

Corporate Budget Monitoring Report

Period 9 (December 2017) 2017-18

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| | |
|------------------------|--|
| Circulated to | Corporate Leadership Team (CLT) |
| Date | 14 th February 2018 |
| Classification | Unrestricted |
| Report of | Zena Cooke – Corporate Director of Resources |
| Lead Member | CLr Edgar, Cabinet Member for Resources |
| Originating Officer(s) | Kevin Miles, Chief Accountant |
| Wards affected | All Wards |
| Key Decision? | No |

Outturn variances

| Directorate | £m Outturn Variance | Cause of Outturn variance | | | | | | | |
|------------------------|---------------------------|---------------------------|---------------------------------|-------------------|--------------|----------------------|---------------------------|----------------------------|----------------------------------|
| | | Yearly figs | | Figs to date | | Savings: directorate | | Reserves | |
| | | Revised Budget | Forecast Outturn Position | Budget to Date | Actual | Not achieved | Cross Direct- orate | Ear- marked Reserves | Impact on General Reserves |
| Children's Services | 10.5 | 104.5 | 115.0 | 78.4 | 99.8 | 0.7 | - | - | - |
| Resources | 1.2 | 25.1 | 26.2 | 18.8 | 27.1 | 0.8 | - | - | - |
| HAC | (0.0) | 139.5 | 139.5 | 104.6 | 92.8 | 1.5 | - | - | - |
| Place | (0.2) | 64.7 | 64.5 | 37.4 | 47.5 | 1.2 | - | - | - |
| Governance | 0.7 | 12.8 | 13.5 | 9.6 | 10.8 | 0.6 | - | - | - |
| Corporate Costs | (13.7) | (0.6) | (14.3) | (0.4) | 8.6 | | (1.9) | 8.2 | (1.5) |
| General Fund | (1.5) | 345.9 | 344.5 | 248.4 | 286.6 | 4.8 | (1.9) | (8.2) | (1.5) |
| HRA | (24.8) | 12.0 | (12.8) | (31.4) | (29.9) | - | - | - | (24.8) |
| Total | (26.3) | 357.9 | 348.6 | 217.0 | 256.7 | 4.8 | 1.9 | (8.2) | (26.3) |

We project an overall underspend of £26.3m, being £1.5m under in the General Fund on a revised budget of £346m, plus a £24.8m surplus in the Housing Revenue Account (HRA). The Medium Term Financial Plan (MTFP) assumed in 2017-18 there would be a contribution of £0.5m to the Council's General Fund reserves. The three main variances in the General Fund are:

1. £13.7m underspend in Corporate Costs;
2. £10.5m overspend in Children's Services, mainly due to social care. Similar concerns in Health, Adults and Community have been largely mitigated with the application of the Improved Better Care Fund and new Adult Social Care grants; £7.7m relates to the General fund and £2.8m on the DSG.
3. £1.2m overspend in Resources, largely due to the costs of the contact centre.

The MTFs outlined for 2017-18 approved savings of £20.4m in order to deliver a balanced budget. An additional £5.7m relating to slippage from previous years must also be achieved. The main risks to the budget are Social Care costs, Ofsted Outcomes and Savings Delivery.

This Month: two sentences, five numbers

Position looks stable, no significant movements from the last reported monthly position. We are continuing to support directorates as they manage their budget pressures and savings targets.

£1.5m Underspend on General Fund: largely unchanged from quarter 2 position (£1.4m underspend)

£23.2m Savings: our anticipated savings against our requirement for projected savings

£24.8m Surplus: HRA, this has increased significantly since the last quarter which was projected to be broadly on budget.

£468m Investments.

£132m Projected capital spend.

