Hackney

TITLE OF REPORT: 2016/17 OVERALL FINANCIAL POSITION, PROPERTY DISPOSALS AND ACQUISITIONS REPORT (JULY 2016)
KEY DECISION NO. FCR M76

CABINET MEETING DATE 2016/17	CLASSIFICATION:
31 October 2016	Open If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

All Wards

CABINET MEMBER

Cllr Taylor

Finance

KEY DECISION

Yes

REASON

Spending or Savings

GROUP DIRECTOR

Ian Williams Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

This is the second OFP report for 2016/17 and on the basis of detailed July monitoring data from directorates, we are forecasting an overspend of £3,449k at year end. This is a £581k improvement on the May position and I look forward to a continuing reduction in the overspend throughout the remainder of 2016/17 in line with what happened in 2015/16. Given the extremely challenging financial position we are in this year and will be in future years, it is essential that reported overspends in any service are quickly addressed and mitigated.

I commend this report to Cabinet

2. GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES INTRODUCTION

2.1 The OFP shows that the Council is forecast to have a £3,449k overspend which is equivalent to 0.4% of the total gross budget.

2.2 Under the current Business Rates Retention Scheme, local authorities receive a Revenue Support Grant Allocation. Revenue Support Grant is currently the largest external grant which can be used for any revenue purpose. In the 2016/17 Settlement, the Government published the actual 2016/17 actual Revenue Support Grant allocation and indicative allocations for 2017/18 to 2019/20; and on 10 March, the Secretary of State for Communities and Local Government wrote to every local authority in England offering to pay out these indicative entitlements (barring exceptional circumstances) if the authority produced an efficiency plan which it stated should be as simple and straightforward as possible. The plan "needs to cover the full four-year period and be open and transparent about the benefits they will bring and show how greater certainty can create the necessary conditions for further savings". He gave no further guidance on what should be in the plan but stated it should be referenced to the latest Medium Term Planning Forecast.

2.3 It is the case that our indicative revenue support grant allocations do decrease significantly over the period to reflect the Government's spending plans but the decrease is far less than over the period 2013/14 to 2015/16. This is because the Government changed the method for allocating out revenue support grant in the 2016/17 Settlement which worked in our favour. I strongly advise therefore acceptance of the offer as it gives us some certainty and protects the advantage we derived from the methodology change in 2016/17. We have until 14th October to accept the offer. As noted above, as part of the acceptance, we must produce and reference an Efficiency Plan to our Medium Term Planning Forecast. An updated version of the

Forecast is attached at Appendix 1 and the Efficiency Plan is attached at Appendix 2.

2.4 The latest position in relation to **GENERAL FUND REVENUE EXPENDITURE** is summarised in table 1 below.

TABLE 1: GENERAL FUND FORECAST OUTTURN AS AT JULY 2016

Original Budget	Virements	Revised Budgets	Service Unit	Forecast: Change from Revised Budget after Reserves £k	Change from Previous Month £k
83,536	1,863	85,399	Children's Services	0	0
89,997	0	89,997	Adult Social Care	2,739	-326
-66	0	-66	Public Health	0	0
173,467	1,863	175,330	Total CACH	2,739	-326
43,756	593	44,349	Public Realm	0	9
11,346	3,064	14,410	Finance & Corporate Resources	302	-17
12,633	754	13,387	Chief Executive	462	-203
1,681	0	1,681	Housing – GF	-54	-44
29,048	-6,274	22,774	General Finance Account	0	0
271,931	**0**	**271,931**	**GENERAL FUND TOTAL**	**3,449**	**-581**

3.0 RECOMMENDATIONS

3.1 To note the overall financial position for July 2016, covering the General Fund and the HRA and the earmarking by the Group Director of Finance and Resources of any underspend to support funding of future cost pressures and the funding of the Capital Programme.

