

REPORT TO:	CABINET 15 December 2014
AGENDA ITEM:	13
SUBJECT:	2014/15 FINANCIAL PERFORMANCE – Quarter 2
LEAD OFFICER:	RICHARD SIMPSON DIRECTOR OF FINANCE & ASSETS AND SECTION 151 OFFICER
CABINET MEMBER:	COUNCILLOR SIMON HALL, CABINET MEMBER FINANCE AND TREASURY
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: The recommendations in the report will help to ensure the effective management, governance and delivery of the Council's medium term financial strategy.	
FINANCIAL SUMMARY: The forecast revenue Outturn for 2014/15, is an overspend of £0.294m . This is an improvement from the quarter one position reported of a £2.864m overspend.	
FORWARD PLAN KEY DECISION REFERENCE NO. Not a key decision	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

The Corporate Management Team are asked to:

- i) Approve Virement detailed in paragraph 3.2
- ii) Note the projected Revenue Outturn for 2014/15 of an overspend of **£0.294m**.
- iii) Note the HRA forecast of a surplus of **£2.217m** for the current financial year.
- iii) Note the changes to the capital programme for 2014/15 incorporating rephasing of the programme to take account of the slippage and underspends identified shown in table 6.
- iv) Approve the delegated authority detailed in paragraph 5.6 below be given to the Director of Finance and Assets, in conjunction with the Cabinet Member Finance and Treasury, and the Deputy Leader (Statutory) – Homes and Regeneration regarding additional investment in the Real Lettings Property Fund.

2 EXECUTIVE SUMMARY

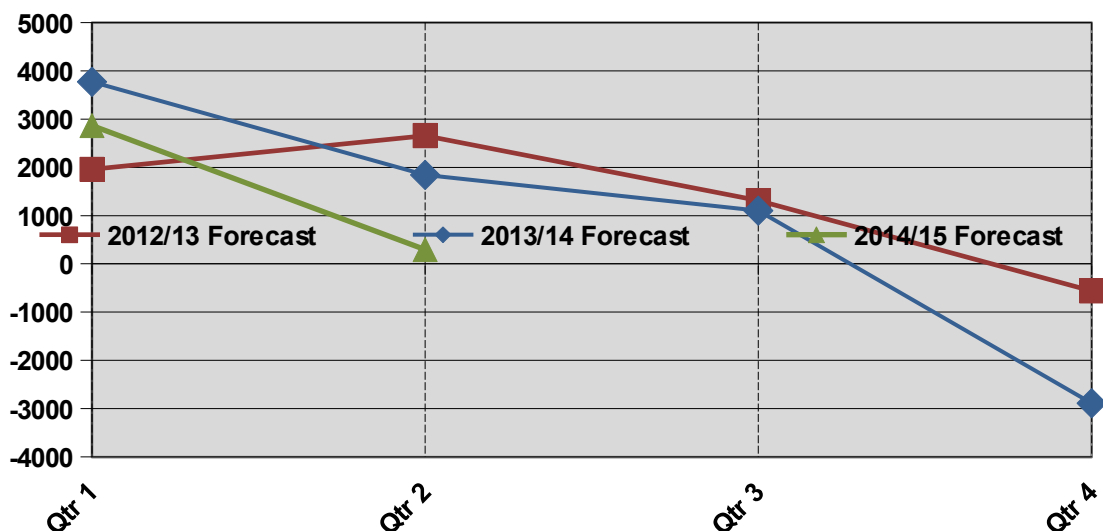
2.1 This report summarises the Council's financial performance and related operational performance indicators as at the quarter ending September 2014. It details the projected outturn position.

2.2 The detailed information is set out in the following;-

- Appendix 1 - Summary of outturn by division
- Appendix 2 - Departmental revenue variations
- Appendix 3 - Capital variations

2.3 The forecast overspend is a far better position than either of the last two years and is detailed below.

Comparison of Council Forecast Outturn 2012/13 to 2014/15



2.4 The areas of departmental overspend are going to be fully taken into account in the budget process, to ensure that the starting point for 2015/16 is as robust as possible.

3 GENERAL FUND REVENUE SUMMARY

3.1 Revenue Summary

3.1.1 The forecast at the end of Quarter 2 2014/15 is an overspend of **£0.294m**. The departmental revenue summary is shown in Table 1 later in the report. The key elements of this position are shown in Table 2, with the divisional revenue summaries in Appendix 1, explanation of variances for departments in Appendix 2. Departmental forecasts contain a number of actions planned in order to reduce overspends and these are also set out in the detail in Appendix 2.

3.1.2 Within Corporate items there is;-

- i.* A **£2m** projected underspend on interest payable and MRP. This reflects the lower than budgeted capital spend with a resulting lower borrowing requirement and also the profile and interest of our borrowing.
- ii.* A **£0.700m** over-achievement of income on the agency staff contract is included in the forecast.
- iii.* An additional **£2.700m** of unringfenced Government Grants.
- iv.* A Contingency budget of **£1.000m**.