Appendix 2.1 - Children's Services 2.1

Outturn variance £10.5m overspend

| £m | Outturn Variance | Cause of outturn variance | | | | | | | |
|------------|------------------|---------------------------|---------------------------|----------------|--------|----------------------|-------------------|---------------------|----------------------------|
| | | Yearly figs | | Figs to date | | Savings: directorate | | Reserves | |
| | | Revised Budget | Forecast Outturn Position | Budget to Date | Actual | Not achieved | Cross Directorate | Ear-marked Reserves | Impact on General Reserves |
| Children's | 10.5 | 104.5 | 115.0 | 78.4 | 99.8 | 0.7 | - | | - |

The overspend is mainly in Children's Social Care and reflects the national picture – 75% of Councils are reporting overspends in children's services, according to the LGA. After the Ofsted report in April 2017, Children's Services has finalised its Improvement Plan. The plan includes a one-off £4.2m cost over two years, to be funded from Reserves and conditional on hitting certain targets. The service will monitor the impact of the plan on levels of demand and its longer term service costs.

A list of significant variances with explanations is shown below

| (in numerical descending order) | £m | Variance commentary |
|---|-----|---|
| Staffing We're dealing with increased demand via agency staff. We need instead to recruit permanent staff | 2.6 | Demand for services is up (since April, 15% more children on the caseload, 41% more monthly contacts, 66% more referrals). Result: agency staff now make up over a third of our social work posts. Also when budgeting we assumed staff costs would average out at the mid-point salary scales, but the reality has seen costs closer to the top of the scale. Action: plans to recruit and retain more permanent staff have been developed and budgets have been reassessed accordingly with additional provision being included in the proposed 2018-19 budget. |
| Looked After Children (LAC) Increased demand and the age profile of our LAC population is leading to higher costs. | 1.8 | Ofsted commented on delays in care proceedings and high thresholds. Result: we have more children in care (and we expect even more in future), and there is a high proportion of older children too which cost more to look after. Action: we plan to intervene earlier in a child's life. The experience of other councils is that the sooner help is provided the more cost effective it is in overall terms. It will increase costs us in the short term (more young children in the system now), but saves us in the long term (the length of time in care would reduce and fewer children remain as more costly older children in the system). |
| Leaving Care Services LAC have an entitlement to leaving care services after they become adults | 1.5 | The overall growth in LAC numbers and the higher numbers of older children are putting pressure on this area of the budget; the strategy of intervening earlier will also help to manage this pressure. |
| Contract services The costs of school meals are not covered fully by income. | 0.8 | The service has been focussing on reducing costs as far as possible together with a proposed increase in the meal prices for secondary schools (from £2.35 to £2.75) |
| School redundancies These continue to be an issue as school budgets come under funding pressures. | 0.7 | These costs cannot be met from DSG and follow from approved school reorganisations. |

| | |
|--|---|
| Family Support | 0.5 We've increased our support for children in need pre-legal care proceedings. Also, there's been an increase in independent assessments that are being commissioned hence, we're looking at our legal processes to see where we can make savings. |
| School Improvement Secondary Is now being undertaken by the Tower Hamlets Education Partnership (THEP) | 0.1 Only Home Services and NQTs will operate as a traded service. |
| Tower Hamlets Youth Sports Foundation Continue to develop their business plan for 2018-19. | 0.1 The Council is continuing to support the Foundation in moving to an independent organisation. Staff consultation on changes to the service took place at the end of the summer and redundancy notices have been issued and took effect at the end of autumn term (December 2017). Expressions of interest from schools to a revised service offer for 2018-19 have informed staffing levels and the Foundation's business planning. |

Other comments

| | |
|--|--|
| Sports, Leisure & Culture Service been allocated £300k in 2017-18 | £170k is for total cost of A Team Arts, and the rest is for two pilot projects which will be procured. |
|--|--|

Outturn variance £1.2m

| £m | Outturn Variance | Cause of outturn variance | | | | | | | |
|-----------|------------------|---------------------------|---------------------------|----------------|--------|----------------------|-------------------|---------------------|----------------------------|
| | | Yearly figs | | Figs to date | | Savings: directorate | | Reserves | |
| | | Revised Budget | Forecast Outturn Position | Budget to Date | Actual | Not achieved | Cross Directorate | Ear-marked Reserves | Impact on General Reserves |
| Resources | 1.2 | 25.1 | 26.2 | 18.8 | 27.1 | 0.8 | - | - | - |

