

PUBLIC ACCOUNTS SELECT COMMITTEE

REPORT TITLE	Financial Forecasts 2014/15		
KEY DECISION	No	Item No.	7
WARD	N/A		
CONTRIBUTORS	Executive Director for Resources and Regeneration		
CLASS	Part 1	Date	9 July 2014

REASONS FOR LATENESS AND URGENCY

This report was not available for the original dispatch because it was necessary to analyse in greater detail the forecasted year-end budget position. The report is urgent and cannot wait until the next meeting of the Public Accounts Select Committee on 22 September 2014 as this is too far into the financial year for this Committee to consider the Council's initial forecast position.

Where a report is received less than five clear days before the date of the meeting at which the matter is being considered, then under the Local Government Act 1972, Section 100(b)(4), the Chair of the Committee can take the matter as a matter of urgency if he is satisfied that there are special circumstances requiring it to be treated as a matter of urgency. These special circumstances have to be specified in the minutes of the meeting.

1 EXECUTIVE SUMMARY

1.1 This report sets out the financial forecasts for 2014/15 as at 31 May 2014. The key areas to note are as follows:

- An overspend of £11.2m against the directorates' net General Fund revenue budget is forecast. This compares to an underspend of £1.8m reported at the end of 2013/14. At the same time last year, an underspend of £0.3m was forecast.
- The forecast expenditure on the capital programme for the year is now £136.5m, compared to the figure reported in the Budget 2014 of £126.4m. As at 31 May 2014, 11% of the forecast had been spent (£15.6m) which is slightly below the figure expected if the programme is to be delivered in full. The comparable figure to 31 May 2013 was 8% of the budget of £119.8m, with the final outturn being 96% of the revised budget.
- The Housing Revenue Account (HRA) is forecast to spend to budget.
- The Dedicated Schools Grant (DSG) is forecast to spend to budget, but three schools are expected to apply for a licensed deficit.
- As at 31 May 2014, Council Tax collection is 0.14% higher than last year in terms of the percentage of gross cash collected. This year's profile is currently being achieved.

- Business rates collection is 2% higher than the same period last year and is 4.3% higher than required to achieve the target of 98.5% for the year.

2 PURPOSE

- 2.1 To set out the Council's financial forecasts for 2014/15.

3 RECOMMENDATIONS

The Public Accounts Select Committee is asked to:

- 3.1 note the financial forecasts for the year ended 31 March 2015.
- 3.2 note the actions being taken by the Executive Directors to manage down the forecasted year-end overspend and ask them to report back at the next available opportunity on the progress being made to address the forecasted overspend position.
- 3.3 note the updated capital budgets as 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 which is 'inspiring efficiency, effectiveness and equity'.

5 OVERALL DIRECTORATE OUTTURN

- 5.1 The forecasts against the directorates' net General Fund revenue budgets are shown in the Table 1 below. In summary, this is projecting a year-end overspend of £11.2m, against an underspend of £1.8m as at the end of 2013/14. At the same time last year an overspend of £0.3m was forecast.

Table 1 – Overall Directorate position for 2014/15

Directorate	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/ (under) spend May 2014	Final over/ (under) spend Outturn 2013/14
	£m	£m	£m	£m	£m
Children & Young People	74.3	(20.4)	53.9	8.1	4.1
Community Services	164.3	(56.3)	108.0	1.1	(5.1)
Customer Services	100.8	(63.4)	37.4	2.2	1.6
Resources & Regeneration	43.5	(11.9)	31.6	(0.2)	(2.4)
Directorate Totals	382.9	(152.0)	230.9	11.2	(1.8)
Corporate Items			37.2	0.0	0.0
Overall Total	382.9	(152.0)	268.1	11.2	(1.8)

(1) – gross figures exclude £268m 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 budget forecasts provided at this stage of the financial year are usually higher than outturn. However, the scale of the variance which is forecast now, is significantly greater than in recent years. Table 2 illustrates that in recent years, the highest forecasted overspend position at this stage of the financial year peaked in the 2011/12. It is also noticeable that in each of the four years since 2010/11, the forecast overspend position had been managed down to result in a year-end underspend for the council.