3.1.3 The main areas of projected overspend in CFL, which has an overall projected overspend of £4.2m, are as follows:-

- a)* Placement costs for Looked after Children £2.2m. The service is currently proving placements for 31 more children than budgeted for, and it is projected that demand for the service will continue to rise through the year and it is projected that there will be 66 placements above the budgeted figure at the end of the year. Work is being undertaken to review and negotiate external placement costs and the outturn figure assumes a prudent level of savings from this approach of £300k.
- b)* Increased staff costs of £0.5m due to vacant posts being filled by more costly agency workers. A recruitment exercise is currently taking place and the outturn figure assumes a number of these posts will be filled by December of 2014. If this is not the case and agency staff continue to be employed this cost will rise.
- c)* SEN transport costs are projected to be £1.7m over budget due to increased contract costs following the collapse of a provider and an increase in demand for the services provided. The contract will be re-procured later in the year and it is anticipated that contract costs will reduce but at this stage these are unknown so have not been factored in to the outturn figures.

3.1.4 The main areas of projected overspend in DASHH, which has an overall projected overspend of £2.8m, are as follows:-

- a)* Temporary accommodation costs of £1.3m. Whilst there has been no increase in the average number of people presenting as homeless, there is a pressure on finding suitable alternative accommodation so people are remaining in expensive temporary accommodation for longer. The number of units required has increased from 467 per night in April to 675 in September and is predicted that this number will continue to increase by a net 10 per month for the remainder of the year. New accommodation currently being procured becomes available, in January and this has been factored into the forecast.
- b)* Care Package costs are £2.3m above budget due to an increase in demand for these services. Work is under way to negotiate with providers to reduce placement costs and where these negotiations have been concluded this saving

has been factored in to the outturn. There are also on-going negotiations taking place so this overspend could reduce further.

3.1.5 The main areas of projected overspend in D&E, which has an overall projected overspend of £1.3m, are as follows:-

- a) Increase in the tonnages of waste going to landfill of £400k and a shortfall in Trade Waste income of £370k. A review of trade waste is underway. Additionally investigations into the ongoing waste position are underway.
- b) There is a shortfall of £824k in the Pay and Display Income and an shortfall in CCTV generated PCN income of £190k. Action to increase other income should be able to reduce this figure by a further £140k.

Action plans to tackle the residual pressures are being developed

3.1.6 The main areas of projected overspend in CED, which has an overall projected overspend of £1.6m, are as follows:-

- a) Increase in the number of searches by 58% compared to budget resulting in extra Land Charges income of £500k
- b) Housing Benefit Income £800k – this denotes net income generated to the Council after Subsidy loss due to overpayment of benefits. This is based on an average net income of £257 per invoice, and 3,149 invoices by the end of the financial year.
- c) The deletion of the Executive Director of CRCS post following the appointment of a permanent Chief Executive saving £200k.

3.1.7 A number of the key overspend areas relate to demand led budgets that have been under significant pressure for at least 18 months. A process has been put in place to provide more assurance on the longer term position in relation to these areas and to ensure both Cabinet member and senior officer focus.

3.1.8 The key budget variations resulting in this position is shown below in table 1;-

Table 1 Summary of Revenue Outturn Forecasts

DEPARTMENT/ Division	Major Variances > £500k	Departmental Forecast	
		Qtr 2 £'000	Qtr 1 £'000
DEPARTMENT OF ADULT SERVICES, HOUSING AND HEALTH			
Housing Needs and Strategy	Housing Solutions - Bed & Breakfast - increase in the numbers of homeless persons and lack of suitable alternative accommodation	1,280	1,077
Commissioning	Mental Health - Staffing and care packages	558	558
Personal Support	Assessment and Case Management and Social Work and Safeguarding Care Packages	1,783	1,103
DASHH Total		2,849	2,520
CHILDREN FAMILIES AND LEARNING			
Social Care & Family Support	Fostering Placements - demand for placements above budgeted levels	2,172	2,253
	Staffing - Agency Premium to be paid for posts being covered by Agency staff	501	923
Learning & Inclusion	SEN Transport - Increased demand and contract changes	1,758	1,562
CFL Total		4,183	4,599
DEVELOPMENT AND ENVIRONMENT			
Environment		824	650
	Parking Services – shortfall in income		
D&E Total		1,252	1,531
CHIEF EXECUTIVE'S DEPT.			
Customer Services & Communications	Land Charges - additional income estimate	(500)	(500)
	Housing Benefit Income	(800)	
CED Total		(1,590)	(786)
CORPORATE ITEMS			
Interest Payable		(2,000)	(2,000)
Use of Contingency		(1,000)	(1,000)
Additional grant income		(2,700)	(2,000)
Agency Staff Contract		(700)	
Corporate Items Total		(6,400)	(5,000)
TOTAL		294	2,864

3.2 New Administration Priorities Reserve

3.2.1 As reported in the July Financial Review to Cabinet, the £2.886m surplus from 2013/14 has been put into an earmarked reserve to support the new administration's priorities.

