1. **SUMMARY**

1.1 This report presents the forecast year-end position in respect of the Council’s Revenue expenditure. At this stage the projection is a break even position assuming all the RWF savings are secured and appropriate management actions are taken to address base budget pressures across a range of service areas.

2. **RECOMMENDATIONS**

2.1 Cabinet is recommended to:

2.1.1 **Note** the projected revenue expenditure position is break even as at month 6.

2.1.2 **Approve** an allocation of £500,000 from the Priorities Fund for Parks and Open Spaces. This funding will be allocated equally between the 20 wards, to provide a budget of £25,000 per ward, to be spent on planting and landscaping, park buildings and events in parks.
<table>
<thead>
<tr>
<th>Economic Growth Group:</th>
<th>Net Year End Forecast at Month 5 £'000</th>
<th>Gross Year End Forecast at Month 6 £'000</th>
<th>Mgt Action in place £'000</th>
<th>Mgt Action to be identified £'000</th>
<th>Net Year End Forecast at Month 6 £'000</th>
<th>Adverse / (Favourable) change in Net Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Regeneration and Growth</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Property &amp; Asset Management</td>
<td>979</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>(979)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Families and Homes Group:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Adults</td>
<td>0</td>
<td>3,006</td>
<td>(1,600)</td>
<td>(1,406)</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Public Health</td>
<td>0</td>
<td>299</td>
<td>(299)</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Sports and Leisure</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Housing and Growth</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Children and Young People</td>
<td>0</td>
<td>1,948</td>
<td>(903)</td>
<td>(1,045)</td>
<td>0</td>
<td>0</td>
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<tr>
<td>NRPF/Asylum/ Remand</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>Finance and Governance Group</td>
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</tr>
<tr>
<td>Neighbourhoods and Commercial Services Group</td>
<td>0</td>
<td>459</td>
<td>0</td>
<td>(459)</td>
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<td>0</td>
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<tr>
<td>Corporate Development Group</td>
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<td>0</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>Sub-total</td>
<td>979</td>
<td>5,712</td>
<td>(2,802)</td>
<td>(2,910)</td>
<td>0</td>
<td>(979)</td>
</tr>
<tr>
<td>Corporate (Contingency)</td>
<td>(979)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>0</td>
<td>5,712</td>
<td>(2,802)</td>
<td>(2,910)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HRA</td>
<td>(491)</td>
<td>(685)</td>
<td>0</td>
<td>0</td>
<td>(685)</td>
<td>(194)</td>
</tr>
</tbody>
</table>
3. **PROPOSAL**

**Overall Position**

3.1 For 2017/18 the projection for revenue at month 6 is to break even even assuming that all of the RWF savings are secured and management actions totalling £2.910 million being identified to deal with all areas of base budget pressures.

**RWF Savings Programme**

3.2 The total value of savings in delivery is £29.515 million and is £240,000 less than month 5 as it has been adjusted for base budget savings delivered by Public Health.

3.3 The value of delivered proposals (i.e. closed with no further action required to achieve the saving) has increased by £532,000 to £22.639 million or 76.7% of the total requirement. The value of proposals RAG rated “Green” has increased by £1.141 million to £2.18 million and RAG rated “Amber” has increased by £1.077 million to £2.078 million. The level of proposals RAG rated “RED” has reduced by £237,000 to £2.617 million or 8.9% of the total requirement.

3.4 For 2016/17, total savings of £16.611 million have been secured but £156,000 is still in delivery. For 2017/18, total savings of £5.073 million have been secured or 59.5% of the total target of £8.53 million.

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Savings</th>
<th>2017/18 Savings</th>
<th>2018/19 Savings</th>
<th>2019/20 Savings</th>
<th>Total Savings</th>
<th>Previous Month</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Proposals in Delivery</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Closed Savings (Delivered)</td>
<td>16,611</td>
<td>9,530</td>
<td>3,494</td>
<td>879</td>
<td>29,515</td>
<td>29,754</td>
<td>(240)</td>
</tr>
<tr>
<td>Green</td>
<td>-</td>
<td>5,073</td>
<td>1,079</td>
<td>32</td>
<td>22,639</td>
<td>22,107</td>
<td>532</td>
</tr>
<tr>
<td>Amber</td>
<td>16</td>
<td>682</td>
<td>722</td>
<td>656</td>
<td>2,078</td>
<td>3,754</td>
<td>(1,676)</td>
</tr>
<tr>
<td>Red</td>
<td>140</td>
<td>1,219</td>
<td>1,258</td>
<td></td>
<td>2,617</td>
<td>2,854</td>
<td>(237)</td>
</tr>
</tbody>
</table>

