Public Accounts Committee		
Report Title	**Financial forecasts for 2013/14**	
Key decision	**No**	**Item No. 5**
Ward	**N/A**	
Contributors	**EXECUTIVE DIRECTOR FOR RESOURCES & REGENERATION**	
Class	**Part 1**	**Date: 25 March 2014**

1 SUMMARY OF THE REPORT

1.1 This report sets out the financial forecasts for 2013/14 as at 31 January 2014.

1.2 The key areas to note are as follows:

i. An underspend of £0.3m against the directorates' net general fund revenue budget is forecast. At the same time last year an underspend of £2.9m 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 2013/14 capital programme, the forecast expenditure for the year is now £120.6m, compared to the original budget of £150.8m and the Budget Report figure of £125.2m. At 31 January 2014, 69% of the forecast had been spent, still below the figure expected if the programme is to be delivered in full. The comparable figure to 31 January last year was 63% of the forecast; with the final outturn being 83% of the forecast outturn.

iv. The Housing Revenue Account (HRA) is projecting an underspend of £1.7m.

v. The Dedicated Schools Grant (DSG) is forecast to be spent to budget but 2 schools are expected to apply for a licensed deficit.

vi. As at 31 January 2014 council tax collection is 0.44% lower than last year in terms of the percentage of gross cash collected and 0.25% lower against this year's profile. Performance statistics for the first 10 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 0.32% lower than the same period last year and is 2.89% lower than required to achieve the target of 98.50% for the year.

2 PURPOSE OF THE REPORT

2.1 To set out the financial forecasts for 2013/14.

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 underspend of £0.3m. At the same time last year an underspend of £2.9m was forecast. The final 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	**3,567**
Community Services	178,813	(60,599)	118,214	**(4,436)**
Customer Services (2)	78,440	(47,368)	31,072	**1,923**
Resources & Regeneration	58,344	(12,995)	45,349	**(1,312)**
Directorate total	**395,207**	**(141,413)**	**253,794**	**(258)**
Corporate items			30,838	
Budget requirement			**284,632**	

(1) – gross figures exclude £251m 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	2,195	158	6
Resources & Regeneration	5,082	4,664	418	8
Total	**20,934**	**19,758**	**1,076**	**5**

5.3 The variance reported above for Community Services represents the proposed saving from the reablement service. 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 £3.6m. At this time last year the forecast was for an underspend of £1.0m and the result was an underspend of £1.1m. The overall position is summarised in the table below. The level of overspend has increased significantly in recent months as a result of increased spending on families with no recourse to public funds.

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	49,465	(1,892)	(583)	46,990	4,798
Standards and Achievements	5,356	(221)	(2,138)	2,997	(342)
School Infrastructure	1,546	0	(15)	1,531	0
Targeted Services and Joint Commissioning	15,177	(1,076)	(2,245)	11,796	(239)
Resources & Performance	8,126	0	(10,955)	(2,829)	(650)
Schools	0	0	(1,326)	(1,326)	0
Total	**79,610**	**(3,189)**	**(17,262)**	**59,159**	**3,567**

6.2 There are cost pressures amounting to £6.2m in **Children's Social Care**, which are in three areas:

i. *Clients with no recourse to public funds which is creating a cost pressure of £4.2m.* The budget for spending in this area is £0.7m but the significant increase in client numbers has resulted in forecast spend for the current year of £4.9m. The spending pressure results from the cost of accommodating and providing other support to families who have made 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. Lewisham is not the only authority in London facing pressure from these costs but the impact seems greater in Lewisham than elsewhere. A survey is currently being carried out by the Association of London Directors of Childrens Services to establish the effect across London of additional spending pressures in this area.

   A fundamental review has been carried out of the processes in Lewisham for agreeing to take on new cases, the way in which cases for which responsibility has been taken on are managed, and measures than can be taken to speed up Home Office decision making on right to remain. In addition, a review is being carried out of the way in which we have procured accommodation for these families. A budget of £0.3m has been agreed to fund a new team to develop policies, procedures and new practice for the service.

ii. *The placement budget for looked after children (LAC)* which is currently forecast to overspend by £1.2m. This is broadly in line with the level of overspend projected earlier in the year. The number of LAC has stayed the same as December and totals 490.

iii. *Children leaving care which is currently forecast to overspend by £0.8m.* There are an increasing number of young people leaving care who require support and, together with the national changes in housing benefit, this has created pressure on this budget since last year. Delays in finding appropriate accommodation for some of the young people result in them remaining in expensive provision. The current average caseload is 55 fte against budget assumption of 23 fte. The unit cost of these placements has been brought down from £140 per day at the start of the year to the current cost of £106 per day. Currently the management action is focused on increasing the usage of Supported Lodgings and also using preferred provider agreements. This is expected to deliver a saving of £0.3m in a full year. Other measures are being developed to reduce the cost of accommodation and the number of placements to reduce spend further.

