6m (net) from Housing Right to Buy sales and £1.1m from other sales.

## **15. Financial Implications**

15.1 This report concerns the financial forecasts for the 2013/14 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 relevant to this report.

## **18. Equalities Implications**

18.1 There are no equalities implications relevant to this report.

## **19. Environmental Implications**

19.1 There are no environmental implications relevant to this report.

## **20. Conclusion**

20.1 Members should note the action being taken to address the issues identified in this report.

## **BACKGROUND PAPERS AND APPENDICES**

None

If there are any queries on this report, please contact;

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