Public Accounts Select Committee		
Title	Financial Forecasts 2016/17	
Contributor	Executive Director for Resources and Regeneration (Head of Financial Services)	Item 6
Class	Part 1 (open)	25 January 2017

1. EXECUTIVE SUMMARY

1.1 This report sets out the financial forecasts for 2016/17 as at 30th November 2016, reporting on any exceptional items to the end of December 2016. The key areas to note are as follows:

i. There is a forecast overspend of £11.6m against the directorates' net general fund revenue budget, an increase of £2m compared to the position reported in August 2016. This is set out in more detail in sections five to nine of this report. It compares to a final outturn of £3.1m for 2015/16 which resulted after applying £3.2m of funding for 'risks and other budget pressures' against the directorates' year-end overspend of £6.3m for that year.

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

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

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

v. The Housing Revenue Account (HRA) is currently projecting a surplus of £1.1m, but this will be reinvested to maintain a balanced budget position. This is set out in more detail in section 12 of this report.

vi. As at 30th November 2016, some 67.4% of council tax due and 74% of business rates due had been collected. At this point last year, 67.1% of council tax due and 78.7% of business rates due had been collected. This is set out in more detail in section 13 of this report.

vii. For the 2016/17 capital programme, at 30th November 2016 some £37.5m or 44% of the revised budget had been spent, which is below the profile figure expected if the programme is to be delivered in full. The comparable figure to 30th November last year was 42% of the budget of £130.9m, with the final outturn being 80% of the revised budget of £118.1m. This is set out in more detail in section 14 of this report.

2. PURPOSE

2.1 The purpose of this report is to set out the financial forecasts for 2016/17 as at the end of November 2016, and also reporting on any exceptional items to the end of December 2016, projected to the year end.

3. RECOMMENDATION

3.1 The Public Accounts Select Committee is recommended to:

3.2 Note the current financial forecasts for the year ending 31 March 2017 and the action being taken by the Executive Directors to manage down the forecasted year-end overspend.

4. POLICY CONTEXT

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

5. DIRECTORATE FORECAST OUTTURN

5.1 The forecasts against the directorates' general fund revenue budgets are shown in Table 1 below. In summary, a forecast year-end overspend of £11.6m is being reported as at the end of November 2016. At the same time last year, an overspend of some £8.1m was forecast. Members should note that for 2016/17, there is a sum of £3.75m held corporately for managing 'risks and other budget pressures' which emerge during the year. As in previous years, the Executive Director for Resources and Regeneration will give due consideration as to when it might be appropriate to apply this sum to alleviate budget pressures. This consideration will happen towards the end of the financial year, after assessing the progress that has been made to manage down the current forecast overspend.

Table 1 – Overall Directorate position for 2016/17

Directorate	Gross budgeted spend	Gross budgeted income	Net budget	Forecast Outturn 2016/17	August 2016/17 Forecast
	£m	£m	£m	£m	£m
Children & Young People (1)	61.6	(14.0)	47.6	5.3	4.5
Community Services	170.0	(76.9)	93.1	3.4	3.1
Customer Services (2)	101.5	(57.0)	44.5	3.3	2.2
Resources & Regeneration	73.9	(46.9)	27.0	(0.4)	(0.2)
Directorate Totals	**407.0**	**(194.8)**	**212.2**	**11.6**	**9.6**
Corporate Items	24.0	0.0	24.0	0.0	0.0
Net Revenue Budget	**431.0**	**(194.8)**	**236.2**	**11.6**	**9.6**

(1) – gross figures exclude £309m of Dedicated Schools' Grant and other school related expenditure and matching grant income

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

5.2 Similar to the scale of the variances projected last year, the current overspending projections are significantly greater than those in recent earlier years. This suggests that the council continues to face budget pressures of a different order than normal.

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

6. CHILDREN AND YOUNG PEOPLE'S SERVICES

6.1 As at the end of November 2016, the children and young people's directorate is forecasting a £5.3m overspend. At the same time last year, the year-end forecast was an overspend of £6.8m, with the actual year-end outturn being an overspend of £7.4m.