3.2 To accept the Government's Offer of multi-year revenue support grant allocations

3.3 To note the Medium Term Planning Forecast at Appendix 1

3.4 To note the Efficiency Plan at Appendix 2

4. REASONS FOR DECISION

4.1 To facilitate financial management and control of the Council's finances and to accept the Government's funding 'offer' discussed at 2.2 and 2.3 above.

4.2 CACH

In overall terms the CACH directorate is forecasting an overspend pressure before use of reserves of £13,810k, which after the application of reserves and drawdown of grant of £11,071k, reduces to a forecast overspend of £2,739k.

Children Services

CYPS are forecasting a nil variance against budget after an assumed total use of reserves and drawdown of grant of £4,561k, including use of the Commissioning Reserve of £2,439k.

Corporate Parenting Overspend

The 2016/17 forecast position as at July 2016 is an underspend of £141k on overall Corporate Parenting, after use of reserves. This is comprised of overspends in the Adoption Service of £23k, an overspend of £234k in LAC and Leaving Care and an underspend in 'core' Corporate Parenting of £397k. The Commissioning Reserve assumes a current drawdown of £2,439k in 'core' Corporate Parenting, offsetting commissioning overspends of £2,572k in placement fees. The shortage of in-house foster carers in previous years remains an issue and expenditure on independent foster carers exceeds budget. However, the overspend now mainly results from an increase in residential care placements with an average annual unit cost of £195k. Contributing to the LAC and Leaving Care overspend is an expected continuation of the 2015/16 increase in the use of the LAC incidental budget.

Points to note:

- The number of looked after children (LAC) for which we incur a cost (excluding UASC) increased to 297 from a total of 284 in May.

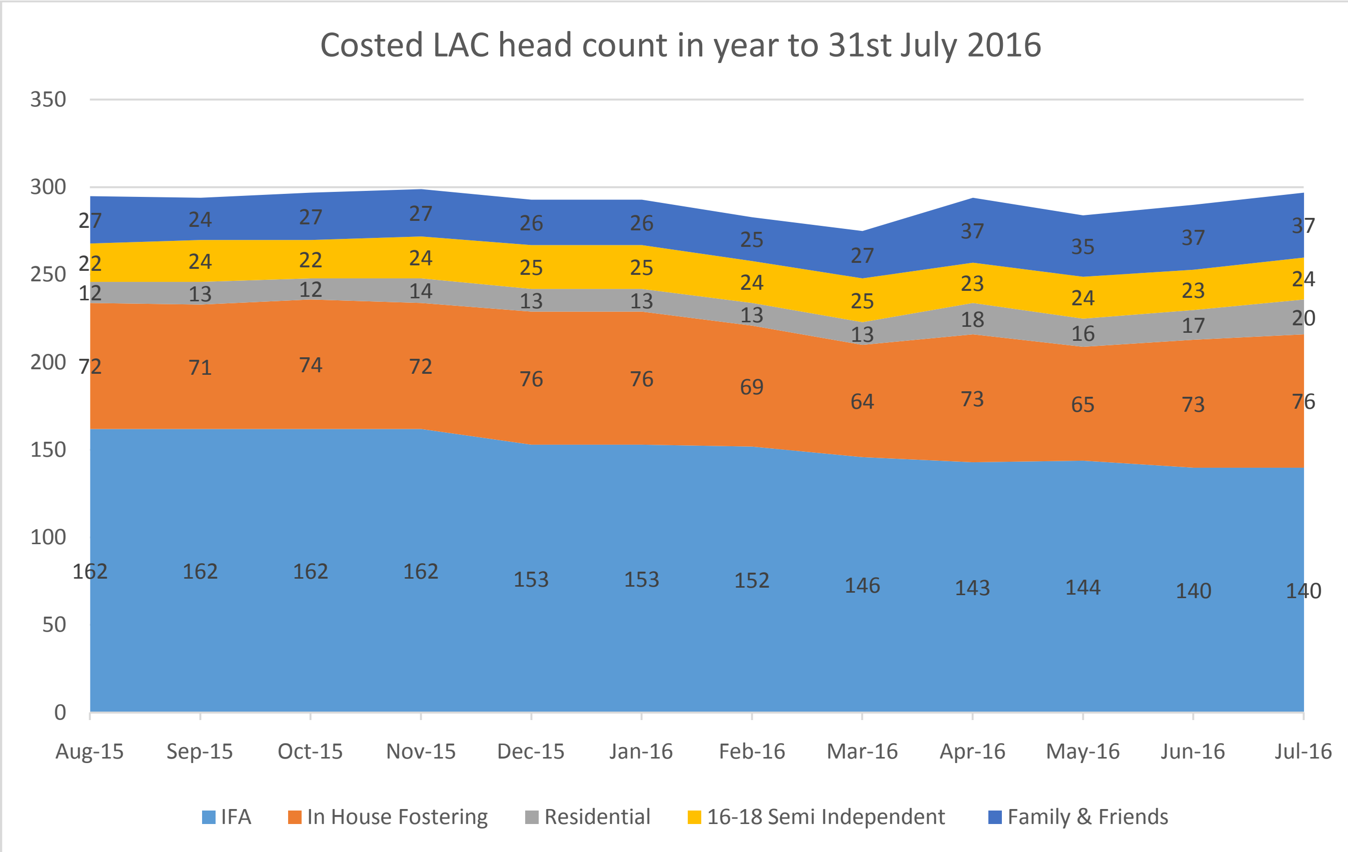
- Residential care placements are forecast to continue to overspend in 2016/17 by £1,601k, costing a total of £3,571k, an increase of £643k over the May forecast of £2,928k.