3.5 The total value of savings includes £4.747 million from the 2% efficiency target and all are scheduled for delivery over 2017/18 and 2018/19. This includes £3.479 million that are fully delivered and £654,000 RAG rated “Amber” and £614,000 RAG rated “Green”.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Total 2% Savings</td>
<td>-</td>
<td>3,150</td>
<td>1,167</td>
<td>430</td>
<td>4,747</td>
</tr>
<tr>
<td>Closed Savings (Delivered)</td>
<td>2,651</td>
<td>796</td>
<td>32</td>
<td>3,479</td>
<td></td>
</tr>
<tr>
<td>Green</td>
<td>-</td>
<td>453</td>
<td>88</td>
<td>614</td>
<td></td>
</tr>
<tr>
<td>Amber</td>
<td>46</td>
<td>283</td>
<td>325</td>
<td>654</td>
<td></td>
</tr>
<tr>
<td>Red</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

3.6 Summary analyses of the current RAG rated “Red” proposals, by service are included within the table below.
3.7 The 2017/18 RAG rated “RED” proposals for Adults Social Care include £375,000 which is mitigated in-year and alternative proposals are being considered for the balance. By early November, all current savings will be reviewed as part of a Challenge Session, which will include the Portfolio Lead, Directors and service representatives and alternatives will be required for any proposals that are no longer considered viable.

Chief Executive

3.8 The Chief Executive’s budget is forecast to spend to budget.

Regeneration and Growth

3.9 At month 6, Regeneration & Growth is forecast to breakeven. This includes spending against the balance of the £2 million investment agreed to enhance the capacity to support delivery of growth in the borough and spending against the £2.1 million balance carried forward from the £5 million Growth Fund. All funding has been assigned on various projects and is expected to spend in 2017/18.

3.10 Plans are also being formulated for the £3 million approved for the regeneration of the Town Centres, and the expenditure is expected over 2017/18 through to 2019/20.

Property and Asset Management

3.11 Property and Asset Management budget is forecast to breakeven following Cabinet agreeing to fund £979,000 re the Amey Contract from Central Contingency as part of the month 5 budget monitoring.

Adult Social Care

3.12 Adult Social Care is reporting to be on budget for 2017/18.

3.13 There are underlying pressures across the service of £3.006 million, an increase of £1.136 million from Month 5, which is due to a full review of previously assumed 2017/18 savings delivery and the management actions to be identified. Although all of these savings are still expected to be delivered as part of the overall Adults programme there is likely to be some slippage into 2018/19. Alternative management action of £1.406 million will need to be identified in order for the service to achieve a balanced budget in year.

3.14 The underlying pressure consists of staffing costs, agency costs and placement pressures.
3.15 The projection assumes that a significant proportion of the ASC Precept and the additional Better Care Fund to be invested to help deal with hospital discharges, preventative services and to strengthen commissioning support. The remainder has been applied to deal with demographic demand in placements.

Public Health (Ring Fenced)

3.16 Public Health division are forecasting a break even position as at month 6. The grant for 2017/18 is £16.352 million. Any changes to the forecast that results in an under or overspend will be transferred to the ring-fenced Public Health reserve. There is a potential pressure on the overall grant in 2017/18 of around £266,000. The service is currently addressing these on-going pressures along with preparing for further reductions in grant funding in future years. The reductions in grant funding along with addressing the base budget pressure between 2017/18 and 2019/20 total around £2.2 million.

3.17 The non-ring fenced element of the Public Health division includes the Strategic Boards function and the CAMHS funding, there is a small overspend of £33,000 reported due to a reduction in expected income.