Table 2 – Children & Young People Directorate

Service Area	Gross budgeted spend	Gross budgeted income – including grants*	Net budget	Forecast Outturn 2016/17	Forecast over/ (under) spend
	£m	£m	£m	£m	£m
Children's Social Care – includes No Recourse to Public Funds	43.4	(1.5)	41.9	45.7	3.8
Education, Standards and Inclusion	4.0	(2.7)	1.3	1.4	0.1
Targeted Services and Joint Commissioning	14.2	(8.5)	5.7	7.1	1.4
Schools	0.0	(1.3)	(1.3)	(1.3)	0.0
Total	**61.6**	**(14.0)**	**47.6**	**52.9**	**5.3**

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

6.2 The most significant cost pressures for the directorate fall within the *children's social* care division which amounts to £3.8m. This includes a forecast underspend of £0.2m on the *no recourse to public funds* budget. The key issues relating to the directorate's budget pressures have been set out in the following paragraphs.

6.3 The placement budget for *looked after children* is currently forecast to overspend by £2.3m with the current number of looked after children totalling 452.

6.4 *Children leaving care* is currently forecast to overspend by £0.4m. The overspend as at the end of last year was £1.3m. The reduction has been achieved through better procurement of accommodation and reducing numbers.

6.5 There is an additional pressure on the *Section 17* unrelated to no recourse to public funds of £0.6m and on salaries and wages which show a forecast overspend of £0.7m. This has mainly been created by greater use of agency of the last three months.

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

6.7 There were savings proposals to put forward on Attendance and Welfare, occupational therapy, Education Pyschologists and Multi agency planning that will not be delivered in full this year and a shortfall of £0.4m is expected. The short breaks budget is expected to overspend by £0.3m.

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

Table 3 – Fostering Client Numbers

Placement type	Average weekly unit costs		Client numbers
	Nov' 2016 (£)	**Nov' 2015 (£)**	**November 2016**
Local authority fostering	426	414	183
Agency fostering	912	902	154
Residential homes	3,723	3,672	60

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

7. COMMUNITY SERVICES

7.1 As at the end of November 2016, the community services directorate is forecasting an overspend on £3.4m. At the same time last year, the year-end forecast was an underspend of £0.2m, with the actual year-end outturn being an underspend of £1.2m.

Table 4 – Community Services Directorate

Service Area	Gross budgeted expenditure	Gross budgeted income	Net budget	Forecast Outturn 2016/17	Forecast over/ (under) spend
	£m	**£m**	**£m**	**£m**	**£m**
Adult Services Division	106.6	(36.3)	70.4	73.9	3.5
Cultural and Community Development	18.9	(7.3)	11.6	11.1	(0.5)
Public Health	17.6	(18.1)	(0.5)	0.8	1.3
Crime Reduction & Supporting People	18.5	(8.6)	9.9	9.1	(0.8)
Strategy & Performance	12.9	(11.3)	1.7	1.6	(0.1)
Total	**174.5**	**(81.5)**	**93.1**	**96.5**	**3.4**

7.2 The *adult services* division is forecast to overspend by £3.5m. The placement budgets, which has a projected overspend £3.8m, remains volatile in particular. The increase since the last period reflects increased costs of residential care in older adults' placements and changes associated with the reletting of contracts for home care at rates which include both travel time and London Loving Wage. The greatest pressures remain on learning disability where the costs of transition clients has added an estimated £2m to adult budgets over the past two financial years. This has been identified as a financial risk, but has not been funded. The increase since last period relates to transport costs.

7.3 The projected overspend includes expected pressures, identified as budget risks, from learning disability transition cases and Deprivation of Liberty Safeguards (DOLS) work of £0.2m. Revenue budget savings of £2.5m have been agreed for adult social care for 2016/17. Most of these have either already been achieved in full or will be achieved in the coming months. The impact of these is reflected in the projections. The current projections also assume use of £0.4m of the Care Act funding which is being held corporately.

7.4 In 2015/16, underspends on the original Better Care Fund (BCF) plan were used to address pressures within adult social care. In 2016/17, there are again likely to be underspends against the BCF programme as several larger schemes have yet to start. No formal decisions have yet been taken about the application of this underspend, however it is likely that part of the projected £1.4m underspend against the original programme will be available to fund existing adult social care spend that meets the criteria of the BCF. Decisions on allocation will be taken by the Secion 75 Board, but the projections in this report assume that 50% (£700k) is applied to the ASC budget in 2016/17.