- There has been an increase in the number of in-house placements (11) since May and a reduction in IFA placements (-4), however, the additional costs associated with IFAs is forecast to result in an overspend of £372k whereas the cost of in-house placements is forecast to be £389k under budget.

- Management has in place a strategy to recruit and retain in-house foster carers including a reward offer to Council staff who recommend a successfully approved foster carer. However, it should be noted that Foster Carer recruitment is a London-wide issue which may not show significant improvement in the short to medium term.

- Over-18 placements are forecast to overspend in 2016/17 by £382k, an increase of £101k over the May forecast reflecting an additional 4 places and a current drop in the numbers claiming Housing Benefit, a problem that is currently being addressed by Management.

The chart below shows that over the last 2 months LAC placements have increased by 13 and as at July 2016 stand at 300. The profile of foster care placements has fluctuated since May and this month in-house fostering placements have increased to 76, while IFA placements have fallen to 140 after a peak of 166 in October 2014. Residential care placements (our most costly placement for children in care), have increased from 16 in May to 20 in July 2016.



Key Metrics	May 16 OFP	July 16 OFP	Status	Comments
Overall LAC Headcount	284	297		This records the number of LAC where there is a financial commitment – this has seen an overall increase of 13 since May.
IFA Placements	147	140		Forecast expenditure on IFA placements for the year has come down £667k over the 2015/16 outturn due to a reduction in headcount of 10, though there has been an adverse movement in the average cost of IFAs compared to 2015-16.
Average cost of IFA Placement	£44,094	£44,201		
In house placements	65	76		An increase of 11 in-house placements has slightly less favourable financial impact due to marginally higher costs per placement and the fact that some of these placements ultimately end up in IFAs.
Average cost of in house placements	£20,086	£20,631		
In-House Fostering Vacancies	8	18		This counts the number of vacancies in approved placement beds for distinct family units (not including beds just for siblings). This figure has also been adjusted so as not to include those vacancies that are judged to have been as a result of either an issue with the carer or the child in placement (reducing the number by 44).
Residential Placements	16	20		Forecast expenditure on residential placements has increased by £643k since May reflecting an additional 4 high cost placements.
Average cost of Residential Placement	£184,265	£194,798		

Other overspends

Children in Need is forecast to overspend by £449k.