3.2.2 To date, some £1.8m of this reserve has been allocated to specific initiatives.

3.2.3 The principal allocations are;-

- Clean & Green / Don't Mess with Croydon (£744k)
- Measures to mitigate travellers in parks and open spaces (£266k)
- Fairness Commission (£200k)
- Festivals (£150k)
- Upper Norwood Joint Library (£133k)
- New Addington initiatives (£140k)

3.2.4 In addition, this fund has been used to deliver on;-

- CCTV Queens Gardens
- Webcasting for cabinet and council
- Free Swimming
- Reversal of Arnhem saving
- Cycling
- Play Streets
- School Crossing Patrols
- Ashburton Park initial works
- Pilot on one hour free parking in district centres

3.3 Virements

3.3.1 Cabinet approval is requested for a virements totalling £554,400 in order to complete the transfer the Clocktower budget from CFL to CED. The effect of this transfer of budgets within the General Fund is shown in table 2;-

Table 2 – (Reduction)/Increase in Departmental Budgets

Departmental Budget	£
Adult Services, Housing and Health	0
Children Families and Learning	(554,400)
Development and Environment	0
Chief Executive's Dept.	554,400
Corporate Items	0

HOUSING REVENUE ACCOUNT (HRA)

- 1 The forecast for the HRA is a surplus of **£2.217m**. The HRA needs to maintain an appropriate level of revenue balances to maintain financial stability and to mitigate any potential future risk. In line with the policy for the General Fund this was set to increase to a minimum of 5% over the period of the financial strategy. This was achieved in 2012/13 and is held in the Contingency Reserve. The current balance of **£3.995m** represents 5% of the budgeted HRA income for 2014/15.
- 2 The council's HRA rent collection performance was very good to the end of September with an actual collection rate of 98.4% against a target of 98.2%. It should be noted, however, that the rate is currently distorted due to the first two rent free weeks of the current year. The comparable collection rate for September 2013 was 97.3%. As per previous months, there are continued extenuating factors

affecting the collection performance. The introduction of the welfare reforms limiting payments to tenants under occupying properties combined with the benefit cap has resulted in an increase in arrears although directly affected tenants are receiving household resilience support to enable them maintain their current tenancies. The table 3 below shows the cumulative position.

Table 3 – Rent Collection Rates as at 30th September 2014

	Target	Actual	Variance (%)
Rent Collection Rate	98.2%	98.4%	0.2%
Rent Collection Amount	£50.25m	£49.47m	£0.78m
Target	98.2%		
Performance 2013/14	99.0%		

5 Forecast Capital Outturn Summary for 2014/15

5.1 The Capital programme for 2014/15 remains categorised by the 3 themes identified in the capital strategy. The 3 themes are:

- i. Transforming our Place
- ii. Transforming our Services
- iii. Managing our Assets

5.2 Table 4 shows the revisions to the capital programme since the Qtr 1 report to Cabinet in September.

Table 4 – Revision to the Capital Programme Budget

Description	2014/15 £'000
Quarter 1 (As reported to Cabinet in September 2014)	265,174
Additions	
Tennison Road Bridge- for works to enable a wider carriageway and footway	1,800
Refit Programme - Install energy efficiency measures in corporate buildings and schools	6,229
ICT - Revenues and Benefits Scheme	360
Section 106/TFL Approvals	55
Taberner House Development (additional costs of revised scheme)	1,600
Revised Programme	275,218

5.3 Based on all funding sources available, projects are currently forecasting spend of £233.825m compared with the revised budget of £275,218m, a variance of £41,393m, this is made up of £39.588m of slippage and £1.805m of underspends.

5.4 A summary of the forecast capital spend and variances are shown in table 5, with details of any variances over a £100k shown in Appendix 3. At Qtr 2 it is anticipated that 83% of the revised budget will be spent by the end of 2014/15.

Table 5 – Summary of forecast Capital spending in 2014/15

Original 2014/15 Budget	Capital Programme Themes	Slippage	Revised Budget - at m6 exc slippage	revised budget at m6 inc slippage	Spend to date	Forecast Outturn	Total variance	RAG	Forecast Slippage to 2015/16	Forecast under / over spend
£'000s		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s		£'000s	£'000s
32,973	Transforming our Place	11,320	27,582	38,902	2,586	31,560	-7,342	G	-7,538	195
119,297	Improving our Assets	26,530	130,139	156,669	19,138	123,891	-32,778	G	-30,778	-2,000
26,918	Transforming our Services	6,917	28,757	35,675	9,451	34,402	-1,272	G	-1,272	0
179,187	Sub Total - General Fund	44,767	186,479	231,246	31,174	189,853	-41,393		-39,588	-1,805
40,504	HRA	3,468	40,504	43,972	4,824	43,972	0	G	0	0
219,691	Total	48,235	226,983	275,218	35,998	233,825	-41,393		-39,588	-1,805

5.5A proportion of the 2014/15 programme will slip into 2015/16, the main causes of delivery delays and therefore delays to expenditure spend are:

- Interdependencies with other agencies and challenges securing agreement to complex transport related schemes e.g. Wellesley Road, West Croydon Interchange.
- Realignment of priorities to ensure delivery is in line with the priorities of the administration
- Complex site conditions have required a lengthy pre-works assessment to ensure delivery of scheme as conceived ahead of works phase

5.6 The expected slippage reduces the expected borrowing in this year and will be reflected within the expected cash flow of the capital programme. Slippage and underspends to the programme have resulted in a reduction in borrowing for 2014/15 of £24m made up of £22m of slippage into next year and £2m of underspends.