Table 2 – Councilwide forecast and outturn positions for 2010/14

	2010/11	2011/12	2012/13	2013/14
	£m	£m	£m	£m
Forecast Overspend (31 st May)	0.7	2.1	1.7	0.3
Final Outturn – over/(under)spend	(1.7)	(1.8)	(3.5)	(1.8)

5.3 This projected year-end overspend for 2014/15 suggests that the council faces pressures of a different order than normal. This is further compounded by the fact that the council needs to make further revenue budget reductions over the medium term. Ultimately, stringent management action needs to be taken now to manage the position down by the year end.

5.4 It should be noted that in setting the council's budget for 2014, a sum of £3.9m was set aside and is being held corporately for managing 'risks and other budget pressures'. These are for such items which although difficult to quantify with absolute certainty, could prove significant should they materialise and be confirmed by the year end. The Executive Director for Resources and Regeneration advises that the overall net forecast overspend position of £11.2m could in part be alleviated by the entire use of this corporately held balance. However, due to the volatility of the position, it is important that further controls need to be put in place to ensure that the above position does not worsen further, but significantly improves towards the end of the year and that on-going progress to manage the position continues to be monitored.

6 CHILDREN & YOUNG PEOPLE

6.1 The directorate is forecasting a year-end overspend of £8.1m. This has been set out in Table 3. This time last year the forecast was for an overspend of £0.4m and the year end result was an overspend of £4.1m.

Table 3 – Children & Young People Directorate

Service Area	Gross budgeted spend	Gross budgeted income – grants	Gross budgeted income - other	Net budget	Forecast over / (under) spend
	£m	£m	£m	£m	£m
Children's Social Care	45.9	(1.9)	(0.6)	43.4	2.4
No Recourse to Public Funds	0.7	0.0	0.0	0.7	5.7
Standards & Achievements	4.2	(0.2)	(2.2)	1.8	0.0
Education Infrastructure	1.4	0.0	0.0	1.4	0.0

Targeted Services and Joint Commissioning	13.2	(1.1)	(2.2)	9.9	0.0
Resources & Performance	8.9	0.0	(10.9)	(2.0)	0.0
Schools	0.0	0.0	(1.3)	(1.3)	0.0
Total	74.3	(3.2)	(17.2)	53.9	8.1

6.2 The most significant cost pressures for the directorate fall within the children's social care service area and these amount to £8.1m. These are in the following three services areas.

6.2.1 Clients with *no recourse to public funds* is creating a cost pressure of £5.7m. These are 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. The forecast is based on the current payment levels and does not include any allowance for growth. There is on average two new cases each week. A new team has been established and has been tasked with identifying and employing measures to help alleviate these pressures. It is also worth noting that some work is being done by London Councils to assess the feasibility of these costs being considered as a 'new burden' and thereby reimbursable by government. This work remains on-going and officers will update members at the appropriate time.

6.2.2 The placement budget for *looked after children (LAC)* is currently forecast to overspend by £1.6m. The number of LAC total 495. As a result of agreed savings proposals and corporate additions, there has been no net increase in the budget which allows for a total of 460. The three year spend figures are £22.8m for 2011/12, £22.6m for 2012/13 and £23.0m for 2013/14. This shows that despite pressure on placements, expenditure in this area has been kept constant. In 2013/14, a lesser overspend was achieved due to once-off events that are not foreseen in this year. Expenditure has remained constant through a rigorous approach on procurement of places and the strategy to recruit in-house foster carers rather than use external foster carers or residential placements.

6.2.3 Members should note that further action is proposed to review residential placements with the aim being to implement 12 different placement arrangements expected to save £1,000 each per week. This would save a further £0.3m in this financial year.

6.2.4 *Children leaving care* is currently forecast to overspend by £0.8m. The number of clients now total 70. This is a reduction from the start of the year of 86. The forecast is based on the current level being at a level which does not exceed 70 throughout the remainder of the financial year.