The overspend is mainly due to staffing overspends arising from a significant number of vacant posts (21) covered by agency staff, who are generally paid at a higher rate than equivalent permanent staff. Provision for maternity cover has also increased costs. Overall staffing accounts for £350k of the overspend. Legal costs and LAC incidental costs account for the balance of the overspend part offset by reductions in other areas.

The variance to the May OFP(+65k) is due to additional cost for maternity cover from Sep '16, and costs of one worker transferred from the Adoption service.

Youth Justice is forecast to overspend by £85k after use of reserves.

The overspend is due mainly to additional staffing costs due to agency staff covering vacant posts and one over-establishment post assisting on the Asset Plus system, which is scheduled to end in November 2016.

The variance to the May OFP (-£60k) is due to a reduction in the GPG 'other commissioning spend' as GPG staffing spend has increased.

Disabled Children Services are forecast to overspend by £9k, though this is after a reserve drawdown of £250k.

The overspend also takes into account a £182k virement to be received in August to offset increases in home care commissioning and direct payments due to the introduction of the London Living Wage. These overspends are part offset by predicted underspends in in respite, overnight and short breaks commissioning.

Directorate Underspends

Overspends in Corporate Parenting (before reserves), Children in Need and Youth Justice, are offset by underspends elsewhere in Directorate Management Team, Access & Assessment and Family Support Services.

The Directorate Management Team is forecast to underspend by -£375k.

The underspend is due to delayed recruitment to two posts and two posts expected to remain vacant (£100k), vacancy factor funding (£200k), Legal cost funding (£148k), part offset by increased cost of interpreting fees (£63k). The DMT underspend will be kept under review as the process of recruiting to the structure progresses.

Other underspends are forecast in Family Support Services (£85k) and Access and Assessment (£35k), due to staffing and s17 underspends respectively.

Hackney Learning Trust

The Hackney Learning Trust (HLT) forecast is consolidated into the CYPS position. As part of the delegated arrangements for the HLT any overspend or underspend at year end will result in a contribution from or to the HLT reserve and expenditure is reported on budget. However, it should be noted that HLT are forecasting a significant drawdown on the HLT reserve (£3.8m), similar to last year, as a result of additional needs pressures.

Adult Social Care & Community Health

The July 2016/17 forecast for Adult Social Care is £92,737k giving a £2,739k overspend. This is an improvement of £326k on the May position. The improvement has essentially been achieved by the application of an additional £1,000k of reserve funding to address growth in the service.

Care Support Commissioning (externally commissioned packages of care and the main area of overspend) has a pressure of £3,300k, which is an improvement of £230k on the May position. This breaks down into the following key constituent parts.

Service Type	**2016-17 Budget**	**July 16 Forecast**	**Full Year Variance to budget**	**Change on May Forecast**
	£000	**£000**	**£000**	**£000**
Learning Disabilities	12,738	14,867	2,129	144
Physical and Sensory	9,873	10,322	449	-398
Memory and Cognition and OP MH	5,791	6,413	622	-15
Assistive Equipment & Technology	495	675	180	39
Voluntary Sector Contracts -OP	708	714	6	-0
Other	245	163	-82	-1
Total	**29,850**	**33,154**	**3,304**	**-230**

Learning Disabilities continues to be the main area of overspend, where there is a £2,129k pressure, a worsening of £144k on the May position. There was a net worsening of £265k in commissioned spend, with £57k relating to one new client transitioning from Children's Services, and the remaining £208k representing additional support for existing clients. The £265k pressure is offset by additional reserve funding of £122k.

At a summary level, the most notable development from May to July has been an increase of 32 clients in residential care and nursing care placements for older people across Memory and Cognition, Physical Support and Older People Mental Health. 19 of these new placements are hospital discharges and reflect the need to facilitate hospital discharge both from Acute and Mental Health settings, which has a subsequent impact on social care services. This is a national issue but is compounded locally by the limitations of the market place in terms of being able to identify suitable, timely and value for money care provision. Additional step-down care is an area we are focusing on, in order to become more responsive to the type of demand that hospital discharge drives in our services. 11 of these 19 hospital discharge placements have been approved on an interim basis, i.e. temporary, however the overall estimated impact of the total 32 places taking into account interim agreements is circa £700k for the year. This is an area which will remain under scrutiny, notably under the joint Social Care/Health Systems Resilience Group where we are working closely with Health on both the operational and financial sides of improving delayed transfers of care.