After adjusting for expenditure to be funded from specific reserves, the overspend is likely to be around £1.170m. Explanations for the key variances are provided below.

| (in numerical descending order) | £m | Variance commentary |
|---|------|--|
| Customer Access Tower Hamlets Homes now provide their own customer contact centre | 0.60 | Tower Hamlets Homes no longer buys this service from us and the shortfall is due to this lost business. The costs are mainly staffing and restructures will be needed to reduce staffing spend. Restructures have been delayed to take account of the wider local presence review. |
| Housing Benefit Admin Reductions in Government Grant support | 0.38 | The service is delivering savings of £0.5m agreed last year and facing new grant reductions. Costs are mainly staffing and it cannot achieve the level of staff reductions needed this year to cover savings and grant reduction without affecting service levels. A longer planning period is required to redesign the service in the context of welfare reform changes and growth is being requested as part of the 2018-19 budget process to manage this over a longer timeframe. |
| Council Tax Admin | 0.16 | Additional income needed to be generated through court costs to meet spend requirement and deliver previously agreed savings. This is no longer possible due to restrictions and what we can charge for court costs and the service will need to reduce costs to be within budget. |

Other comments

| | |
|----------------------------|---|
| Use of Reserves | Approximately £6m will be used from the General Transformation reserve to pay for costs associated with the smarter together savings programme. A further £3-4m will be needed from the ICT Transformation reserve to fund ICT Transformation projects totalling £16m agreed by cabinet earlier in the year. |
| Directorate Savings | There are specific savings in Finance, HR, Audit and Housing Benefits – the detailed performance on these are within the savings tracker. All projects are progressing and where there is slippage, these have been mitigated by bringing forward treasury savings. |

Appendix 2.3 - Health, Adults & Community

2.3

No Overall Variance

| £m | Outturn Variance | Cause of outturn variance | | | | | | | |
|------|------------------|---------------------------|---------------------------|----------------|--------|----------------------|-------------------|---------------------|----------------------------|
| | | Yearly figs | | Figs to date | | Savings: directorate | | Reserves | |
| | | Revised Budget | Forecast Outturn Position | Budget to Date | Actual | Not achieved | Cross Directorate | Ear-marked Reserves | Impact on General Reserves |
| HA&C | (0.0) | 139.5 | 139.5 | 104.6 | 92.8 | - | - | | - |

The Health, Adults and Community department is forecasting a breakeven position for 2017-18. We have summarised the main variances below.

The 2017-18 budgets include £7m of savings including £3.3m of savings from prior years. The department is forecasting to achieve £5.5m (79%) of savings in 2017-18. Historic unachievable savings targets totalling £0.7m are proposed to be cancelled as part of 2018-19 budget setting. The remaining savings slippage of £0.8m will be achieved in full in 2018-19.

(in numerical descending order)

£m

Variance commentary

Adult Social Care

Demand for residential and community-based care services for disabled and older people.

1.8 The month 9 position is a forecast overspend of £1.8m against a net budget of £90.2m. The forecast overspend is demonstrated by pressures in the demand led residential and community based care services for adults with disabilities and older people. There is also a risk in relation to previous year Clinical Commissioning Group (CCG) income, for which £3m was accrued at the end of 2016-17. Work is underway to review all outstanding debt and to engage with health partners to resolve historical queries.

Commissioning & Health

A 7% underspend against budget

(1.4) The month 9 position is a forecast underspend of £1.4m against a net budget of £12.6m, following efficiencies achieved through the procurement programme.

Community Safety

Substance misuse services are demand-led

(0.4) The month 9 position is a forecast underspend of £0.4m against a net budget of £3.2m, attributable to a number of temporarily vacant posts being held due to delays in recruitment. There is a minor risk in substance misuse services from demand-led detox and rehabilitation placements, however activity levels are being monitored closely.

Public Health

Primary Care and Sexual Health services are demand-led

0.0 The month 9 position is a breakeven forecast against the budget of £33.5m. There is however risk associated with the contracts for Primary Care and Sexual Health services as these are demand-led; robust monitoring processes are in place.