5.7 Taking this into account it is recommended that the budget for 2014/15 is adjusted to reflect the current forecast of £233m which takes into account all the underspends declared and the slippage which is being moved into the 2015/16 budget.

5.8 The indicative forecast out-turn on the Connected Croydon programme suggests that it is likely to exceed total agreed budget. The forecast position is primarily as a result of:

- Higher than envisaged tram related costs,
- The rising cost of construction,
- Changes to design and scope of projects.

5.9 Actions to mitigate the potential overspend are being taken and additional external funding has already been identified to minimise the impact on Council resources. Detailed project-by-project analysis is currently being undertaken to quantify the position and findings from this work will form part of the quarter 3 report to come before Cabinet in February. At this stage the assumption is that any change to the programme will be managed within the overall capital programme budget.

Table 6 – Budget Revision

Funding	Original Budgeted Funding	Total slippage/New Approvals in funding	Revised Budget at September 2014	Revised Budget after Rephasing of the Programme
	£m's	£m's	£m's	£m's
TFL	4,681		4,681	4,681
S106		170	170	170
Receipts	4,500		4,500	4,500
DFE	70,307	6,185	76,492	66,985
PFS	4,765		4,765	4,765
DCLG - DFG	900	25	925	925
Reserves		681	681	681
DFT		1,800	1,800	1,800
GLA	19,225	8,603	27,828	20,288
Borrowing	74,808	34,595	109,405	85,059
General Fund Sub Total	179,186	52,059	231,247	189,854
HRA				
HRA Receipts	552		552	552
Major Repairs Allowance	16,983		16,983	16,983
HRA Unsupported Borrowing	12,430	3,468	15,898	15,898
HRA Revenue Contribution	10,538		10,538	10,538
HRA Sub Total	40,503	3,468	43,971	43,971
Total	219,689	55,527	275,218	233,825

5.10 Cabinet on 18 November 2013 agreed a second investment of £20m to increase the supply of accommodation for homeless households and support our ability to start discharging our housing duty. Investment in the Real Lettings Property Fund (The Fund) has commenced with the agreement that the council will receive nominations for 93 properties, and to date we have invested £10m in the fund and received 40 nominations to the middle of November. The Fund is currently intending to close to new or additional investors on 31st December 2014 and we are aware of a number of other local authorities who are considering investing in The Fund.

5.11 The number of homeless families is continuing to rise and there is an ongoing process to find suitable accommodation. Initial discussions have taken place with The Fund with the option to invest a further £10m in return for further nominations. Subject to agreement on the number of additional properties that would be supplied as a result, and that the anticipated returns on the fund as outlined in the original report are still

available, it is recommended that the Director of Finance and Assets, in conjunction with the Cabinet Member Finance and Treasury, and the Deputy Leader (Statutory) – Homes and Regeneration be given delegated authority to approve the additional investment and take any further steps, including entering into a further agreement on behalf of the authority, to implement the investment.

6 FINANCIAL MANAGEMENT

6.1 Council Tax & NNDR

- 6.1 In terms of the amount collectable for council tax, this now stands at £2.979m up on the same time last year, in part due to the proactive work on discounts and exemptions.
- 6.2 In terms of business rates, the amount collectable has been reduced by over £2m to £117.5m, due to multiple awards of retail rate relief and changes to rateable value. Recovery action remains robust for non-payers and a plan is underway to improve collection, involving making contact with any customers who are behind in order to bring their account up to date or make other arrangements as appropriate.

Table 7 - Council Tax and National Non Domestic Rates collection at 30th September 2014.

Collection	Year to Date			
	Month End Target	Actual	Last Year Actual	Variation on Last Year
CTAX	56.53%	56.04%	55.30%	0.74%
NNDR	58.72%	57.07%	58.32%	(1.25%)

7 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 7.1 The report is submitted by the Director of Finance & Assets and Section 151 Officer.

8 COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 8.1 The Solicitor to the Council comments that the Council is under a duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

Approved by: Julie Belvir, Council Solicitor and Monitoring Officer.

9 HUMAN RESOURCES IMPACT

- 9.1 There are no direct Human Resources considerations arising from this report as such, but items from savings packages and action plans included in the report or those that need to be developed in response to the report are likely to have significant HR impact. These can vary from posts not being filled or deleted,

through to possible redundancies. Where that is the case, the Council's existing policies and procedures must be observed and HR advice must be sought.

Approved by: Heather Daley; Director of Human Resources

10 EQUALITIES IMPACT

10.1 The areas listed below are currently overspending and provide services to people with protected characteristics and future funding decisions relating to these areas will need to ensure they are informed by relevant equality analysis. The areas identified are:-

- Placement costs for looked after children
- SEN transport costs
- Temporary accommodation
- Care packages

11 ENVIRONMENTAL AND DESIGN IMPACT

11.1 There are no direct implications contained in this report.

12 CRIME AND DISORDER REDUCTION IMPACT

12.1 There are no direct implications contained in this report.

13. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

13.1 The recommendations are to note the in-year budget position of the council. There is no direct action requested at this point.