6.3 Efficiency measures, over and above those agreed in the budget, are expected to offset £1.4m of the pressures in Children's Social Care, with a further £1.2m of savings in the other service areas. This leaves an overall forecast overspend of £3.6m (£6.2m cost pressures less £2.6m efficiencies).

7 COMMUNITY SERVICES

7.1 As at 31 January 2014, the directorate forecasts an underspend of £4.4m. The underspend is broken down across the directorate as set out below. This remains significantly greater than the forecast underspend of £1.1m at the same point last year. The actual result last year was an underspend of £2.2m. The reasons for the underspend are summarised below.

Community Services Directorate – Service Area	Gross budgeted expenditure	Gross budgeted income	Net budget	Forecast over/ (under) spend
	£'000	£'000	£'000	£'000
Cultural and Community Development	24,264	(7,474)	16,791	(596)
Adult Services Division	112,180	(30,869)	81,311	(2,278)
Public Health	14,648	(14,648)	0	(818)
Crime Reduction & Supporting People	25,680	(7,625)	18,055	(570)
Strategy & Performance	2,319	(236)	2,083	(201)
Community Reserves	0	(26)	(26)	26
Total	**178,873**	**(60,659)**	**118,214**	**(4,436)**

7.2 **Adult Services** is now forecast to underspend by £2.3m. This assumes that £1.1m of the funding to be transferred from health in 2013/14 will be used to address base budget issues.

7.3 As is to be expected on a budget of £112m, a number of over and underspends are forecast against individual services. Increased underspend of the transferred health funding means that there is now a clear net underspend, with most savings delivered as proposed.

7.4 The key issues to note are as follows:

i. Most areas of the budget are underspent but the largest variance relates to the funding transferred from health; as at period ten an underspend of £1.1m is projected.

ii. The 2014/15 budget assumes additional savings of £7.2m for adult social care. Although the transferred health funding increases by £1.14m in that year compared to 2013/14 this leaves over £6m of savings to be found in other ways.

iii. Over £1m of unspent direct payments were recovered from Freewood when the DP service was brought back in house. Part of this will be repaid to clients to give them a 6 week contingency on their cards. There is also some unpaid tax relating to carers wages. Any remaining balance will increase the in-year underspend. Further, there is a £0.2m underspend against the original budget for the Freewood contract.

iv. The ongoing review of learning disability services has reduced projected costs with a further £0.1m drop between periods nine and ten.

v. Mental health budgets continue to underspend, the largest variance being on residential placements. Overall, the projected underspend on the service has increased from £0.2m from £0.3m since period 9.

vi. 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. This strategy will be refined in the light of a planned move away from acute hospital care to more community-based care.

7.5 A net underspend of £0.6m is forecast for the **Crime Reduction and Supporting People** division.

7.6 This is net of a forecast overspend within the *youth offending service* of £0.4m 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.

7.7 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. 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.

7.8 The *Drugs & Alcohol service* is also projected to underspend by £0.7m which relates to services funded from the Public Health Grant.

7.9 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.

7.10 At the present time commitments against this budget are £18.0m. 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 £0.8m, in addition to the £0.7m underspend on substance misuse budgets described in paragraph 7.8. 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 is pursued, the total underspend would reduce.

7.11 There remains a budget risk on prescription drugs. Whereas the local transfer from health was arranged on the basis that budgets for prescription drugs associated with transferred activities would remain with health, the Department of Health has now issued guidance indicating that these costs should be borne by local authorities. Officers are seeking clarification on this from the DH and will seek a local resolution with the CCG but at this stage a potential pressure of up to £0.8m (in 13/14 and future years) should be noted. This has not been included in the projections in the current report.

7.12 The **Cultural and Community Services** division is projected to underspend by £0.6m in 2013/14. Projected variances by service are as follows :

Service	**Projected variance (£k)**
Broadway theatre	-75
Libraries - Deptford Lounge	57
Sport + Leisure	-64
Community Sector Grants	-299
ND Local Assemblies	-48
Events	35
Cultural and Community Development	-189
Other	-13
Total	**-596**

7.13 The Community Sector Grants service is forecasting an underspend of £0.3m, with the largest items being an underspend of £0.1m in respect of the reduced contribution to the London Boroughs Grants Scheme and an increased underspend on the budget set aside to fund organisations in crisis. The balance 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).