7.5 The c*ultural and community services division* is forecasting an underspend of £0.5m. There is a projected underspend on the budget for the main leisure management contract and associated dilapidations budgets for the leisure centres of just over £0.3m. The core contract value has reduced over the last few years to reflect the increases in projected usage which were included in the original contract profile. There is potentially a further £0.3m underspend on the dilapidations budget. This is not currently being included in the monitoring position pending a decision on setting up an earmarked reserve/sinking fund to cover future capital investment in the leisure centre infrastructure. The current dilapidations budget forms part of the agreed package of savings totalling £1m for leisure management for the 2017/18 financial year and it is considered prudent to set some of this year's unused funding aside to cover future unforeseen events. An underspend of £0.15m is projected on the Libraries Service (including Deptford Lounge); this primarily reflects the decision to reduce discretionary service expenditure to address the budget pressures elsewhere in the directorate. There are a number of more minor variances across the division covering the budgets for the core staffing budget for *cultural and community development* team, the *Broadway Theatre, community sector grants* and *community centres* - at this stage these variances largely balance each other out.

7.6 In addition to the Council's £2m savings target across 2016/17 and 2017/18 for *public health,* these services are also subject to deliver a £2.08m reduction in grant funding in 2016/17 with further reductions expected in the next two financial years. Across 2016/17 and 2017/18, the service therefore has to identify savings in excess of £4m. Action has already been taken to reduce discretionary spend and a report to Mayor & Cabinet in October 2016 proposed consultation on a further set of disinvestments. However, it will not be possible to reduce spend in the current financial year by the full level of the funding reduction and an overspend of £1.3m is projected. This includes a pressure of £0.2m on school nursing budgets.

7.7 An underspend of £0.8m is projected on *crime reduction and supporting people*. There is a £0.4m projected underspend on the Supporting People Programme. This is arising mainly from the early achievement of the agreed 2017/18 contract savings. Elsewhere in the division, there is a projected underspend of £0.15m across staffing and operational budgets in the *crime, enforcement & regulation services.* There is also a further underspend of £0.2m in the budget for the *prevention & inclusion service*, primarily staffing related pending a restructure. There is also an underspend of £0.3m on *core drug & alcohol service*. Both of these services are largely funded via public health grant and these underspends are helping to ease the overall pressure on public health funding. The divisional underspends of £1.1m are being partially offset by the projected overspend of

£0.3m on the *youth offending service* budget. This overspend relates mainly to the budget for secure remand placements and has resulted from a combination of a reduction in government grant funding coupled with a significant upturn in the level of remand placements required by the courts.

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

8. CUSTOMER SERVICES

8.1 As at the end of November 2016, the forecast overspend for the Customer Services directorate is £3.3m. At the same time last year, the year-end forecast was an overspend of £3.6m, with the actual year-end outturn being an overspend of £3.9m.

Table 5 – Customer Services Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast Outturn 2016/17	Forecast over/ (under) spend
	£m	£m	£m	£m	£m
Strategic Housing	25.7	(20.2)	5.5	6.2	0.7
Environment	35.7	(16.8)	18.9	20.8	1.9
Public Services*	32.5	(19.0)	13.5	13.9	0.4
Strategy & IMT	7.6	(1.0)	6.6	6.9	0.3
Total	**101.5**	**(57.0)**	**44.5**	**47.8**	**3.3**

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

8.2 The *strategic housing service* is projecting an overspend of £0.7m. This relates to the action taken to manage the demand for temporary accommodation in the borough.

8.3 The number of people in nightly paid accommodation tenancies as at end of November 2016 was 530, compared to 523 reported in October 2016. This compares to 563 reported at the same period in 2015/16. Whilst there has been a slight increase in cases this month, the reduction in numbers over the year, together with the actions taken to manage costs has resulted in a balanced nightly paid accommodation budget. Measures taken to achieve this has, however, resulted in additional costs elsewhere within the strategic housing budget.

8.4 The *private sector leasing scheme (PSL)* is currently showing an overspend of £0.6m. This is due to a higher turnover of tenants as a result of actions to reduce the number of families in nightly paid accommodation and an increasing number of landlords withdrawing from the scheme and returning to the more lucrative private sector market. Both scenarios result in a loss of rental income and increased repairs and maintenance costs. These costs can be partially offset by balances set aside at the beginning of the PSL scheme for this purpose, but this is only a short term solution. Officers are currently looking into longer term options to supplement or replace the PSL scheme.

8.5 Incentives paid to landlords also contribute to the overspend. The council is projecting to pay £0.6m in incentives as a means of reducing the cost of nightly paid accommodation either by preventing families becoming homeless or retaining

PSL landlords. The cost effectiveness of the incentive schemes are under constant review. The table below compares the average costs of a placement in a 2 or 3 bedroom property to the average incentive paid.