14. OPTIONS CONSIDERED AND REJECTED

14.1 No other options considered.

CONTACT OFFICER:

Richard Simpson – Director of Finance & Assets and Section 151 Officer

BACKGROUND DOCUMENTS – LOCAL GOVERNMENT ACT 1972:

None

Summary outturn by Division

Appendix 1

Department	Division	Outturn Forecast Qtr 2			Position to date			RA G
		Budget £m	Forecast £m	Forecast variance £m	Budget to date £m	Accrued spend to date £m	Variance to date £m	
Adult Services, Health and Housing	Housing Management	(0.045)	(0.052)	(0.007)	(0.023)	(0.026)	(0.004)	G
	Housing Needs & Strategy	8.827	10.390	1.563	4.413	5.195	0.781	R
	Directorate	(0.036)	(0.066)	(0.030)	(0.018)	(0.026)	(0.008)	G
	Commissioning	47.560	47.552	(0.008)	23.780	23.720	(0.059)	G
	Personal Support	55.227	56.558	1.331	27.734	29.782	2.048	R
	Public Health	-	-	-	(0.000)	(0.000)	-	G
	Total DASHH	111.533	114.381	2.849	55.886	58.645	2.759	
Children, Families & Learning	Social Care & Family Support	50.501	53.047	2.546	25.249	26.710	1.461	R
	Learning & Inclusion	83.441	84.656	1.214	41.720	42.327	0.607	R
	Community & Support Services	9.531	9.469	(0.062)	4.765	4.734	(0.031)	G
	Central Services	7.385	7.870	0.485	3.693	3.935	0.242	R
	Total CFL	150.858	155.042	4.183	75.427	77.707	2.280	
Developmen t & Environment	Environment	62.754	64.025	1.271	22.472	23.107	0.636	R
	Planning	3.326	3.309	(0.017)	1.989	1.980	(0.009)	G
	Regeneration	3.282	3.226	(0.056)	2.361	2.333	(0.028)	G
	Directorate	(0.042)	0.012	0.054	0.964	0.991	0.027	R
	Total D & E	69.320	70.572	1.252	27.785	28.411	0.626	

Department	Division	Outturn Forecast position			Position to date			RA G
		Budget	Forecast	Forecast variance before recovery plans	Budget to date	Accrued spend to date	Variance to date	
		£m	£m	£m	£m	£m	£m	
Chief Executive's Dept.	Democratic & Legal	2.806	2.806	-	1.621	1.621	-	G
	HR	(0.814)	(0.936)	(0.122)	(1.961)	(2.022)	(0.061)	G
	Equalities & Community Relations	0.072	0.072	-	0.648	0.648	-	G
	Voluntary Sector Funding	1.236	1.236	-	0.216	0.241	0.025	G
	Chief Executive's Office	0.376	0.376	-	(0.369)	(0.369)	-	G
	Finance & Assets	1.812	1.712	(0.100)	(1.926)	(1.976)	(0.050)	G
	Customer Services & Comms	9.088	7.810	(1.278)	4.373	4.134	(0.239)	G
	Concessionary Fares	14.714	14.730	0.016	7.357	7.365	0.008	R
	Strategy, Commissioning, Procurement & Performance	(0.150)	(0.341)	(0.192)	(1.968)	(2.064)	(0.096)	G
	Corporate Services	9.262	9.348	0.086	(9.272)	(9.247)	0.025	R
	Total CED	38.401	36.811	(1.590)	(1.280)	(1.668)	(0.388)	
Total	Total All Departments	370.112	376.807	6.694	157.819	163.095	5.276	

HRA Summary

Department	Division	Outturn Forecast position			Position to date			RA G
		Budget	Forecast	Forecast variance before recovery plans	Budget to date	Spent to date	Variance to date	
		£m	£m	£m	£m	£m	£m	
Housing Revenue Account	Croydon Landlord Services	(13.939)	(15.561)	(1.622)	(27.971)	(28.782)	(0.811)	G
	Needs & Strategy	4.971	4.876	(0.095)	2.004	1.957	(0.047)	G
	Resources Section	8.968	8.468	(0.500)	0.310	0.160	(0.150)	G
	Total HRA	-	(2.217)	(2.217)	(25.657)	(26.665)	(1.008)	