7.14 The available 2013/14 funding for the Community Sector Investment Fund, which is part of the Community Sector Grants budget, is £2.1m, after taking account of unspent amounts rolled forward from previous years. There is expected to be a small in year underspend but permission to carry this forward will be sought at year end. The assemblies budget is also now showing an underspend. Late decisions on allocations of funding by some assemblies make it necessary for requests to be made to carry forward unspent sums.

7.15 A £0.1m overspend is projected on the Deptford Lounge budget due to adjustments for prior year income. . The Broadway Theatre budget is projected to underspend through early achievement of savings and better performance on show bookings.

7.16 Across the division as a whole there is a staffing underspend (shown against Cultural & Community Development), reflecting the early delivery of planned savings.

8 CUSTOMER SERVICES

8.1 As at 31 January 2014 an overspend of £1.9m is forecast. The projected overspend at this period last year was £0.8m, marginally lower than the actual overspend at outturn of £0.9m.

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	1,100
Environment	41,167	(20,130)	21,037	131
Public Services *	21,879	(16,943)	4,936	739
Strategy & Performance	1,805	(240)	1,565	(47)
Total	**78,440**	**(47,368)**	**31,072**	**1,923**

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

8.2 The **Strategic Housing Service** is now projecting an overspend of £1.1m, an increase of £0.1m since the last report. The main contributor to the overspend is the cost of bed and breakfast accommodation where a £1.0m overspend is being reported.

8.3 The number of clients in bed and breakfast accommodation rose from an average of 79 in 2012/13 to an average of 177 for the first 10 months of 2013/14. The number of "live" rent accounts relating to Bed and Breakfast at the end of January 2014 was 250. This compares to 76 as at the end of January 2013. A number of initiatives are currently being developed to manage demand, including a dedicated team of homeless prevention officers, measures to identify the early indications of potential homelessness and the establishment of a fund to support work with landlords who are considering terminating a tenancy that would then become a homeless application requiring temporary accommodation. Officers are also looking to procure additional temporary accommodation to reduce the reliance on Bed and Breakfast. These measures are expected to stop the increase in demand in the current year with a longer term aim of reducing demand in the next financial year.

8.4 There are also forecast overspends of £0.1m within the Private Sector Leasing (PSL) budget, where void rates in excess of 3.9% are currently higher than the budget rate of 3%. Work currently in hand to increase the number of properties used by the PSL scheme, & reduce the void rate, should reduce the costs during 2014/15.

8.5 The **Environment division** is projecting an overspend of £0.1m. Tree works required following storms in January added to the overspend which was also affected by reduced income from the pest control service and the bereavement services. The overspend has been offset to some extent by a higher than estimated rebate from SELCHP.

8.6 The **Public Services division** projected overspend is £0.7m. Parking budgets are projected to overspend by £0.9m, largely as a result of a shortfall in parking income (£0.7m) and the non achievement of savings relating to the new contract (£0.2m). There is an offsetting underspend of £0.1m as a result of a small reduction in agency staff costs across the service and a small increase in income in Registrars.

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.

Parking Management	2013/14 Budget	2013/14 Forecast over/(under)	2012/13 Variation
	£k	**£k**	**£k**
Fines	(2,867)	(383)	(473)
Pay and Display	(2,794)	694	332
Permit	(2,340)	374	382
Other	(100)	5	(76)
Total income	**(8,101)**	**690**	**165**
Enforcement contract	1,573	158	513
Car park running costs	231	32	(10)
Management and administration	325	18	119
Legal fees	114	-44	87
Total expenditure	**2,243**	**164**	**709**
Net income	**(5,858)**	**854**	**874**

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.

8.9 A review of the collection process for Parking Control Notices (PCNs) has led to a reduction in legal costs. However, an overspend is now projected in car park running costs due to higher than anticipated electricity costs largely as a result of bills being based on actual readings instead of, as previously, estimated readings.

8.10 Other Public Services budgets are projecting an underspend of £0.2m. This is made up of a number of small underspends across the service.