6.2.5 The leaving care numbers have increased significantly over last three years, but given the need to make council-wide budget reductions over this period, the budget for this service has not kept pace. The main cost is lodgings for these young people. The continuation of work with the council's housing department aims to achieve best value for these placements, but the market for such accommodation is very difficult. There are organisations who will seek out appropriate accommodation for a finders fee. This is anticipated to generate an in-year saving of some £0.1m. An examination of age profile suggests that numbers supported should fall and the projection reflects a reduced overspend of £0.1m on this basis.

- 6.3 There are currently no budget pressures in the rest of the Children and Young People directorate that cannot be managed.
- 6.4 The key unit costs and activity levels within children's social care are summarised in Table 4 below.

Table 4 – Average weekly unit costs

	Average weekly unit costs		Client numbers
	May 2013 (£)	May 2014 (£)	May 2014
Local authority fostering	354	365	209
Agency fostering	890	867	203
Residential homes	2,908	3,127	50*

* This includes 7 clients who are in residential schools

- 6.5 These weekly unit costs demonstrate the importance of the directorate's strategy for shifting the balance of provision towards fostering, as well as trying to bear down on costs. For example, every client moving from agency to local authority fostering results in a saving of around £26k per annum and around £118k for every movement from a residential placement to agency fostering.

7 COMMUNITY SERVICES

- 7.1 The directorate is forecasting a year-end overspend of £1.1m. At the same time last year, an underspend of £0.4m was projected with the actual results last year being an underspend of £5.1m.

Table 5 – Community Services

Service Area	Gross budgeted expenditure	Gross budgeted income	Net budget	Forecast over/ (under) spend
	£m	£m	£m	£m
Cultural & Community Development	22.4	(7.8)	14.6	(0.3)
Adult Services Division	105.5	(26.7)	78.8	2.3
Public Health	14.4	(14.4)	0.0	(0.4)
Crime Reduction & Supporting People	19.4	(7.2)	12.2	0.0
Strategy, Improvements & Partnerships	2.6	(0.2)	2.4	(0.5)
Total	164.3	(56.3)	108.0	1.1

- 7.2 *Adult services* is forecast to overspend by £2.3m. This assumes achievement later in the year of savings of £1.9m in addition to savings already achieved. At the end of the last financial year, adult services underspent by £2.1m.
- 7.3 There are a number of over and underspends forecast against individual services within this area. Increased underspends 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. Social work staffing budgets are predicted to overspend by £0.5m. This is mostly due to the increased costs associated with Deprivation of Liberty Safeguards (DOLS) cases where activity has increased significantly in recent months following the recent Cheshire West court case. The full restructure of the social work service will now take effect in mid-July. For the first three months of the year, costs were higher than budgeted and this contributes to the overspend.
- ii. The in-house day care service is forecast to underspend by £0.7m. This reflects the reduced use of the centres as more service users receive non-building based services.
- iii. The largest overspends are on budgets for packages and placements where current forecasts are for an overspend of up to £3m. Part of this is attributable to demographic factors with increasing numbers of very frail elderly, older people with dementia and younger physically disabled people. This pressure was estimated during the budget process at approximately £1m.
- iv. A further part of the overspend matches the reduced use of in-house day care, where the realignment of budgets will reduce overspends in one area and underspends in the other.
- v. Each year during the winter period, there is a seasonal increase reduction of placements and packages of care ending, due to deaths. The winter of 2013/14 was unusually mild and the normal seasonal reduction in packages was lower this year with people needing higher levels of service. The number of packages and placements that ceased over the last 3 years were 588 for 2012, 466 for 2013 and 267 for 2014. Expressed financially, the greater number of deaths over the start of 2013 meant that services costs reduced by £50k per week more in 2013 than 2014.
- vi. There is evidence of increased activity from the hospital with more people being discharged who require intensive care packages. This has added to social care costs. Officers are working to analyse the cost increase in this area and will seek some additional funding from health. The overspend on packages and placements also includes care provided to adults with no recourse to public funds.

7.5 The 2014/15 budget assumes savings of £7.2m for adult social care. As at the end of May 2014, savings of £3.9m had already been delivered. Delivery of a further £1.9m is expected in-year and is assumed in the figures in this report. Achievement of the remaining savings is not certain in this financial year. However, work is ongoing to progress these and to identify other areas where spend can be contained to offset any potential non-achievement.