DEPARTMENTAL REVENUE VARIATIONS

Appendix 2

DEPARTMENT OF ADULT SERVICES, HOUSING AND HEALTH

Division	Explanation of variance and movement from previous month	Qtr 2 Variance (£000)	Divisional Total (£000)	Qtr 1 Variance (£000)
Housing Management		-		-
	Other minor variances < £100k	(7)	(7)	(7)
Needs and Strategy	Housing Solutions - Bed & Breakfast The number of units required has increased from 467 per night at the beginning of April 2014 to 547 at the end of June and 675 at the end of September 2014 to accommodate the difficulties in finding additional suitable longer term accommodation. For the forecast outturn, it has been assumed that the monthly growth over the last two quarters will increase by 10 units per month until the end of the financial year resulting in approximately 735 units per night by the end of March 2015. This includes the assumption that the units at Sycamore and Concord House will be in use from January 2015.	1,680		1,277
	Housing Solutions - Bed & Breakfast continued The South East London fixed prices will come into effect from mid to late October 2014 which could result in a saving of around £200k in the year on the Bed & Breakfast expenditure.	(200)		(200)
	Housing Solutions - Bed & Breakfast continued The new build housing programme is over running due to poor contractor performance, which in turn is having a direct impact on the number of people in B&B. As a consequence, the contractor is subject to penalty deductions for non-delivery.	(200)		-
	Housing Solutions - Temporary Accommodation As more homeless persons are moved out of Bed and Breakfast and into Temporary Accommodation, the expenditure to landlords for deposits and incentive payments are increasing resulting in an overspend to the department.	278		75
	Other minor variances < £100k	4	1,562	(12)
Directorate		-		-
	Other minor variances < £100k	(30)	(30)	

Commissioning	<u>Mental Health Services</u> The overspend pressures fall into two main areas;- (a) Staffing: A successful recruitment campaign and careful oversight should lead to the staffing budget breaking even at the end of this financial year. (b) Care Packages: Despite rigorous scrutiny at director level of individual residential placement requests, however we continue to have a significant projected overspend in this area.	558		558
	<u>Specialist Services</u> No Recourse to Public Funds - Current forecast is based on 71 families and 47 adults.	(197)		(106)
	<u>Professional Standards:</u> Operational - A recent High Court judgement in addition to the rising demand for safeguarding interventions has resulted in increased demands for both Safeguarding Boards and doctor provided best interest assessments.	70		141
	<u>Joint Commissioning Learning Disabilities:</u> Joint Commissioning Management: (-£92k) - Savings in Staffing due posts being held vacant.	(114)		-
	<u>Commissioning Vulnerable Adults: Supporting People (-£108k)</u> - The 3 year programme of contract re-negotiation for Supporting People has been more successful and provided savings earlier than anticipated.	(115)		-
	<u>Commissioning Older People & Physical Disability</u> 1. Commissioning of the Voluntary organisation has been reviewed and generated a savings of £141K 2. The CHS increased their contribution to the equipment pool of approximately £500K which has reduced the overspend to less than £9K	(133)		-
	Other minor variances < £100k	(76)	(7)	(246)

Personal Support	<u>Assessment and Case Management and Social Work and Safeguarding Care Packages</u> Expenditure remains similar to last year with high demand for services continuing. This figure includes £340K from the Department of Health for winter pressures care packages and £500K draw down of Reablement reserves to fund winter	1,783		1,103
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	pressures.			
	Social Work & Safeguarding Social Work Teams - the costs of locums. Some locums will be replaced by permanent staff in next few weeks.	222		222
	Early Interventions & Reablement Occupational Therapy Pooled Budget - under spend due to staff vacancies on the Pooled Budget and the forecast reflects latest position from our health partners.	(150)		(148)
	Mental Health Older Adults Day Services The under spend is mainly due to higher levels of income expected than in budget figures.	(156)		0
	Other minor variances < £100k	(368)	1,331	(137)
Public Health	The Public Health expenditure is reported as net nil. This is because as it is a ring-fenced grant, with any under or overspend automatically carried forward to the following year. The cumulative balance of unspent PH grant to be carried forward into 15/16 is estimated at £1.2m. This includes the unspent balance brought forward from 13/14 of £1.288m.	-		-
	Other minor variances < £100k	-	-	-

Total Forecast Variance		2,849	
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CHILDREN FAMILIES AND LEARNERS

Division	Explanation of variance and movement from previous month	Qtr 2 Variance (£000)	Divisional Total (£000)	Qtr 1 Variance (£000)
Social Care & Family Support				
Children in Need Service				
Head Of Service Children In Need	Anticipated pressure on care proceedings budget based on previous years trend and expected increase in number and level of complexity of care proceeding as a result of implementing the placement strategy of 'looking after the right children'.	440		559
Services For Children With Disabilities	The variances include;- 1) (£63k) Cessation of funding to Croydon Opportunity Play Group as the organisation is fully funded by the Early Years Dedicated Schools Grant. 2) (£121k) Net reduction in the overall forecast for placement due to a review in internal fostering placements 3) (£60k) Saving costs on staffing due to vacancies.	(237)		(193)
Assessment And Care Planning	The variance is essentially due to the £491k Agency Premium to be paid for posts being covered by Agency staff, which has reduced since Qtr1 - renegotiating agency rates and/or making permanent appointments at lower grades than were budgeted for.	501		672
Looked After Children				
Asylum Seekers Service	Increase the recharge to Asylum to reflect the actual notional spend.	(376)		(376)
In-House Fostering Service	1) £380k due to additional placements with in-house carers 2) £198k ongoing increase in other costs associated with placements as a result of increase in demand 3) £40k Resource to support Fostering transformation	618		535
Adoption And Special Guardianship Service	The variance is due to;- 1) £66k Increased Adoption allowance paid for additional children. 2) £197k Expected increase in Special Guardianship allowance to be paid for additional children. 3) £35k Anticipated increase in Residence Order payments as a result of increase in demand.	298		188
Leaving Care Service (18 plus Looked After Children)	The variance is due to the management of these cots, as against the level of grant received for this area.	(171)		-
Permanence Service 2 (Non UASC)	The variance is due to an increase above budget in the number of foster care placements. We are currently forecasting for an additional 36 children as compared to budget.	1,866		1,667