Sports and Leisure

3.18 Sports & Leisure are forecasting a break even position as at Month 6.

Housing General Fund (HGF)

3.19 At month 6 the Housing General Fund is forecasting a break even position against the budget. A previously forecast surplus of £1.24 million has been transferred to Budget Strategy Reserve as agreed in September Cabinet. The transferred surplus arose mainly due to a windfall from Housing Benefit Subsidy where the methodology of allocation by the DWP recently changed. There will also be further changes brought about by the Homelessness Reduction Act, but this is not anticipated until April 2018.

3.20 The Homelessness service poses the greatest risk to the HGF budget due the nature of its high demand and market conditions which dictate the availability of suitable accommodation at affordable rates.

3.21 Contrary to initial fears, the total number of homelessness cases has dropped slightly at 2,313 (2,377 at beginning of year), although number of cases tend to increase at the latter part of the year.

3.22 Each additional placement costs upwards from £46pw and is expected to reach £56pw by the end of 2017/18. Whilst this is causing a budget pressure of £400,000 in year, this has been mitigated by the subsidy windfall.
3.23 In addition to the above, the service is progressing on initiatives such as the leasing of additional hostels and asset purchase schemes, which should help mitigate numbers further.

3.24 The Homelessness area continues to be scrutinised closely throughout the year as the volatility in demand and the lack of affordable accommodation continues to be challenging and continues to provide upwards pressure on budgets.

3.25 Current collection rate stands at 93%. However, there is a risk this may experience some impact as Universal Credit is extended to temporary accommodation clients from February 2018.

**Housing HRA**

3.26 At month 6 the HRA is projecting a surplus of £685,000. This underspend is predominantly due to HRA units being used as temporary accommodation generating a higher rent whilst major regeneration projects are being progressed. This is partly offset by void costs to bring these units into use as well as additional management costs.

3.27 Volume has started to increase in 2017/18 (1,658 in August), and the average cost of a responsive repair has also increased. This currently stands at about £121 against a target of £102.

3.28 It is expected that 2018 will be in line with budget based on first six months, although there are some cost disputes to be resolved with the contractor before the exact amounts can be forecast. Risks in the HRA include:

- The collection of rental income remains on target at 93% although the full roll out of Universal Credit will impact this. Pilot schemes in neighbouring boroughs have experienced significant increases in arrears.
- The charge for major works to Leaseholders is currently being looked into as part of a tribunal review and as a result extensive legal costs are being incurred.
- The Cost of RTB receipts which have to be repaid with interest if we cannot deliver 141 replacement affordable homes. A separate report is being prepared for November Cabinet to provide an update. A repayment of £654,000 was made for quarter 1, though no repayment is expected at quarter 2.

**Children and Young People’s Services**

3.29 Children and Young People Services are projecting a net pressure of £1.045 million, an increase of £335,000 compared to Month 5.

3.30 The Children’s Social Care division is reporting a net pressure of £720,000, an adverse movement on Month 5 of £308,000.
3.31 The pressure on children’s placements has increased by £48,000 from Month 5 principally as a result of increased placement costs following escalating behaviour from one young person resulting in the previous placement breaking down.

3.32 Children’s Asylum costs have increased by £225,000 principally relating to one Asylum seeking young person being released from youth justice provision back to our care whose placement costs are expected to be £216,000 for 2017/18.

3.33 The pressure from families deemed intentionally homeless has increased by £52,000 to £234,000 from an additional seven families being accommodated.

3.34 Remand costs have increased by £36,000 but pressure on staffing costs has reduced by £58,000 to £8,000, largely due to recruitment delays.

3.35 The net pressure projected for the Early Help division has halved to £10,000, with improvements in forecast payments to Young Advisors and for transport costs being partially offset by some one-off costs including work on the NE London Resettlement Consortium.

3.36 The net pressure projected for the Disability Enablement Service has increased by £27,000 to £187,000. This net pressure comes from home to school travel assistance where, following an update for the new academic year, the projection for out borough transport has reduced by £10,000 to £60,000 but the projection for in borough increased by £37,000 to £127,000.

3.37 The gross pressure in Transitions has increased by £192,000 to £208,000 (after the application of the precept) due to identifying seven additional direct payment clients that had been coded to Adult Social Care previously, but management actions to address this is in place, including individual actions on each of the residential placements and rigorously moderation through the Preparing for Adulthood panel.

3.38 The Learning division is reporting a net pressure of £128,000 from the unfunded Destination Tracking Service, £62,000 of this relates to underachievement of income.