7.6 A net balanced position is forecast for *crime reduction and supporting people*, compared to an underspend of £1.4m in 2013/14.

7.7 In 2013/14, there was an overspend within the *youth offending service* of £0.3m as a result of the changes to the financing of secure remand and youth detention, meaning that local authorities now bear the full 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. The numbers of placements have been unusually low in the first two months, so no overspend is forecast. This trend may not continue in the rest of the year, but the service will seek to absorb any increase in costs within its overall budget.

- 7.8 From April 2013, responsibility for local public health functions transferred to local authorities. Resources to fund these new functions were transferred in the form of a specific grant of £20.2m in 2014/15. This includes £4.9m relating to drug & alcohol funding that has been managed by the council locally, so only the balance of £15.3m is managed by public health.
- 7.9 There are currently commitments against this budget totalling £14.9m. 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 £0.4m.
- 7.10 The *cultural and community services division* is forecasting an underspend of £0.3m compared to an underspend of £0.4m last year. Once-off underspends totalling £0.3m are projected for the leisure service representing two reimbursements from contractors from events in previous years. The *community sector grants* service is forecasting an underspend of £0.1m which relates to a reduced contribution to the London Boroughs Grants Scheme and a minor underspend on individual grant allocations due to groups not taking up their grant offer.
- 7.11 There is a £0.1m overspend forecast on the Deptford Lounge budget due to low levels of income generated from third party room hire which continues to be significantly lower than both the budgeted figure and income levels assumed in the original projections for the Deptford Lounge complex. The Broadway Theatre budget is forecasted to overspend by £0.1m due to slippage against delivery of 2014/15 savings.
- 7.12 The *strategy, improvements and partnerships division* is projecting an underspend on staffing of £0.5m which predominantly relates to the directorate management team budget.

8 CUSTOMER SERVICES

- 8.1 The directorate is forecasting a year-end overspend of £2.2m. This compares to an overspend at the end of 2013/14 of £1.6m. The projection for the same period last year was £1m.

Table 6 – Customer Services

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/(under) spend
	£m	£m	£m	£m
Strategic Housing and Regulatory services	13.7	(10.9)	2.8	1.8
Environment	40.3	(19.3)	21.0	0.3
Public Services *	37.3	(31.8)	5.5	0.0
Strategy & Performance (inc. IMT)	9.5	(1.4)	8.1	0.1
Total	100.8	(63.4)	37.4	2.2

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

- 8.2 The strategic housing and regulatory services is forecasting an overspend of £1.8m. The main contributor to the overspend is the cost of bed and breakfast (B&B) accommodation where a £1.5m overspend is being reported. The additional £0.3m has arisen due to the delayed implementation of proposed savings in *housing needs* and *housing partnership and development*.
- 8.3 The number of B&B tenancies as at end of May 2014 was 382. This compares to 123 at the same time last year and is an increase of 64 on the figure as at the end of 2013/14. At this level, the overspend would be expected to be in the region of £2m. The forecast of £1.5m reflects an estimate of the impact of measures to reduce demand by increasing focus on homelessness prevention and an increase in supply by giving priority to homelessness cases in other forms of temporary accommodation and the increase in hostel places expected by the year end. However, there is a risk that if the numbers continue to increase at the rate they have been in the first two months of the year, then the overspend could rise to approximately £3m by the year end.
- 8.4 The supply measures mentioned above will impact on the private sector leasing (PSL) budget in the short term, where a higher turnover will increase the loss of income due to increased void rates. Increased turnover will also impact on repairs and maintenance costs. This could be met from balances held in reserves for this purpose.
- 8.5 Officers are currently considering options for reducing expenditure, the redirection of grant funding and the use of balances to offset the overspend arising from the slippage in implementing savings proposals.
- 8.6 The *environment division* is forecasting an overspend of £0.3m. This has mostly arisen from projected income shortfalls in *bereavement services* and the *lumber service* in *street management* of £0.2m in total. The balance of £0.1m relates to an overspend on staffing in street management. Officers are reviewing options to reduce expenditure with a view to minimise the impact of the overspend within the division.
- 8.7 The *public services division* is projecting to spend to budget.
- 8.8 The *strategy and performance division* is projecting a £0.1m overspend. This is attributable to the *information management and technology* (IMT) service where delays in the implementation of a reorganisation has resulted in a £0.3m forecasted overspend. This is offset by additional income of £0.1m in *Inprint services* and digital imaging and a number of minor underspends across the service. Officers are reviewing options to reduce expenditure to minimise the impact of the overspend within the service.