Ottturn variance £0.2m underspend

| £m | Ottturn Variance | Cause of ottturn variance | | | | | | | |
|-------|------------------|---------------------------|---------------------------|----------------|--------|----------------------|--------------------|---------------------|----------------------------|
| | | Yearly figs | | Figs to date | | Savings: directorate | | Reserves | |
| | | Revised Budget | Forecast Ottturn Position | Budget to Date | Actual | Not achieved | Cross Direct-orate | Ear-marked Reserves | Impact on General Reserves |
| Place | (0.2) | 64.7 | 64.5 | 37.4 | 47.5 | 1.6 | - | - | 0 |

An overall underspend of £0.2m is estimated at period 9. Historical savings of £1.6m will not be achieved however, mitigations are in place to cover the shortfall in the current year. A total of £0.2m from the savings target for income generation is being requested to be cancelled as part of the 2018-19 budget setting process.

| (in numerical descending order) | £m | Variance commentary |
|---|--------|---|
| Resources Overspend from unbudgeted Management costs | 0.20 | There are unbudgeted costs due to senior management brought in to support the directorate. These costs are expected to be contained within the overall Place budget at year end. |
| Growth & Economic Development Unbudgeted historical service charges. | 0.18 | Unbudgeted service charges from previous years of £175k have been incurred. These costs are expected to be contained within the overall Place budget. Mayor's Priority Growth of £400k are forecasted for the year to be drawn down from reserves. |
| Property & Major Programme Unbudgeted costs for Whitechapel Civic Centre and Vacant premises awaiting disposal. | 0.02 | This year costs attributable to securing the new Civic Centre site will be met from the corporate provision set aside to finance this project. Any costs relating to vacant properties awaiting disposal will also be met corporately. |
| Planning & Building Control Local Plan Place Team. | 0 | The unbudgeted Local Plan Place Team previously funded from reserves can be contained within the existing resources as a result of underspends following a review of the Team's outcomes. |
| Housing & Regeneration Increased income from RSLs. | (0.20) | The development of the recharge model supports the additional income now being generated from RSLs for lettings via the common housing register. |
| Public Realm Savings slippage offset by increased streetworks income | (0.41) | <p>There are a number of budget pressures that are being contained for the current year. This includes advertising income, historical savings, unbudgeted management and waste contract retender project costs from increased income sources.</p> <p>The pressures are mitigated in the current year through increased income from streetworks and parking bays suspensions and from increased utilities work in the borough, together with vacancies held pending reviews and restructures.</p> <p>A shortfall in the budget for Kennal Park is being met from reserves. Adjustments will need to be made for licensing income impacts, and the Landlord Licensing scheme unbudgeted income estimated at £0.5m for this year</p> |

that supports future years costs.

The street trading account operates in accordance with the London Local Authorities Act 1990 which stipulates what charges can be made to the account. There are a number of pressures in this area that will result in a deficit of £0.2m which will be funded from retained reserves.

Appendix 2.5 - Governance

2.5

Outturn variance £0.7m overspend

| £m | Outturn Variance | Cause of outturn variance | | | | | | | |
|------------|------------------|---------------------------|---------------------------|----------------|--------|----------------------|-------------------|---------------------|----------------------------|
| | | Yearly figs | | Figs to date | | Savings: directorate | | Reserves | |
| | | Revised Budget | Forecast Outturn Position | Budget to Date | Actual | Not achieved | Cross Directorate | Ear-marked Reserves | Impact on General Reserves |
| Governance | 0.7 | 12.8 | 13.5 | 9.6 | 10.8 | 0.6 | - | - | - |

The Governance directorate is forecasting a potential overspend of up to £700k

Strategy, Policy and Performance (SPP)

Savings slippage

0.53 The budget included a saving proposal of £0.6m to be achieved through centralisation of SPP teams. The preliminary work to develop a future model for the new centralised service took longer than expected to define. The restructure is now underway but has been delayed. Full savings will not be achieved this year and an overspend of at least £0.530m is expected.