Table 6 – Housing Placement Costs

	Average incentive paid	**Average cost per placement**	**Average saving per placement**
	£	£	£
Inner rate	2,700	5,000	2,300
Outer rate	2,700	8,000	5,300

8.6 The current overspend set out above totals £1.2m. This is offset by additional income from temporary accommodation of £0.5m, giving a projected net overspend of £0.7m.

8.7 The *environment division* is forecasting an overspend of £1.9m and this projection assumes the £1m cost of the disposal of dry recyclables will be met from corporate resources.

8.8 The environment budget includes planned savings in respect of transport provision across the council. A proposal to save £1m over two years was approved by Mayor & Cabinet as a part of the 2016/17 budget process and a Transport Board established to oversee its implementation. The saving would be achieved partly by efficiency savings in the management of the direct provision of transport by the fleet and passenger services section within the environment division, and partly by managing demand and provision within CYP and Community Services, with the latter producing the bulk of the saving. It should be noted that before the saving can be achieved, a £2.1m overspend on the provision of transport needs to be addressed

8.9 Some £0.5m of the environmental services overspend relate to additional vehicle hire costs as a result of a number of vehicles coming to the end of their operational life. The procurement process for the purchase of new vehicles is underway, but delivery times mean that this is likely to have little impact on the projection for this financial year.

8.10 Waste disposal budgets are projected to overspend by £0.3m. Whilst initiatives such as the garden waste service are designed to reduce the amount of residual waste, the number of properties in the borough has increased by around 2,000 in the past year. This has increased to number of tonnes sent for disposal and costs are expected to increase by £0.2m. In addition to this, increases in disposal charges are expected to increase the total pressure to £0.3m.

8.11 A shortfall in commercial waste income of £0.1m is expected, partly as a result of the reduction in the number of properties in the corporate estate.

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

8.13 For *bereavement services*, an overspend of £0.3m is projected. This has largely arisen from increased crematorium maintenance costs, initially planned to be offset by lower fuel costs when the cremator was replaced, and lower than budgeted income levels. There has been significant pressure on the services income budgets over several years arising from ambitious savings targets in increased income. The service is currently freezing all agency cover to help contain the reported pressures.

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

8.15 The *public services division* is forecasting an overspend of £0.4m. This has partly arisen as a result of increased resources of £0.1m being needed to support the corporate complaints function.

8.16 One of the risk areas is the recently established enforcement service. Income is currently projected to be below budgeted levels. A review of collection rates and options to recover the situation are currently being considered but it should be noted that, despite being below budget, the service is still earning a net income to the council that would have previously been paid to external providers.

8.17 The *technology and change* division continues to forecast an overspend of £0.3m. This is mainly as a result in delays to the reduction of server usage in the data centre.

9. RESOURCES AND REGENERATION

9.1 As at the end of November 2016, the Resources and Regeneration directorate is forecasting an underspend of £0.4m. At the same time last year, the year-end forecast was an underspend of £2.4m, with the actual year-end outturn being an underspend of £3.8m.

Table 7 – Resources and Regeneration Directorate

Service Area	Gross budgeted spend	Gross budgeted income	Net budget	Forecast Outturn 2016/17	Forecast over/ (under) spend
	£m	£m	£m	£m	£m
Corporate Resources	4.9	(2.5)	2.4	2.5	0.1
Corporate Policy & Governance	4.4	(0.1)	4.3	4.0	(0.3)
Financial Services	4.8	(1.3)	3.5	3.3	(0.2)
Executive Office	0.2	0.0	0.2	0.2	0.0
Human Resources	3.0	(0.3)	2.7	2.4	(0.3)
Legal Services	3.1	(0.4)	2.7	2.7	0.0
Strategy	2.5	(0.3)	2.2	1.8	(0.4)
Planning	2.6	(1.4)	1.2	1.2	0.0
Regeneration & Asset Mgt	48.4	(40.1)	8.3	9.0	0.7
Reserves	0.0	(0.4)	(0.4)	(0.4)	0.0
Total	**73.9**	**(46.9)**	**27.0**	**26.6**	**(0.4)**

9.2 The *corporate policy & governance* division (£0.3m), the *financial services* division (£0.2m), the *human resources* division (£0.3m) and the *strategy* division (£0.4m) are all forecasting underspends which are principally driven by underspending on salaries costs.

9.3 In the *planning* division, high levels of planning fee income are again being forecast for 2016/17, but this is being offset by higher salaries and supplies and services costs in order to manage the additional workload.