9. RESOURCES AND REGENERATION

9.1 The directorate is forecasting an underspend of £1.3m. At the end of January last year an underspend of £1.5m 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	(38)
Corporate Policy & Governance	3,589	(54)	3,535	(234)
Finance	6,497	(1,234)	5,263	(291)
Executive Office	221	0	221	(31)
Personnel & Development	3,353	(270)	3,083	(168)
Legal Services	2,734	(395)	2,339	106
Strategy	2,840	(424)	2,416	(311)
IMT	10,302	(1,177)	9,125	168
Planning & Economic Development	3,692	(1,527)	2,165	(177)
Regeneration & Asset Management	19,678	(5,281)	14,397	(336)
Total	**58,344**	**(12,995)**	**45,349**	**(1,312)**

9.2 The **Audit & Risk** division is forecasting an underspend of £38k. The forecast includes a projected overspend of £0.1m that relates to the insurance premium renewal, an element of which may be rechargeable to the HRA. In addition, the actuary report on the level of insurance provisions is likely to impact on the year end position. The forecast overspend on insurance is offset by forecast underspends on Health & Safety, Internal Audit and Anti Fraud & Corruption Team.

9.3 The **Corporate Policy & Governance** division is forecasting an underspend of £0.2m. This is mainly in respect of staffing costs where several posts are being held vacant though it also includes a series of smaller underspends across various supplies and services budgets.

9.4 The **Finance** division is forecast to underspend by £0.3m. The bulk of this relates to the contingency for the directorate that is held within this division.

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 **Strategy** division is forecasting an underspend of £0.3m due to grant funding that was expected to end in 2012/13 being mainstreamed into the base budget and held unspent and also delays in the recruitment of apprentices and project delivery.

9.7 The main cost pressure for the directorate is within the **IMT** service, at £0.2m, though this overspend has reduced since the last report. The overspend partly relates to the onerous leases for photocopiers which it will not be possible fully to exit from until August 2014 though reduced copying costs have now reduced this pressure. 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 due to unachieved savings in respect of reductions in council wide information technological requirements that were forecast but have not arisen e.g. the numbers of laptops/desktops supported and licences required. In addition, redundancy costs add £0.1m to the projected overspend. Additional costs arising from the delayed implementation of the Oracle upgrade have further reduced as these will not now be incurred until next financial year 14/15. There are also offsetting savings in printing costs and SLA income with Lewisham Homes.

9.8 **The Regeneration & Asset Management** division is forecasting an underspend of £0.3m. There are a number of compensating variances in this area; however the main cause of the underspend currently forecast is the streetlighting PFI contract and flood management where works are not now due to take place until next financial year 14/15.

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. These provisions are not expected to overspend, but certainty on their outturn only becomes clear after 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, wherever possible. Given that investment returns continue to remain at historically low levels, there is little opportunity to seek higher returns, except at unreasonable levels of risk. Therefore, there is little to be gained in pursuing an alternative investment strategy for the Council at the current time.

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. All the 9 schools mentioned above have been visited and challenged about their spending plans and apart from one intend to bring their balances down to the level of the cap. The one school that is unable to do this has been saving up for additional capital works for when they move into a new site. The agreement for the move has not been completed and it is unlikely that the school will now spend the balance.

11.3 Currently two schools will be in deficit at the year end, Trinity and Edmund Waller. The Mayor and Cabinet considered Trinity's licensed deficit on 4 December 2013 and agreed it. Work is on-going with Edmund Waller to agree their recovery plan.

11.4 The only budget pressure is on the independent school fees budget for children with Special Education Needs where there are currently 12 more pupils placed than allowed for in the budget. The cost for this year can be met from contingency. 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. . The Schools Forum on 12 December 2013 agreed measures to address these forecast shortfalls. Further work is being carried out to address long term capacity issues in Lewisham for High Needs children.

12. HOUSING REVENUE ACCOUNT

12.1 The Housing Revenue Account is projecting an underspend of £1.7m. 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**
Housing management (LBL & PFI)	12,176	(3,172)	9,004	123
Lewisham Homes management costs (including R&M)	36,538	0	36,538	(800)
Management and Support services (LBL) (including SLAs)	1,634	0	1,634	0
Energy costs	2,768	0	2,768	0
Capital and Debt Financing	65,206		65,206	0
Provisions and contingencies	2,238	0	2,238	24
Rents and Service Charges	0	(83,035)	(83,035)	(1,047)
Government Grants (PFI Credit/Decent Homes Funding)	0	(34,353)	(34,353)	0
Total	**120,560**	**(120,560)**	**0**	**(1,700)**

12.2 The projected £0.1m overspend in the Council's own housing management budget relates to reduced rent and service charge income from hostels due to higher than budgeted void rates. The current void rate is 13.37% compared to a budget rate of 10%.

12.3 An underspend of £0.8m is being forecast against the Repairs and Maintenance budget, managed by Lewisham Homes on behalf of the Council.

12.4 The overachievement of £1.0m of income from rents and service charges results from voids being lower than budgeted and units in regeneration schemes remaining occupied for longer than planned.