9. RESOURCES AND REGENERATION

- 9.1 The directorate is forecasting an underspend of £0.2m. At this point last year, an underspend of £0.7m was forecast and the result for last year was an underspend of £2.4m. The table below sets out this year's forecast by service division.

Table 7 – Resources & Regeneration

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/(under) spend
	£m	£m	£m	£m
Audit & Risk	5.5	(2.6)	2.9	0.2
Corporate Policy & Governance	3.4	0	3.4	(0.3)
Finance	5.2	(1.2)	4.0	(0.2)
Executive Office	0.2	0	0.2	0.0
Personnel & Development	3.0	(0.3)	2.7	(0.1)
Legal Services	2.7	(0.4)	2.3	0.0
Strategy	2.5	(0.4)	2.1	(0.1)
Planning & Economic Development	3.4	(1.6)	1.8	(0.2)
Regeneration & Asset Management	17.6	(5.4)	12.2	0.5
Total	43.5	(11.9)	31.6	(0.2)

- 9.2 The *audit & risk division* is forecasting an overspend of £0.2m. This is mainly due to instability in the insurance market leading to potential additional costs for the council's liability insurance premium. Officers are currently working with insurers to minimise any additional costs and the outcome will be reported in future monitoring reports. As highlighted in previous years, a proportion of any additional costs will be attributable to the Housing Revenue Accounts (HRA) and schools and once any increase is finalised, the relevant apportionment will be calculated which is likely to have the effect of reducing the forecast shown.
- 9.3 The *corporate policy & governance division* is forecasting an underspend of £0.3m. 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 £0.2m. The bulk of this relates to the contingency for the directorate that is held within this division.
- 9.5 The *personnel & development division* is forecast to underspend by £0.1m. This is mainly due to reduced spend on learning & development and workforce planning.
- 9.6 The *legal services division* is projecting a small overspend of £0.04m. This is mainly due to staffing costs, but may be reduced by income in relation to Lewisham Hospital which is yet to be finalised.
- 9.7 The *strategy division* is forecasting an underspend of £0.1m. This is mainly due to delayed recruitment of apprentices.
- 9.8 The *planning division* is forecasting an underspend of £0.2m. This is due to forecast increased land charge income.
- 9.9 The *regeneration & asset management division* is forecasting an overspend of £0.5m. This is mainly due to staffing costs pending a reorganisation later in the year.

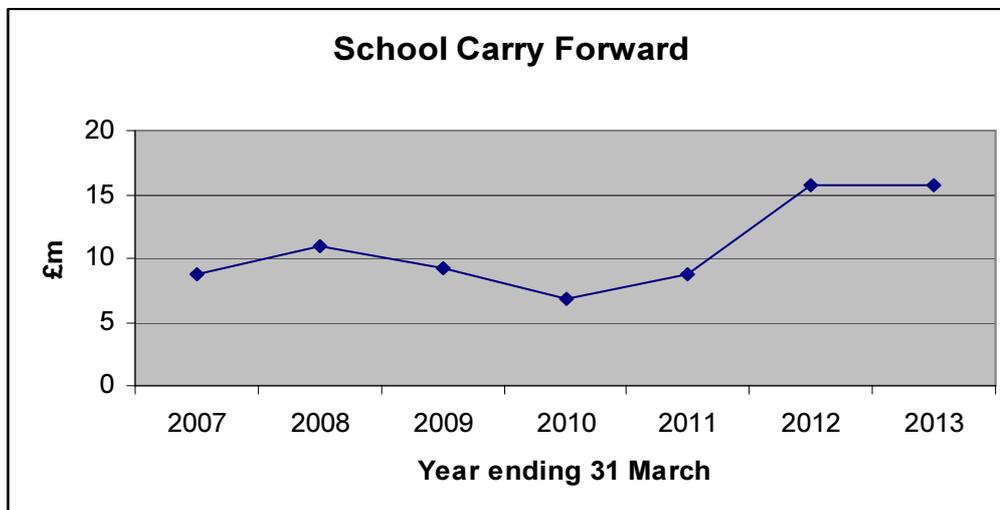
10 CORPORATE PROVISIONS AND TREASURY MANAGEMENT

- 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 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 at 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. 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.