Safeguarding And Looked After Children Quality Assurance				
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Children's Quality Assurance Unit	Agency Premium to be paid for staff covering vacancies	171		171
Early Intervention & Family Support Service				
CYPRS - Integrated Youth Support Servs	Spend on Drug and Alcohol treatment services is lower than anticipated.	(101)		-
Prevention Though Partnership	Commission 2 year places at Children Centres and replace core funding with DSG.	(683)		(325)
	Other minor variances < £100k	220	2,546	81
Learning & Inclusion				
Inclusion, Learning Access & SEN				
SEN Transport	The main variances are;- 1) £413k Impact of failure of Ruskin contract 2) £668k Growth in numbers of 96 3) £198k increase in journey price 4) £285k Impact of efficiency targets not realised 5) £54k Independent travel training 6) £100k Personal Transport Budget pilot 7) £40k Impact of closure of bridge.	1,758		1,562
SEN Strategy & Planning	The main variances are;- 1) £397k forecast overspend on the growth fund due to increase in SEN pupils in special schools and impact of the new funding model 2) £811k High Needs DSG carry-forward to be used to mitigate against pressures across the service	(414)		-
School Improvement				
School Improvement - Other	The main variances are;- 1) Literacy Centre - Overspend of £33k due to income target shortfall and staff increase by 0.4fte. 2) Croydon Work Experience - Overspend of £75k due to income target shortfall.	108		-
	Other minor variances < £100k	(238)	1,214	-
Community Support Services				
Adult Learning				
Business & Resources	SFA income higher than budgeted.	(105)		(4)
		-		-
	Other minor variances < £100k	43	(62)	62
Directorate				
CFL Central Costs	£485k pressure due to changes to the rules of what overheads can be charged against DSG.	485		-
	Other minor variances < £100k	-	485	-
Total Forecast Variance			4,183	

DEVELOPMENT AND ENVIRONMENT

Division	Explanation of variance and movement from previous month	Qtr 2 Variance (£000)	Divisional Total (£000)	Qtr 1 Variance (£000)
Environment	Shortfall in Pay and Display income	824	1,271	850
	Parking Services - Improvements to efficiency of process and collection of PCN income following the implementation of a new Parking ICT system.	(140)		(200)
	Parking Services - Shortfall In CCTV Income due to problems with cameras (£250k) and other PCN income (£-60k)	190		250
	Highways - Additional income re Insurance Highs Street Claim now Paid	(158)		(130)
	Projected shortfall in trade waste income	370		388
	Projected increase in tonnage sent to landfill.	400		400
	Waste Management - Investigations are under way to attempt to reduce the shortfall in Trade Waste income.	(82)		(100)
	Employee Costs Mobile Enforcement Unit - Pressure caused by staff in post, post restructure - awaiting re-deployment / redundancy	73		129
	Employee Costs - Savings in AEOs pending staff transfers and recruitment	(283)		-
	Other minor variances < £100k	77		(44)
Regeneration				
	Other minor variances < £100k	(56)	(56)	3
Planning				
	Other minor variances < £100k	(17)	(17)	(15)
Directorate				
	Other minor variances < £100k	54	54	-
Total Forecast Variance			1,252	

CHIEF EXECUTIVE'S DEPT.

Division	Explanation of variance and movement from previous month	Qtr 2 Variance (£000)	Divisional Total (£000)	Qtr 1 Variance (£000)
Democratic & Legal		-		-
	Other minor variances < £100k	-	-	-
HR				
	Other minor variances < £100k	(122)	(122)	(90)
Equalities & Community Relations		-		-
	Other minor variances < £100k	-	-	-
Voluntary Sector Funding		-		-
	Other minor variances < £100k	-	-	-
Chief Executive's Office		-		-
	Other minor variances < £100k	-	-	-
Finance & Assets	Staff Vacancies	(100)	(100)	-
	Other minor variances < £100k	-		-
Customer Services & Communications	Land Charges - additional income estimate	(500)	(1,278)	(500)
	Housing Benefit Income	(800)		-
	Other minor variances < £100k	22		-
Concessionary Fares		-	16	-
	Other minor variances < £100k	16		-
Strategy, Commissioning, Procurement & Performance	Post deleted - executive director of Corporate Resources and Customer Services (CRCS)	(201)	(192)	(194)
	Other minor variances < £100k	9		(2)
Corporate Services	Business Rates assessment higher than estimated, appeal in process	300	86	-
	Service Credits from new Capita Contract	(460)		-
	ICT staff tupe'd to CAPITA April and May costs	145		-
	Other minor variances < £100k	101		-

Total Forecast Variance		(1,590)	
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Departmental Total		6,694	
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HRA