Registrars Service

Not generating as much income as we had hoped

0.15 A new registrar's service model, with additional chargeable services, was introduced in 2016-17 to generate additional income and help meet the Councils budget gap. We are not generating as much income as we had hoped and overspends of around £0.150m are likely this year. We are looking at ways to reduce costs and increase charges for some of our more popular services in line with competitors to manage this pressure from 2018-19.

Other comments

Other Services

All other services within the Governance Directorate are currently forecasting a balanced position.

Outturn variance £13.7m underspend

| £m | Outturn Variance | Cause of outturn variance | | | | | | | |
|-----------|------------------|---------------------------|---------------------------|----------------|--------|----------------------|-------------------|---------------------|----------------------------|
| | | Yearly figs | | Figs to date | | Savings: directorate | | Reserves | |
| | | Revised Budget | Forecast Outturn Position | Budget to Date | Actual | Not achieved | Cross Directorate | Ear-marked Reserves | Impact on General Reserves |
| Corporate | (13.7) | (0.6) | (14.3) | 0.4 | 8.6 | | (1.9) | 8.2 | (1.5) |

Corporate and Central budgets These are provisions for unforeseen events (contingencies) and Council-wide budgets for savings, growth and inflation. If during the year, a Directorate proves that there has been service growth in its area, we move some money from this central pot into their budget to help cover the cost of the growth when this has been evidenced. This 'Contingency' is currently £3.1m.

Corporate / Central Financing In addition to the amount available in Contingency, underspends exist within Treasury management and capital financing due to delays in delivering the councils planned capital programme during the year
Approved growth that may be transferred to services upon receipt of evidence could have an impact on the respective service areas or remain within corporate cost if not required.

:

Outturn variance for HRA £24.8m underspend

| £m | Outturn Variance | Cause of outturn variance | | | | | | | |
|-----|------------------|---------------------------|---------------------------|----------------|--------|----------------------|-------------------|---------------------|------------------------|
| | | Yearly figs | | Figs to date | | Savings: directorate | | Reserves | |
| | | Revised Budget | Forecast Outturn Position | Budget to Date | Actual | Not achieved | Cross Directorate | Ear-marked Reserves | Impact on HRA Reserves |
| HRA | (24.8) | 12.0 | (12.8) | (31.4) | (29.9) | - | - | - | (24.8) |

A £24.8m underspend is projected in the Housing Revenue Account (HRA), with the major variances being:

| Area | £m | Variance |
|--|--------|--|
| Dwelling and Non-Dwelling Rents / Tenant and Leaseholder Service Charges: | (0.4) | Overall the rent and service charge budgets are estimated to generate more income. Housing rents are lower than forecast, partly due to the loss of rent resulting from a fire in June 2017 at one of the Council's housing blocks. However a rent review of the Council's commercial properties has resulted in extra non-dwelling rent being recovered. |
| Special Services, Rents, Rates & Taxes/ Supervision & Management/ Repairs & Maintenance | (0.8) | The main variance relates to the Repairs and Maintenance budget which is projected to be underspent, however historically demand for repairs often increases during the winter months which may result in additional future demands on the budget. |
| Revenue Contribution to Capital Outlay (RCCO) | (23.6) | <p>The Council originally budgeted to finance the purchase of former social housing units within the borough from a combination of capital resources within the HRA.</p> <p>On 30th January 2018 the Mayor in Cabinet approved the use of the acquired properties as temporary accommodation within the General Fund rather than the HRA, meaning that the remaining uncommitted budget of £26.2m within the HRA capital programme is no longer required for this purpose. This will enable HRA resources of £18.3m (representing the 70% Council contribution required to support the use of retained receipts towards funding of the scheme) to be used to finance other HRA initiatives; either the development of new housing supply or capital works to the Council's existing dwelling stock, including fire safety works. Although funding decisions for the capital programme will not be made until the end of the financial year, when considered in conjunction with the significant slippage that is projected on the Better Neighbourhoods element of the HRA capital programme, it is anticipated that the Council will not need to use any HRA revenue resources to finance the capital programme in 2017-18.</p> |

Earlier this year, we set aside £21m for specific mayoral projects to improve outcomes for residents and businesses. They include projects to improve employment opportunities for residents, in particular targeting vulnerable groups such as young people, care leavers, residents over 50 and women and improve the local environment and tackle poverty within the borough through the Mayors Tackling Poverty fund.