Physical Support and Sensory Support has seen an improvement of £397k to £449k overspend. We have seen a net increase (i.e. factoring in additional income from charges for services) in Residential Care, Nursing Care Supported Living, Direct Payments and Supported Living of £40k. There is a £270k decrease in the forecast for homecare, of which £170k has been caused by the impending early termination of our contract with First Choice, one of our homecare block providers - The Night Owls service is transferring internally (£76k reduction here and a corresponding £53k increase in Provided Services) and a reduction in the forecast as a whole of £94k. A further £100k improvement in the Homecare position has been caused by corrections to client package end dates and hours. The cost of void properties in Supported Living and Housing with Care has increased by £90k to £362k, which has been caused by delays in placing people in Limetrees House, a new Housing with Care building. The forecast should reduce as places are filled. An additional £257k of reserve funding has been applied to cushion this pressure on voids and placements in this area.

Memory and Cognition and Older People Mental Health have seen an overall improvement of £15k to £622k overspend. Beneath this net improvement is a £483k net increase in nursing and residential care costs of £346k (as mentioned above), £100k of homecare costs transferred from Mental Health clients managed by ELFT and there is an additional £40k of direct payments forecast. An additional £498k of reserve funding has been applied to cushion pressure from placements in this area.

Outside of Care Support Commissioning, the Provided Services forecast has increased by £66k to a £314k overspend. This is primarily explained by the transferring internally of the Night Owls service following early termination of the First Choice homecare contract as mentioned above. The Mental Health function managed by ELFT has seen a reduction in its forecast of £100k to £316k underspend, which reflects transfer of clients to Mental Health Older People, also as mentioned above.

Preventative Services has seen an improvement in its forecast of £144k taking it to breakeven overall. The widening out of responsibilities under the Care Act has seen an increase in clients seen at Adult Social Care's "front door" and this is driving a staffing pressure of £220k, which is being met by reserve funding. There also remains a £160k pressure in Safeguarding, again being driven by additional activity as a result of legislative changes, and this is also being met by reserve.

The Commissioning division has seen an increase in its forecast of £96k taking it to £600k underspend. There remains a £780k underspend in the Housing Related Support programme, which relates to early delivery of savings. The additional £180k pressure is explained by severance costs (£64k) and a £118k pressure in staffing budgets.

Senior Management scrutiny of the Adult Social Care function continues through the monthly ASC budget boards, chaired by the Chief Executive.

Public Health is forecasting a breakeven position, which represents no change on the May forecast.

4.3 Public Realm

The July 2016/17 forecast for the Public Realm division for is a breakeven position, which is a marginal £9k adverse movement on the May position.

As with the May position, the key area to focus on is Environmental Operations function, which is breakeven against its budget but within this, the overall position contains the following variances.

Environmental Operations – May 2016/17 forecast	July	May	Movement

	£000	£000	
Waste Collection, Recycling and Street Cleansing	906	928	(22)
Commercial Waste	(836)	(899)	63
Hygiene Services	18	40	(22)
Toilets	(47)	(53)	6
Other	(41)	(16)	(25)
Overall position	**0**	**0**	**0**

The main pressure continues to be within the largest strand of the service which provides domestic waste collection, recycling and street cleansing functions, however when combined with the Commercial Waste function, the service as a whole comes to a broadly breakeven position. The service is currently reviewing the apportionment of staffing costs and vehicle costs across the domestic and commercial operations to ensure this accurately reflects what is happening on the ground.