11 DEDICATED SCHOOLS' GRANT (DSG)

- 11.1 The total year end balances in schools was £15.7m. The balance at the end of the previous year also stood at £15.7m, as shown in Chart 1 below. This has stopped the trend of recent years where the carry forward balance in schools was increasing. The amount of funds that are deemed as excess balances (8% of a school's budget in primary and special schools, 5% in a secondary school) has fallen from £5.5m to £4.7m.

Chart 1 – School carry forward from 2007 to 2013



Note: The average percentage balance for primary schools is 9% and 5% for secondary schools. For schools overall, the percentage carry forward is 8%.

- 11.2 There were nine schools that last year had an excess balance and the Schools' Forum asked that they be visited for a discussion to take place on managing their balances down. However, three of these schools have increased their carry forward. Two of these can demonstrate they are for good reasons. For the federated schools of Elfrida and Athelney, contractors were not able to undertake building works as the ground had been saturated with rain water over the winter while the works were underway. The costs will fall in 2014/15. At Adamsrill, negotiations with contractors have not been concluded in the timescales expected. Due to the complications of the school places programme, the expansion work at John Stainer has been

delayed. The schools planned capital works run concurrently with the places expansion work and have consequently been delayed.

- 11.3 Local Authorities received their final notification of the 'high needs block' on 31 March 2014. The overall DSG settlement is set out in Table 8.

Table 8 – DSG Settlement for 2014/15

	Before Academy Recoupment	After Academy recoupment
	£m	£m
2014/15 Schools Block	201.4	182.5
2014/15 Early Years Block	17.0	17.0
2014/15 High Needs Block	43.4	42.3
2014/15 Total additions and deductions for non block funding	6.8	6.8
2014/15 total DSG allocation	268.6	248.6

- 11.4 This compares with the figure of £267.7m stated in the Budget 2014 report to the full Council in February 2014. The extra funding relates to the high needs block and covers some of the growth that the council bid for. There will be further adjustments to the level of the DSG during the year, particularly on the early years numbers when the forecasts are revised to actual numbers.
- 11.5 The date for schools to submit their budget plans to the local authority was the 31 May 2014. Currently, returns from 93% or 79 schools have been received. Those schools that have not made a return have been written to. The returns that have been received are being analysed.
- 11.6 It is expected that at least two primary schools will apply for a licensed deficit as well as one secondary school. Trinity had a licensed deficit in place from last year, but good progress has been made and the financial position is better than expected at this stage of their recovery plan. There are a small number of schools where clarification on budget plans and budget figures is being sought.

12. HOUSING REVENUE ACCOUNT

- 12.1 The Housing Revenue Account (HRA) is projecting to spend to budget in 2014/15.

Table 9 – Housing Revenue Account

HRA – Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/(under) spend
	£m	£m	£m	£m
Housing management (LBL & PFI)	12.3	(2.9)	9.4	0.0
Lewisham Homes management costs (including R&M)	36.1	0.0	36.1	0.0
Management and Support services (LBL) (including SLAs)	2.0	0.0	2.0	0.0
Energy costs	3.0	0.0	3.0	0.0
Capital Financing	65.9	0.0	65.9	0.0

HRA – Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast over/(under) spend
	£m	£m	£m	£m
Balances, Provisions and contingencies	20.1	0.0	20.1	0.0
Rents, Service Charges and major works income	0.0	(90.2)	(90.2)	0.0
Government Grants (PFI Credit/Decent Homes Funding)	0.0	(46.3)	(46.3)	0.0
Total	139.4	139.4	0.0	0.0

13. COLLECTION FUND

- 13.1 As at 31 May 2014, £20.5m of council tax had been collected, which is 19.5% of the total amount due for the year of £105.1m. This is broadly on line with the profiled collection rate of 19.6% 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 19.36%, some 0.14% lower than this year.
- 13.2 Business rates collection is at 30.1%, which is an increase of 2% compared to the same period last year and 4.3% higher than the 25.8% profiled collection rate if the overall target rate for the year of 98.5% is to be achieved.