See Appendix 4 for projects and progress.

Some schemes are already underway, and our budgets reflect this. Others are being developed and will be included in future budgets.

Savings

Target for year £26.1m

Savings needed in future

| £m | Total 'red' | Slippage to future years | At risk of non-delivery | Savings | Total target | Delivered/ cashed already |
|---------------------|-------------|--------------------------|-------------------------|-------------|---------------|---------------------------|
| | A = B + C | B | C | E | F = A + D + E | |
| | x | x | x | ✓ | | |
| HAC | 1.5 | 0.8 | 0.7 | 5.5 | 7.0 | 3.6 |
| Place | 1.2 | 0.8 | 0.4 | 1.5 | 2.6 | 0.1 |
| All | (1.8) | 1.7 | (3.5) | 12.0 | 10.2 | 4.6 |
| Resources | 0.8 | 0.8 | - | 1.5 | 2.3 | 1.3 |
| Children's Services | 0.7 | 0.3 | 0.3 | 2.5 | 3.2 | 0.1 |
| Governance | 0.6 | 0.6 | - | 0.1 | 0.8 | 0.1 |
| Total | 3.0 | 5.0 | (2.0) | 23.1 | 26.1 | 9.7 |

Green tick: a higher level of confidence that savings are on track to be delivered.

Red cross: either timing issues, i.e. slippage into future years, or at risk of non-delivery.

Total target for 2017-18 is £26.1m (£20.4m relates to approved savings as part of the 2017-18 budget setting process, and £5.7m as a result of previous year savings not delivered)

- £23.1m is identified as being on track to deliver savings of this £9.7m has already been achieved
- A net position of 3.0m is forecast to slip into 2018-19

This section shows the amount of money we have collected from Tax payers of the borough, and the split between the amount that is retained and the amounts paid over to central and government and the GLA.

NNDR

We are expected to collect £434m for 2017/18.

NNDR is split between

GLA 37%,
 Government 33%,
 LBTH 30%

We are expected to collect £434m in Business Rates. To the end of December we have collected £376m (86%) and are on target to achieve full collection.

At the end of the previous year there was also an outstanding debt of £21m relating to historic periods. Of this £11m (46%) has been collected.

Council Tax

We are expected to collect £117m for 2017/18.

CT is split between

Government 27%,
 LBTH 77%

We are expected to collect £117m in Council Tax. We are on target to achieve a full collection with £88m (75%) having been collected by the end of December.

We also have historic Council tax debt of £17m at the end of last year. Of this we have collected £4m or 14%. This is a little lower than we would expect, but we have had to make a large refund during the year for some properties that have changed status.

We have £478m on the Balance Sheet The balance of reserves is broken down as follows

| Reserve | £m |
|--------------------|-------|
| General Fund | 31.7 |
| HRA | 39.1 |
| Earmarked Reserves | 134.6 |
| Capital | 248.3 |
| Schools | 24.7 |
| Total | 478.4 |

We projected £0.5m contribution to the General Fund reserve in the MTFF, and the current outturn could mean this is nearer £1.5m.

We are planning to use £22.7m of Earmarked Reserves Directorates are planning to spend £22.7m of Earmarked Reserves. £16m has been approved by Cabinet for the IT upgrade work, £6m from the transformation reserve (for staffing and 'Smarter Together' programme), and 0.3m from reserves held within Public Realm (Street Trading, £0.2m and Kemnal Park £0.1m).

Overall Position

For this period our investment portfolio totals £468m and we are current receiving an average return of 0.61%.