The domestic operation currently contains pressures on staffing (£1.3m), equipment (£345k) and vehicle maintenance (£209k, which has improved by £100k following introduction of new vehicles to the fleet this year) offset by targeted reserve funding of £900k. The staffing pressure is driven in part by an increase in the cost of the workforce over recent years within one of our largest front line and internally provided services (budgeted 234 FTE posts), including legislative changes such as equal pay directive, pension charges on overtime and national insurance changes. Corporate reserve funding covers £900k of these known pressures, £480k on staffing, £220k covering cost of food waste recycling on estates, and £200k funding fuel cost pressure.

The Commercial Waste forecast is £836k underspend, which is an adverse movement of £63k on the May position. The increase reflects additional cost in the area across staffing and equipment. The underspend as a whole is driven by two main factors:

- £144k underspend against cost of waste disposal - the cost per tonne charged for waste disposal by North London Waste Authority (our statutory waste disposal provider) has reduced this year following the introduction of menu pricing. The harmonising of the price we pay per tonne for waste disposal across commercial and domestic refuse (where previously a higher rate was paid for commercial and a lower rate for domestic) means we expect to see a year on year reduction of circa £300k charges for commercial with an equivalent increase rise on our domestic levy.

- Income surplus of £732k which reflects an ongoing positive income position for commercial waste services. The income position is reviewed regularly.

Within the rest of Environmental Operations, the Hygiene Services position is an £18k pressure which is staffing related, and this is being offset by a forecast underspend of £47k in the management of our public toilets, which reflects efficiencies made in the operation.

Parking, Streetscene, Environment and Waste Strategy, Leisure, Green Spaces and Libraries are forecasting break-even positions.

Planning and Regulatory Services (PRS) are forecasting a £nil variance, after reserve transfers.
In Planning & Business Support there is a £32k variance due to overtime working in a one-off data transfer project.

In Land Charges, a high volumes of minor applications, and additional staff costs in dealing with a high volume of land searches has resulted in £84k additional staffing, though these costs are offset by the expected surplus for Land Search Fees (£84k).

Building Control is forecast to under-recover income by £243k. This will be met by a reserve (£243k). The service will monitor the closely all developments which may impact on the financial position in 2016/17. Building Control is forecast to have an overall deficit of £33k after reserve drawdown, due mainly to overtime and staff re-gradings.

Further planned utilisation of reserves is forecast in other areas of PRS, to meet the cost of planning and policy related projects and deal with high priority enforcement cases (£357k). This brings the overall position in line with budget.

Management Action to Reduce Overspend

Service	Date when overspend first reported	Reduction in Overspend to date	Overspend amount forecast at year-end	Commentary on Action (see below for explanation)
		£k	£k	
Building Control	**June-15**	**0**	**£243k**	- Improved marketability and reduction of fees undertaken via a DPR in October 2014. - Milestones plan monitored and status updates against DPR - Increased market share & bigger project wins

The resulting expenditure reductions from these actions are being factored into the forecast as they are achieved. The forecast drawdown from the Building Control reserve will be reduced accordingly.

4.4 Finance & Corporate Resources

There is a forecast overspend of £302k, resulting from on-going cost pressures in revenues and benefits, temporary accommodation and ICT continue. Overspends in core R&B and ICT are partially offset by underspends elsewhere in the service.

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4.5 Chief Executive

Overall the Chief Executive is forecasting to overspend by £462k after forecast reserves usage of £1,786k. The underspend has reduced by £204k from May. There are overspends in the Chief Executive's Office, Safer Communities and Consultation.

The Chief Executive Office is forecasting to overspend by £209k after reserves usage of £799k. The forecast overspend is mainly attributable to Regeneration Delivery Team, which in turn is due to Christmas lights projected costs of £50k, an overspend on staffing and an overspend on agency staff.

Safer Communities is forecasting to overspend by £150k after reserves usage of £173k. The forecast overspend of £150k purely relates to Community Safety team that has nine agency staff and five vacant posts.

Communications Management is forecasting an overspend of £84k which reflects staffing costs over budget and Human Resources & Organisational Development is forecast to overspend by £47k.