9.4 The *regeneration & asset management* division is forecasting an overspend of £0.7m. There is currently a £0.45m underachievement of income forecast in relation to large format advertising and small cell wireless devices. This income target was agreed as part of setting the 2016/17 budget. Officers will continue to progress with the options for these proposals and will continue to update members as the year progresses. There is also an underachievement of income from utilities companies against the network management budget of £0.25m. There are other areas of budget pressure including the costs of running the corporate estate £0.4m overspend forecast. However, these are partly offset by areas of underspending including on salaries costs to result in the overall position for the division.

9.5 The *corporate resources* division is forecasting a £0.1m overspend due to increased motor insurance premiums. This is an area of the insurance market that is hardening with rising costs and a higher premium tax following last year's budget. The outturn position is subject to change when the actuarial review of claims for 2016/17 and 2017/18 are finalised.

10. CORPORATE PROVISIONS

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

10.2 The council's treasury management strategy continues to be focused on avoiding risk, wherever possible. With investment returns still at historically low levels, albeit with indications of modest rate rises possible by the end of the calendar year, there is little opportunity to seek higher returns. However, the council continues to keep its strategy under review and assess alternative investment strategies to find the appropriate balance in the trade-off between return and risk. Members should note that similar to last year, a sum of £3.75m is being held corporately to help manage 'risks and other pressures' during 2016/17.

10.3 Members should note that a report on the mid-year treasury management position is contained elsewhere on this agenda.

11. DEDICATED SCHOOLS' GRANT

11.1 The Dedicated Schools' Grant (DSG) for 2016/17 now stands at £284.7m. The DSG is now £48m (or 20%) larger than the Council's net general fund budget. Further grants are given to schools and routed through the local authority. This includes the pupil premium (£17m), post 16 funding (£6m), and universal free school meals grant (£3m). Making total funds of £311m. In total this is £73m higher than the Council's net general fund.

Schools

11.2 At the end of the 2015/16 financial year there were 11 schools that had deficits. This compares with the three schools that had a license deficit agreement in place for the year end.

11.3 The latest budget monitoring returns show that there are now 17 schools predicting to be in deficit at the year end. There are 52 schools who are operating an in-year deficit in 2016/17, the schools have balanced their budget by using their carry forward. There are 26 reporting a zero balance at the year end.

11.4 On the 14th December 2016, the Department for Education issued their response to the national school funding reform consultation which took place in the spring. Sitting alongside the response is a further consultation which runs to the 22nd March 2017. This gives greater details of the impact of the national funding formula for schools.

The impact is less severe than original anticipated due to:

1. The introduction of at least £200m of additional funding in 2018/19 and 2019/20
2. The inclusion of a 3 per cent funding floor
3. Additional funding for high needs, ensuring that no LA loses high needs funding as a result of the new formula

11.5 The government has also released a consultation on the high needs block. There is built into this a provision that in the first year no local authority will lose funding and Lewisham will have this protection. The full implementation date is set for April 2018 where individual schools funding will be delivered by national funding rates.

Cost pressures in Schools

11.6 The Department for Education estimates that mainstream schools will have to find savings of £3bn (8.0%) by 2019/20 to counteract cumulative cost pressures, such as pay rises and higher employer contributions to national insurance and the teachers' pension scheme. The DFE expects that schools will need to make efficiency savings through better procurement (estimated savings of £1.3bn) and by using their staff more efficiently (the balance of £1.7bn). This is broadly in line with local estimates.

11.7 The national funding formula proposes reductions of 3% and the cost pressure above schools will have to find over the next three reductions of 11%. For the borough's largest secondary schools who have income of around £10m, this will mean savings of circa £1m.

11.8 The government has released a response to the consultation document on early years funding. While there is extra funding overall due to the funding of the new 30 hours child care for working families, the underlying position is a loss for Lewisham which will be £1.5m, but in the next two years there will be some protection and the loss will initially be £0.9m. The consultation closed on 22nd September 2016.

Mutual Funds

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

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

11.12 It is likely the School non sickness supply insurance scheme will overspend. This will be recharged to schools

12. HOUSING REVENUE ACCOUNT

12.1 The table below sets out the current budget for the Housing Revenue Account (HRA) in 2016/17. The balanced HRA budget seen in the table includes a budgeted surplus of £1.1m, which is to be transferred to reserves at year end as a part of the 30 year HRA plan.

12.2 The forecast position for November 2016 is for an additional surplus of £1.1m. Within that position, an increase in housing needs running costs of £0.2m are offset by a net increase in expected income of £0.8m due to a slowdown in stock loss and an underspend of £0.5m in repairs and maintenance.