We have £468m of investments

We currently have 8.0% of the total portfolio investments, held in Money Market Funds to provide liquidity and to diversify risk. Almost 52% of the outstanding investments have less than 3 months to mature. Only £40m of investments are held for periods longer than 12 months.

We are working with our advisors to develop a strategy which improves returns without being too risky; this is reflected in our Treasury Management Strategy document and will be the subject of discussions with the Audit Committee.

Benchmarking

We compare favourably for the return we get from our internally managed funds, but at present we do not hold external investments

According to the information we receive from our advisors Arlingclose, we are out performing both a group of London councils, and a group of national local authorities (both averaging 0.48% on internally invested funds). We are looking at alternative approaches to retain and protect the capital value of the investment, with our Treasury Management advisors investigating options which will balance the risks and rewards.

Inflation

Inflation is eroding the value of our investments.

At the moment the Consumer Prices Index (CPI) inflation is running at 3.1%, and therefore the average return of 0.61% is significantly lower. This means that the future value of the funds invested today will be less.

Pension fund

10

Overall Position to 30th September

The overall fund value has increase by £99m to £1.489bn, which is estimated to be 82.8% of the fully funded level.

Fund increased by £99m

This represents a deficit of £222.9m, down from the previous estimate of £235m.

The pension committee receive quarterly updates on the level and administration of the pension fund. The December position will be reported to the March committee.

| Debtors | | 31 Dec 2017 | 30 Sept 2017 | 31 Mar 2017 |
|--|--------------------------------|------------------------|-------------------------|------------------------|
| | | £'000 | £'000 | £'000 |
| Individuals, Companies and Organisations who own us money | Central government bodies | 37,294 | 13,193 | 21,669 |
| | Other local authorities | -2,081 | -2,080 | 3,320 |
| Overall an increase of £84m on debtors, with the largest increase in other entities (£63m) | Other entities and individuals | 184,567 | 121,530 | 52,661 |
| | Payments in advance | - | 3,606 | 2,837 |
| | | <u>219,780</u> | <u>136,249</u> | <u>80,487</u> |

Significant Movements

The movement on Government Bodies relates mainly to Housing benefit (£21m)

The 'Other Entities and Individuals' is made up as follows

| | 31 Dec 2017 | 30 Sept 2017 | |
|------------------------------|------------------------|-------------------------|--|
| | £'000 | £'000 | |
| Trade and Sundry Debtors | 48,985 | -3,384 | |
| Council Tax Debtors | -4,597 | -5,203 | Net position, including receipts, which are eliminated at year end |
| Payroll Debtors | 104,377 | 61,569 | Recovered from schools at year end |
| Parking | 15,781 | 15,781 | |
| Rents and Service Charges | 56,034 | 45,597 | Invoices are raised at the beginning of the year |
| Housing Benefit Overpayments | 7,170 | 7,170 | |
| | <u>219,780</u> | <u>121,530</u> | |

| Creditors | | 31 Dec 2017 | 30 Sept 2017 | 31 Mar 2017 |
|--|--------------------------------|------------------------|-------------------------|------------------------|
| | | £'000 | £'000 | £'000 |
| Individuals, Companies and Organisations who we owe money to. | Central government bodies | 283,400 | 215,254 | 29,330 |
| | Other local authorities | 4,561 | 8,115 | 8,871 |
| Overall our creditors have increased by £30m, mainly within the Central Government category. | Other entities and individuals | 49,155 | 85,205 | 61,174 |
| | Accruals | 72 | 69 | 40,292 |
| | Receipts in advance | 13,680 | 11,823 | 14,487 |
| | | <u>350,867</u> | <u>320,466</u> | <u>154,154</u> |

Significant movements

Central Government shows the biggest movement of £68m, this relates to government grants including the DSG which are finalised as part of the year end process. Other entities are showing a reduced position.