4.6 General Fund Housing Services

The service is forecasting to come in at £54k under budget reflecting a reduction in the forecast spend on Staffing Costs and Repairs and Maintenance within Travellers (£19k) and also an increased amount of expenditure identified as capital within Leasehold and Income Delivery (£43k).

4.7 HRA

The HRA is forecast to come in on budget.

<u>Income</u>

There is a £759k favourable variance within Dwelling Rents. This is due to a lower number of Right to Buy (RTB) sales than expected and also a reduction in the amount of void losses incurred. There is also a £522k favourable variance within Leaseholder Charges for Services & Facilities. This has been based on the latest service charge estimates, which were finalised after the budget setting process. There is though, a £121k unfavourable variance within Non-Dwellings Rents which relates to lower garage income than budgeted; and a reduction in Tenant Charges Income relating to Estate Cleaning (£110k) and Block Cleaning (£76k). The reasons for the reduction in income are being investigated further.

Expenditure

Within the Housing Repairs Account, Void and Routine Repairs are currently forecast to be £175k and £164k overspent respectively. These are offset by savings in Environmental works (£280k), Drains (£88k) and Client Fees (£80k). Within Special Services, £91k of the favourable variance relates to Estate Services, that are currently forecasting an underspend due to vacant posts. There is also a £21k saving on lifts which partly offsets an overspend of £39k on Water Charges within Housing Needs. The main variance within Supervision and Management relates to the planned overspend of the Neighbourhood & Repairs Contact Centre of c £690k due to additional staff requirements to manage call demand. A restructure is planned for later on in the year. There is also £516k of planned expenditure within the Transformation Project which will be funded from reserves. Additionally, there is an increase in staffing costs within the Leasehold and Income team of £98k. It should be noted that the Legal Fees for Disrepair has currently been forecast to budget; and any overspend at year-end will be drawn down from a provision. The overspend in Rents, Rates Taxes and Other Charges relates to increases in Non Domestic rates of £90k and Water charges of £19k.

4.8 Capital Position Statement – 31 July 2016

This is the first OFP Capital Programme monitoring report for the financial year 2016/17. Table 1 below shows that the revised capital programme for 2016/17 as at 31 July 2016 is £391,004k, (non-Housing schemes totalling £176,761k and Housing schemes totalling £214,243k).

The actual year to date capital expenditure for the four months April 2016 to July 2016 is £43,814k and the full year projected outturn is currently £281,713k, £109,291k below the revised budget.

Explanations for the major variances are contained within the Directorate comments below and a full list of schemes, including variances and comments on progress, are available from the corporate Capital Team.

Table 1: Summary of Capital Projected Outturn

	Revised Budget Position at 31 July 2016	Spend as at 31 July 2016	Projected Outturn	Variance (Under/Over)
	£'000	**£'000**	**£'000**	**£'000**
Chief Executive	8,403	1	8,403	-
Children, Adults & Community Health	102,776	4,973	67,331	(35,445)
Finance and Corporate Resources	34,119	12,664	33,960	(158)
Neighbourhoods	31,463	3,018	29,060	(2,403)
Total Non-Housing	**176,761**	**20,657**	**138,754**	**(38,007)**
Housing AMP Capital Schemes HRA	74,387	5,593	63,934	(10,453)
Council Capital Schemes GF	4,418	271	2,432	(1,986)
Private Sector Housing Schemes	2,079	406	1,270	(809)
Estate Renewal Programme	126,665	15,257	71,650	(55,015)
Other Regeneration Schemes	6,694	1,629	3,672	(3,021)
Total Housing	**214,243**	**23,157**	**142,959**	**(71,285)**
Total Capital Expenditure	**391,004**	**43,814**	**281,713**	**(109,291)**

Chief Executive Services

The current forecast is in line with the revised budget of **£8,403k**. Of the 14 schemes, 13 have been coded with a traffic light of green and 1 amber.

The minor overspend on **Hackney Central Shop Fronts** will be offset by one of schemes which has a minor underspend.