14. CAPITAL EXPENDITURE

- 14.1 Figures agreed at full Council when the budget was set have been updated and are being recommended 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, to update figures for known changes to grants and new projects and for the additional programme previously agreed by the Mayor for the highways repair budget.
- 14.2 The overall spend this financial year to the end of May 2014 is £15.2m. This is 11% of the revised budget.

Table 10 – Capital Programme

2014/15 Capital Programme	Budget Report (Feb 2014)	Revised Budget	Spend to 31 May 2014	Spent to Date (on Revenue Budget)
	£m	£m	£m	%
Community Services	0.5	1.3	0.1	8
Resources & Regeneration	7.8	11.8	0.1	1
Children & Young People	50.1	59.4	4.6	8
Customer Services	0.2	1.2	0.2	17
Housing (General Fund)	9.6	14.2	4.3	30
Total General Fund	68.2	87.9	9.3	11
HRA – Council	0.8	1.5	0.1	7
HRA - Lewisham Homes	57.5	47.0	5.8	12
Total HRA	58.3	48.5	5.9	12
Total Expenditure	126.5	136.4	15.2	11

- 14.3 Table 11 shows the current position on the major projects in the 2014/15 General Fund capital programme (i.e. those over £1m in 2014/15).

Table 11 – Summary of Major Capital Schemes

2014/15 Capital Programme	Budget Report (Feb 2014)	Revised Budget	Spend to 31 May 2014	Spent to Date (Revised Budget)
	£m	£m	£m	%
Housing Regeneration Schemes (Kender, Excalibur, Heathside and Lethbridge)	4.7	5.0	1.4	28.0
Primary Places Programme	25.1	25.5	1.4	5.0
BSF - Sydenham	9.9	11.9	2.4	20.0
BSF – Brent Knoll	5.6	6.8	0.7	10.0
Other Schools Capital Works	9.1	12.4	0.2	2.0
Acquisition & Conversion of properties	0.0	3.1	2.8	90.0
Disabled Facilities / Private Sector Grants	1.8	1.8	0.0	0.0
Catford Broadway & Town Centre Regeneration	2.8	3.5	0.0	0.0
Asset Management Programme	2.5	2.4	0.1	4.0
Highways and Bridges (TfL)	0.0	2.4	0.0	0.0
Highways and Bridges (LBL)	3.5	3.9	0.0	0.0

- 14.4 The main sources of financing the programme are grants, contributions, and capital receipts from the sale of property assets.

15 FINANCIAL IMPLICATIONS

- 15.1 This report concerns the financial forecasts for the 2014/15 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 IMPLICATIONS

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

19 ENVIRONMENTAL IMPLICATIONS

19.1 There are no environmental implications directly arising from this report.

20. CONCLUSION

20.1 The current projected overspend for the year of £11.2m is a concern and directorate management teams need to respond quickly and effectively to ensure this position is managed down over the coming months. The Executive Director for Resources and Regeneration will continue to work with directorate management teams across the council to effect the necessary actions to manage their service pressures and she also advises that directorate management teams will need to consider strengthening local controls on certain expenditure in the short term until monitoring reports show the necessary improvements.

20.2 It is vital that the Executive Directors of each of the directorates currently reporting a projected overspend to do everything possible to reduce these overspends by the end of the financial year. The Executive Director for Resources and Regeneration now advises that local DEPs (Directorate Expenditure Panel) be strengthened with immediate effect and should the projected overspend position worsen, then there is the possibility of introducing recruitment freezes, in-year savings or a CEP (Central Expenditure Panel) with both the Chief Executive and Executive Director for Resources and Regeneration as its members.

20.3 Members should note the management action is currently being taken which to address the issues identified in this report.

21. BACKGROUND PAPERS AND APPENDICES

None

For further information on this report, please contact:

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