Division	Explanation of variance and movement from previous month	Qtr 2 Variance (£000)	Divisional Total (£000)	Qtr 1 Variance (£000)
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Landlord Services	Additional recovery of costs from leaseholders due to increased estate improvements	(1,450)	(1,200)
	Staff Vacancies. These are various posts in: - Planned maintenance and improvements (£59k) - Tenancy and Neighbourhood services – caretakers and wardens (367k) - Tenancy and Neighbourhood services – tenancy teams (£40k) - Income and lettings (£138k) - Service development (£43k) - Responsive repairs £64k - Welfare reform team (£90k) The savings are based on current levels of vacancies and recruitment assumptions. The following posts are planned to be recruited to: - Planned maintenance - Senior Building Surveyor, Building Services Manager, Consultation & Resident Liaison Officer - Responsive repairs - Operations Manager, Senior Repairs Inspector, Repairs Inspector x2, Voids Surveyor - Tenancy services - Tenancy Officer (East) - Neighbourhood Services - 2 x Caretakers and 2 x Neighbourhood Wardens - Income and Lettings - Rent Accounting Officer	(673)	(345)
	Underspend on gas and electricity usage	(150)	-
	Overachievement of water commission income due to increased cost of supply	(218)	-
	Impact of right to buy sales on tenants rents income. The loss of income compared to the original budget has been calculated on the basis of actual right to buy sales of 76 since the budget was set.	466	-
	Increase in the number of void properties requiring turnaround	134	-
	Increase in interest payable on HRA debt due to increased borrowing to fund HRA new build programme. This is based on the latest estimate of interest payable and it assumes borrowing in the current year of £6m to fund the new build programme.	207	-
	Other minor variances < £100k	62	30
		(1,622)	
Needs & Strategy	Staff Vacancies. The savings are based on current levels of vacancies in the following areas;- - Housing options and advice (£58k) - Resident involvement (£62k) - Stock investment units £22k overspend - Other minor variations £4k overspend Recruitment is planned for a Senior Homes Investment Officer.	(94)	(121)

	Overspend on Legal and professional Services. The Q1 figure was based on the projected spend for the Planned Major Improvements reprocurement. A virement was done from the contingency sum to reduce the overspend.	138		490
	Third party payments to Contractors	(95)		(110)
	Other minor variances < £100k	(44)	(95)	(68)
Finance Section	Underspend on HRA Investment Fund	(500)		
	Other minor variances < £100k	-	(500)	34
Total Forecast Variance			(2,217)	

Appendix 3

Department Capital Variances greater than £100K & slippage

The tables below show the capital schemes for 2014/15 with variance greater than £0.1m. where schemes funded from our own resources

Summary of 2014/15 forecast capital overspend variances greater than £0.1m where schemes funded from external resources

Capital Theme	Scheme	Reason for Variance	Comments	Amount £m	RAG
Transforming Our Place	South Croydon Public Realm	Overspending project	Due to scheme's construction costs increases that couldn't be reduced in by value engineering	0.160	A
Total overspend where scheme's forecast overspend is over £0.1m				0.160	

Summary of 2014/15 forecast capital underspend variances greater than £0.1m where schemes funded from own resources

Capital Theme	Scheme	Reason for Variance	Comments	Amount £m	RAG
Improving our Assets	Regeneration (Acquisitions) Fund	Change in programme	Project proposal is now not going ahead	-2.00	G
Total underspend where scheme's forecast underspend is over £0.1m				-2.00	

Summary of 2014/15 forecast capital slippage greater than £0.1m where schemes funded from own resources

Capital Theme	Scheme	Reason for Variance	Comments	Amount £m	RAG
Improving Our Assets	Schools Major Maintenance - various heating schemes	Delays in programme	Delays in meeting procurement dates have meant that heating works originally scheduled for the summer of 2014 have now been delayed until summer 2015.	-1.13	G

Improving Our Assets	SEN - Beckmead ASD school at Tennison Rd	Delays in programme	Various delays at design stage	-9.50	A
Improving Our Assets	Secondary schemes - Croydon Arena	Delays in programme	Programme reviewed leading to change in profiled spend	-10.90	A
Improving Our Assets	Permanent Expansions - Howard Primary, Heathfield, Segas and Ryelands	Delays in programme	Various delays particularly at acquisition stage.	-8.72	A
Transforming our Services	New Burial Ground	Delays in programme	Awaiting appeal hearing relating to refused planning application for scheme	-1.27	G
Improving Our Assets	Refurbish Mortuary	Delays in programme	Project delayed due to the complexity of moving the Bereavement Service whilst the works are being carried out	-0.53	G
Total slippage into future years where scheme's forecast slippage is over £0.1m				-32.05	

Summary of 2014/15 forecast capital slippage variances greater than £0.1m where schemes funded from external resources

Capital Theme	Scheme	Reason for Variance	Comments	Amount £m	RA G
Improving Our Assets	Public Realm projects – High Streets, Wellesley Road and West Croydon Interchange	Delays in programme	Delays in design approvals: resulting in delays in project timescales	-7.54	G
Total slippage into future years where scheme's forecast slippage is over £0.1m				-7.54	