Children, Adults and Community Health

The current forecast is **£67,331k**, **£35,445k** below the revised budget of **£102,776k**. Of the 98 schemes, 83 have been coded with a traffic light of green and 15 amber.

Two main schemes which are showing the variance between forecast expenditure and revised budget are **Sir Thomas Abney** caused by delays in procuring works and the **Oswald Street Day Centre** scheme where the main contractor is due to start on site in September 2016.

Finance and Corporate Resources

The current forecast is **£33,960k**, **£158k** below the revised budget of **£34,119k**. Of the 124 schemes, 80 have been coded with a traffic light of green and 29 amber. There are a number of variances within individual schemes, relating to both minor overspends and underspends. In the main, however, these offset each other.

Neighbourhoods

The current forecast is **£29,060k, £2,403k** below the revised budget of **£31,463k**. Of the 191 schemes, 178 have been coded with a traffic light of green and 13 amber.

The overall variance between forecast expenditure and revised budget is due mainly to the variances within both **Infrastructure Programs** and **Parks and Open Spaces** largely in respect of slippage in programme delivery that will require reprofiling.

Housing - AMP Capital Schemes Housing Revenue Account

The current forecast **is £63,934k, £10,453k** below the revised budget of **£74,387k.** Of the 61 schemes, 21 have been coded with a traffic light of green and 40 amber.

The variance of forecast expenditure relative to revised budget relates to delays in the procurement process of various contracts which are currently ongoing.

Housing - Council Capital General Fund

The current forecast is **£2,432k, £1,986k** below the revised budget of **£4,418k**. Of the 6 schemes, 2 have been coded with a traffic light of green and 5 amber.

Although currently forecasting an underspend, various housing options are being explored with **temporary accommodation** which means expenditure may increase over the coming months.

Housing – Private Sector Housing

The current forecast is **£1,270k, £809k** below the revised budget of **£2,079k**. Of the 7 schemes, 2 has been codes with a traffic light of green and 5 amber.

The variance of forecast expenditure is as a result of low uptake of grants due to the current economic climate and restrictive grant conditions. The project is being reviewed in full later this year.

Housing - Estate Renewal

The current forecast is **£71,650**, **£55,015k** below the revised budget of **£126,665k**. Of the 28 schemes 8 have been coded with a traffic light of green and 19 amber.

Although currently forecasting an underspend, there will be a reduction in expenditure against budget as some of the contractor start on site dates have moved back slightly. Any budget savings will be utilised in future years as the overall **Estate Regeneration Programme** gathers pace.

Housing – Other Regeneration

The current forecast of **£3,372k**, **£3,021k** below the revised budget of **£6,694k**. Of the 12 schemes, 4 have been coded with a traffic light of green and 8 amber.

The reduction in expenditure is due to a lower amount of buybacks being required this year than expected. Again this budget will be required in future years as the development of **Woodberry Down** continues

5.0 DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

This report is primarily an update on the Council's financial position, there are no alternative options here. With regards to the Government's funding 'offer' we either accept or reject and the report has made a strong case for accepting the offer.

6.0 BACKGROUND

6.1 Policy Context

This report describes the Council's financial position as at the end of July 2016. Full Council agreed the 2016/17 budget on 29th February 2015.

6.2 Equality Impact Assessment

Equality impact assessments are carried out at budget setting time and included in the relevant reports to Cabinet. Such details are not repeated in this report.

6.3 Sustainability

As above

6.4 Consultations

Relevant consultations have been carried out in respect of the forecasts contained within this report involving, the Mayor, the Member for Finance, HMT, Heads of Finance and Assistant Directors of Finance.

6.5 Risk Assessment

The risks associated with the schemes Council's financial position are detailed in this report.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 The Group Director of Finance and Resources' financial considerations are included throughout the report.

8. COMMENTS OF THE DIRECTOR OF LEGAL

8.1 The Director of Legal has seen the report and has no legal comments to make on the regular budget monitoring part of the report.

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