3.39 As reported previously, there remains a risk for school redundancy costs. To date the Council has reimbursed six schools a sum of £233,000, of which £148,000 has been supported corporately to date. A seventh school has claimed £29,000, which is being verified.

**Corporate Development Group**

3.40 For Month 6 Corporate Development is forecasting a breakeven position across its services areas.

**Neighbourhoods and Commercial Services**

3.41 At Month 6, Neighbourhoods and Commercial Services are forecast to overspend by £459,000. This is an adverse movement of £120,000 on the £339,000 overspend which was forecast at Month 5. The main change is an increase of £100,000 in the forecast on system costs within Customer Services.
3.42 Customer Services are forecast to overspend by £308,000. This is due to the ongoing use of a contractor to handle additional calls whilst channel shift strategies continue to be rolled out.

3.43 Neighbourhood services are forecast to overspend by £141,000. Although the unachievable income target of £161,000 within transport has now resolved, additional pressures have resulted in an increase of £8,000 on the Month 5 position. Within waste management this includes an additional savings target of £80,000, Kier special collection costs of £80,000 and Urbaser redundancies of £27,000.

3.44 Management actions continue to be considered to return the Directorate to a break-even position.

3.45 The Council has received a compensation claim in respect of the Council’s waste and recycling contract. The Council has disputed this claim and is in dialogue with the contractor.

Finance and Governance Group

3.46 Finance and Governance is forecast to spend to budget.

Corporate Expenditure, Non-Service items and Contingency

3.47 This heading includes interest costs, capital charges and other costs not directly attributable to services such as members’ allowances and is projected to spend to budget. There have already been significant calls on contingency and given the service budget pressures it is likely to be fully utilised.

Council Tax / NNDR Collection

3.48 The Council Tax collection rate is lower than the target level for the month and that achieved by September last year. The NNDR collection rate is also lower than the target level for September and that achieved for the same month last year.

<table>
<thead>
<tr>
<th></th>
<th>Actual August 2016</th>
<th>Actual August 2017</th>
<th>Actual Sept 2016</th>
<th>Actual Sept 2017</th>
<th>Target Sept 2017</th>
<th>Target for Year-end 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Tax collection rate</td>
<td>45.55%</td>
<td>45.40%</td>
<td>54.19%</td>
<td>53.99%</td>
<td>54.35%</td>
<td>96.20%</td>
</tr>
<tr>
<td>NNDR collection rate</td>
<td>47.68%</td>
<td>46.62%</td>
<td>56.21%</td>
<td>55.47%</td>
<td>56.50%</td>
<td>97.30%</td>
</tr>
</tbody>
</table>

4 OPTIONS & ALTERNATIVES CONSIDERED

4.1 Much of this report is concerned with provision of information, for which alternative options is not a relevant consideration.

5 SUSTAINABLE COMMUNITY STRATEGY PRIORITIES (AND OTHER
5.1 The entire content of this report contributes to the corporate priority to Achieve Excellence and Ensure Value for Money.

6. CONSULTATION
6.1 Executive Directors and Portfolio Holders have been consulted.

7. IMPLICATIONS
7.1 Finance, Value for Money and Risk
7.1.1 The whole report is of a financial nature. The key purpose of the report is to monitor the Council’s overall financial performance against the assumptions contained in the MTFS. To maintain the robustness of the Council’s finances and budget plans, effective budgetary control by services will continue to be essential and will help the Council to maximise the resources available to meet its priorities.

7.2 Legal
7.2.1 There are no direct legal implications.

7.3 Equalities and Diversity
7.3.1 An initial equality analysis was undertaken and it determined there was no negative impact arising from the information or changes proposed in this report on the advancement of equality. The support of No Recourse to Public Funds clients are areas that continue to contribute to the Council’s commitment to protecting the most vulnerable and help meet the equality duty.

7.4 Sustainability (including climate change, health, crime and disorder)
7.4.1 A stable financial position means that the Council is more able to fund urgent health priorities as they arise. Services to older people experienced pressures and needed careful management.

7.5 Council Infrastructure (e.g. Human Resources, Accommodation or IT issues)
7.5.1 There are no direct council infrastructure implications.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

None