Capital expenditure: Table 13.1

| | Forecast (under)/ over spend for year | Spent to date vs Budget | | This year's fig (£m) | | |
|----------------------------|---|----------------------------|--------------|------------------------|------------------|------------------|
| | | This year | Last year | Projection for year | Annual budget | Spent to date |
| | | | | | | |
| A = D - E | B = F/E | C | D | E | F | |
| Housing Revenue Account | (22.7) | 24% | 51% | 32.7 | 55.3 | 13.3 |
| Corporate | (6.4) | 13% | 0% | 3.9 | 10.4 | 1.4 |
| Children's Services | (2.4) | 56% | 64% | 23.7 | 26.1 | 14.7 |
| Place | (15.4) | 64% | 37% | 70.6 | 86.0 | 55.3 |
| Health, Adult, Communities | (1.9) | 30% | 3% | 1.4 | 3.3 | 1.0 |
| Resources | (0.4) | 24% | n/a | - | 0.4 | 0.1 |
| Total | (49.2) | 47% | 47% | 132.3 | 181.5 | 85.7 |

We've spent 47% of budget, compared to 47% at the same stage last year we generally spend more later on in the financial year. We still however project a slippage of £49m, which will be spent in future years rather than the current year. Below is detail of projected variances.

| | (Under)/ overspend £m | |
|---|-----------------------------|--|
| Housing Capital Programme | (16.7) | The forecast slippage of £16.7m is explained by: <ul style="list-style-type: none"> • £12.1m reduction in estimated spend on Decent Homes backlog and 38 of the Better Neighbourhood blocks due to changes in scope • £3.2m delays in Mechanical & Electrical works caused by issues with planning and DES options. • £1.6m slippage on other projects over programmed. • This is offset by urgent Fire Safety works where there is a £0.24m overspend against the originally proposed budget. |
| Corporate Budget Provision for Infrastructure Delivery | (6.4) | This relates to budget provision for allocations made under the Infrastructure Delivery Framework (IDF) Process. Amounts will be moved to Directorates as allocations are approved, and spend projections will be added accordingly. Any unallocated amounts in the current year will be rolled forward to future years. |
| Establish a Housing Wholly-Owned Company | (6.0) | This represents the Council's equity investment in the housing company. It is likely to be advanced in 2018/19 rather than the current year. |
| Purchase of properties for use as temporary accommodation | 2.6 | This scheme has been accelerated with the purchase of temporary accommodation occurred earlier than is reflected in the profiled budget |

| | | |
|---|-------|---|
| Establish a Housing Community Benefit Society | (2.5) | This represents the S106 resources allocated for use by the Community Benefit Society as funding for the purchase and development of affordable accommodation. It is likely to be advanced in 2018/19 rather than this year. |
| Parks | (2.5) | Slippage relates to Bartlett Park Landscape Improvement Project, which has been delayed due to procurement issues. |
| Blackwall Reach | (2.2) | Funds will be used in 2018-19, as there are no buybacks taking place this year. |
| TfL Schemes | (2.2) | Schemes have been reduced in line with the resources available. TfL have recently written explaining the issues that have impacted on their budget and their ability to fund the 2018-19 LIP funded projects and its effect on the 2017-18 LIP allocations. TfL have offered to agree to formally transferring some of the 2017-18 LIP allocations into 2018-19. This is still under discussion. In addition, the Quietways schemes have had funding withdrawn and some of these will not now proceed. The scope of works and the programme has been reviewed in light of this and other issues regarding staff/contractor resource availability. |



Capital receipts from sale of Housing and General Fund assets

Capital receipts: **Table 13.2**

| | This year |
|--|--------------|
| | £m |
| Dwellings sold under Right to Buy (RTB) | |
| Receipts from RTB sales (107 properties) | 20.6 |
| Less: poolable amount paid to DCLG | (1.3) |
| Sale of other HRA assets | |
| Preserved Right to Buy receipts | 2.5 |
| 43 Saltwell Street | 0.02 |
| Sale of General Fund assets | |
| 255-279 Cambridge Heath Rd (LEB building) | 30.2 |
| Total | 52.0 |

Receipts shown gross before costs of sale are deducted

Retained Right to Buy receipts must be set aside to meet targets on housing provision as set out in regulations governing the pooling of housing capital receipts, so they must be ring-fenced for this purpose and are not available for general allocation.