.13. COLLECTION FUND

13.1 As at 31January 2014, £88.3m of Council Tax had been collected, 83.00% of the total amount due for the year of £106.4m. This is 0.25% lower than the profiled collection rate of 83.25% 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 83.44%, 0.44% higher than this year.

13.2 Business rates collection was at 93.98% at 31st December 2014, a reduction of 0.32% compared to the same period last year and 2.89% lower than the 96.87% 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 January is £83.4m, which is 69% of the Latest Forecast. The Latest Forecast has been reduced from £125.2m in the Budget Report (based on the end of December monitoring) to £120.6m. This is due to the further rephasing of a number of schools schemes, including the Sydenham BSF Scheme. All schemes in the programme are kept under review and any significant amended forecasts will be reported in the next monitoring. It is possible that this will happen, since on a straight-line average (which is broadly appropriate for the programme as a whole) around 83% of the programme should have been spent to date if it were to be delivered on time.

2013/14 Capital Programme	Budget Report (Feb 14)	Latest Forecast	Spend to 31 Jan 14	Spent to date as %age of forecast
	£m	**£m**	**£m**	**%**
Community Services	1.8	1.7	0.8	47
Resources & Regeneration	19.5	19.5	8.8	45
CYP	49.0	45.4	36.7	81
Customer Services	3.9	3.2	2.8	88
Housing (Gen Fund)	5.6	5.6	4.8	86
Total General Fund	**79.8**	**75.4**	**53.9**	**71**
HRA - Council	2.6	2.4	1.9	79
HRA - Lewisham Homes	42.8	42.8	27.6	64
Total HRA	**45.4**	**45.2**	**29.5**	**65**
Total Expenditure	**125.2**	**120.6**	**83.4**	**69**

14.2 It should be noted that at the same point last year 63% of the forecast outturn for the capital programme had been spent. The final outturn for last year was that 83% of the forecast outturn was spent.

14.3 The table below shows spending at the end of January on the major projects in the 2013/14 General Fund capital programme (i.e. those over £1m in 2013/14).

2013/14 Capital Programme	Budget Report (Feb 14)	Latest Forecast	Spend to 31 Jan 14	Spent to date as %age of forecast
	£m	**£m**	**£m**	**%**
Vehicle Replacement	2.1	2.1	2.1	100
Housing Regeneration Schemes (Kender, Excalibur, Heathside and Lethbridge)	3.9	3.7	3.3	89
BSF - Prendergast Hilly Fields	8.6	8.6	7.6	88
Primary Places Programme	20.6	19.3	16.6	86
BSF - Sydenham	10.0	8.8	7.2	82
Deptford Station, Town Centre & High Street Improvements	2.0	2.0	1.6	80
Other Schools Capital Works	7.3	6.4	4.4	69
Lewisham Mortuary - Cremator	1.2	0.6	0.4	67
Disabled Facilities / Private Sector Grants	1.2	1.2	0.8	67
Highways and Bridges (TfL)	4.0	4.0	2.2	55
Catford Broadway & Town Centre Regeneration	2.4	2.2	1.1	50
Asset Management Programme	2.4	2.4	0.9	38
BSF – Brent Knoll	1.8	1.6	0.4	25
Highways and Bridges (LBL)	5.5	5.5	1.1	20

14.4 The areas with under 60% of spend by the end of January 2014 were as follows:

a. Highways and bridges – spending from Transport for London funds and from the Council's own resources was 55% and 20% respectively. The low level of reported spend was a combination of delay in overall programme approval, the time it takes to design more complex schemes (mainly TfL funded), and delays in bills being received from contractors.

b. Asset management programme – spending on this programme was 38%. This low percentage results from a combination of accounting treatment (costs that were charged to revenue need to be transferred to capital) and ensuring the programme of works is tied in with wider asset rationalisation plans.

c. Brent Knoll (25%) and Catford Broadway (50%) – these are both schemes that started late in the financial year and the pattern of spend reflects this.

Officers are confident that the allocations in each of these areas will be spent by the end of the year.

14.4 One of the main sources of financing the programme is capital receipts from the sale of property assets. £9.3m of usable receipts had been received by the end of January 2014, comprising £2.8m in respect of previous year's Housing stock transfers, £2.0m (net) from Housing Right to Buy sales, £3.0m from Kender Phase 4 and £1.5m from other sales.

15 Financial Implications

15.1 This report concerns the financial forecasts for the 2013/14 financial year.

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.

BACKGROUND PAPERS AND APPENDICES

None

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

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