Table 8 – Housing Revenue Account

Service Area	Expenditure Budget	Income Budget	2016/17 budget	Forecast over/ (under) spend
	£m	£m	£m	£m
Customer Services – Housing	11.7	(3.5)	8.2	0.2
Lewisham Homes & R&M	36.8	0	36.8	(0.5)
Resources	2.0	0	2.0	0
Centrally Managed Budgets	50.5	(97.5)	(47.0)	(0.8)
Total	**101.0**	**(101.0)**	**0**	**(1.1)**

13. COLLECTION FUND

13.1 As at 30 November 2016, £77.9m of council tax had been collected. This represents 67.4% of the total amount due for the year of £115.6m. This is 0.5% below the profiled collection rate of 67.9% 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 67.1%.

13.2 Business rates collection is at 74.0%, a decrease of 4.7% compared to the same period last year, and 4.7% lower than the profiled collection rate if the overall target rate for the year of 99% is to be achieved. Officers are investigating the reasons for the lower than profiled performance.

14. CAPITAL EXPENDITURE

14.1 The overall spend to 30th November 2016 is £37.5m. This represents 44% of the revised budget of £84.7m. At this point last year, 42% of the revised budget of £130.9m had been spent, with the final outturn being 80% of the revised budget of £118.1m.

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

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

Table 9 – Capital Programme

2016/17 Capital Programme	Budget Report (February 2016)	Revised Budget	Spend to 30th Nov' 2016	Spent to Date (Revised Budget)
	£m	**£m**	**£m**	**%**
Community Services	0.4	1.0	0.6	60
Resources & Regeneration	17.8	14.2	6.3	44
CYP	9.4	17.0	9.3	55
Customer Services	0.7	1.2	0.4	33
Housing (General Fund)	14.7	14.6	6.2	42
Total General Fund	**43.1**	**48.0**	**22.8**	**48**
Housing Matters Programme	50.9	14.8	6.2	42
Hostels Programme	0.4	0.4	0.0	0
Decent Homes Programme	34.8	21.5	8.5	40
Total HRA	**86.1**	**36.7**	**14.7**	**40**
Total Expenditure	**129.2**	**84.7**	**37.5**	**44**

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

Table 10 – Major Capital Projects

2016/17 Capital Programme	**Budget Report (February 2016)**	**Revised Budget**	**Spend to 30 Nov 2016**	**Spent to Date (Revised Budget)**
	£m	**£m**	**£m**	**%**
Housing Regeneration Schemes (Kender, Excalibur, Heathside and Lethbridge)	2.9	5.1	1.7	33
School Places Programme	6.0	9.7	4.9	51
BSF - Sydenham	1.2	2.2	1.9	86
Other Schools Capital Works	1.5	3.9	2.4	62
Disabled Facilities / Private Sector Grants	1.3	1.7	0.6	35
Highways and Bridges (TfL)	2.0	5.0	1.3	26
Asset Management Programme	3.1	1.5	0.7	47
Highways and Bridges (LBL)	4.0	3.5	2.5	71
Acquisition – Hostels Programme	1.5	1.6	1.1	69
Property Acquisition – Lewisham Homes	4.0	3.0	1.3	43
Surrey Canal	0.6	1.0	0.8	80
Total Major Projects	**28.1**	**38.2**	**19.2**	**50**
Other Projects	15.0	9.8	3.6	37
Total Projects - GF	**43.1**	**48.0**	**22.8**	**48**

14.5 The main sources of financing the programme are grants and contributions and capital receipts from the sale of property assets. A total of £24m has been received so far this year, comprising £0.2m in respect of previous year's Housing stock transfers, £10.3m (net) from Housing Right to Buy sales, £0.5m from other sales and £13.0m of Grants.

15. FINANCIAL IMPLICATIONS

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

16. LEGAL IMPLICATIONS

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

17. CRIME AND DISORDER ACT IMPLICATIONS

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

18. EQUALITIES AND ENVIRONMENTAL IMPLICATIONS

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

19. CONCLUSION

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

BACKGROUND PAPERS AND APPENDICES

Short Title of Report	Date	Location	Contact
Financial Outturn for 2015/16	1st May 2016 (M&C)	5th Floor Laurence House	Selwyn Thompson
Financial Forecasts for 2016/17 – May 2016	13th October 2016 (M&C)	5th Floor Laurence House	Selwyn Thompson
Financial Forecasts for 2016/17 – Sept' 2016	19th November 2016 (M&C)	5th Floor Laurence House	Selwyn Thompson

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