Report for: Cabinet 14th February 2017

Item number: **14**

Title: (2016/17) Financial Report to Period 9 and December 2016

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Lead Officer: Jo Moore, Deputy CFO

1. Describe the issue under consideration

1.1. This report sets out the 2016/17 Period 9 financial position including Revenue, Capital, Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG).

2. Cabinet Member Introduction

2.1. This report provides an update on the projected financial position of the Council for 2016/17 as at Period 9 (December 2016). It covers significant operating and capital revenue variances on a full-year basis.

2.2. At the end of Quarter 3 and Period 9 overall the Council is projecting a **full-year deficit/overspend of £21.3m** for 2016/17. This is an **improvement of £0.7m** from the Quarter 2 position of £22.0m reported to Cabinet in October 2016. There are positive movements since quarter 2, totalling £1.4m, in the majority of the Council's budgets which are a continuing sign that the spending restrictions across the Council are having a positive impact. These positive movements have offset a £0.5m adverse movement predominantly in Children and Young People.

2.3. Of the reported £21.3m overspend, a significant proportion resides in the areas which continue to face increasing demand pressures: Adults (£12.5m), Children's (£5.7m) and Temporary Accommodation (£7.4m). The significant overspend in these areas is offset by releasing out under spent budgets in the Non Service Revenue area.

2.4. Whilst the increase in demand remains volatile and the cost for the Council's acute services continues to outstrip actions being taken to manage costs down and/or generate income. The Council is therefore unlikely to achieve a balanced budget by the end of this financial year and any overspend will be funded from the use of reserves. The adequacy of reserves is a matter for the Section 151 Officer.

2.5. However, in order to manage the in-year risks, targeted action remains in place to address the overspend. This includes a number of spend reduction mechanisms which are being overseen by The Leader, myself as cabinet member for Finance, the Chief Executive and the Chief Operating Officer (COO). This is supported by our planned programmes of transformation being driven at pace.

3. Recommendations

That Cabinet:-

3.1. Consider the report and the Council's 2016/17 Period 9 financial position in respect of revenue and capital expenditure;

3.2. Note the risks and mitigating actions, including spend controls identified in this report in the context of the Council's on-going budget management responsibilities;

3.3. Approve the creation of a contingency budget within the capital programme funded from any net corporate scheme budgets no longer required to fund new schemes (subject to approved business case).

3.4. Approve the required virements over £0.25m as set out in section 7 of this report.

4. Reasons for decision

4.1. A strong financial management framework, including oversight by Members and senior management, is an essential part of delivering the Council's priorities and statutory duties.

5. Alternative options considered

5.1. This is the 2016/17 Quarter 3 Financial Report. As such, there are no alternative options.

6. Background information

6.1. This is the Financial Report to Cabinet for the 2016/17 financial year covering both Revenue and Capital as at December 2016 and represents the position at Quarter 3.

2016/2017 Period 9 Quarter 3 - Key Messages

6.2. Overall, at Period 9 the Council is projecting a **full-year deficit of £21.3m** for 2016/17 on it's revenue position, an **improvement of £0.7m from Quarter 2**. Although a reduction from the previous report, this still presents a significant risk to the Council's financial position.

6.3. The outcome of management action to review cost and spend has resulted in the £0.7m improvement over quarter 2.

A significant part of the overspend resides in demand-led areas including; Adults (£12.5m), Children's (£5.7m) and Temporary Accommodation (£7.4m). These areas represent the Council's most acute services and where demand for these services is outstripping the Council's ability to reduce spend or increase income at a pace to manage risks and deliver a balanced budget. The forecast has remained constant as at quarter 2 apart from Children Services where there is an adverse movement of £0.5 m.

6.4. As per the last report, a number of mechanisms have been put in place to manage cost/demand-led pressures. These focus on the acceleration of transformation activities supported by a number of in year cost reduction mechanisms which included, greater momentum on restructures, active management and reduction of agency/interim staff and category spend blockages.

Table 1 below shows the Period 9 and Quarter 3 position compared with reported variance to budget at Quarter 2. This is supported by detailed variance analysis and mitigating actions in section 6.6.

Table 1: Forecast Revenue Outturn as at Period 9 (December 2016)

	2016/17 Revised Budget	Forecast Outturn at Q3	Forecast Variance Q3	Forecast Variance Q2	Forecast Variance Movement from Q2
			(under)/ over	(under)/ over	(under)/ over
	£'000	£'000	£'000	£'000	£'000
Leader and Chief Executive	**2,887**	**2,698**	**(189)**	**90**	**(279)**
Deputy Chief Executive					
Adult Social Services	73,007	85,448	**12,441**	12,451	(10)
Children and Young People	47,474	53,191	**5,717**	5,241	476
Public Health, Commissioning & Other	41,525	41,692	**167**	320	(153)
Deputy Chief Executive Total	**162,006**	**180,331**	**18,325**	**18,012**	**313**
Chief Operating Officer					
Commercial & Operation Services	37,546	38,472	**926**	781	145
Other (SSC, Customer Services etc)	17,229	16,947	**(282)**	218	(500)
Chief Operating Officer Total	**54,775**	**55,419**	**644**	**999**	**(355)**
Regeneration, Planning & Development & Housing					
Regeneration, Planning & Development	11,009	10,574	**(435)**	**(473)**	**38**
Housing General Fund	14,472	21,797	**7,325**	7,393	(68)
Regeneration, Planning & Development & Housing	**25,481**	**32,371**	**6,890**	**6,920**	**(30)**
Total for Service Areas	**245,149**	**270,819**	**25,670**	**26,021**	**(351)**
Non Service Revenue	**10,478**	**5,050**	**(5,428)**	**(5,047)**	**(381)**
Contract Procurement Savings	**0**	**1,060**	**1,060**	**1,060**	**0**
TOTAL	**255,627**	**276,929**	**21,302**	**22,034**	**(732)**

6.5. The capital programme has undergone a significant challenge session since the report to the Cabinet in quarter 2, a detailed analysis can be found in section 8 of this report.

The overall budget for 2016/17 Capital Programme is £199.6m, which is an increase of £1.2m from the reported budget to Cabinet at period 6 for Quarter 2. The increase includes a GLA grant for additional flooding prevention (£0.07m) and the advancement of £1.1m of the 2017/18 Councils contribution (£6.0m) for the Alexandra Palace Trust, East Wing refurbishment.

This report also contains a proposal to set aside any surplus budgets to create a contingency budget to fund new schemes with an approved business case.

At December and quarter 3, the Capital programme budget is a reporting an underspend of £69.9m of which £21.9m is for HRA ring-fenced Capital programme, this underspend is largely due to slippage in programme delivery as outlined below in section 7.

6.6. Analysis of Revenue Variances

6.6.1 Corporate actions to mitigate financial risks

The increases in demand have been so significant that they have outstripped our ability to make comparable savings. To manage the financial position, a number of spend reduction mechanisms have been introduced across the organisation;

- Increased pace on restructures
- Enforced agency and interim staff leave
- Further reduction of agency and interim staff
- Not filling vacant posts
- Blocking spend categories to prevent purchases of non business critical items
- Asst Directors signing off all purchases
- A further round of Voluntary Redundancies during October

The implementation and impact of these mechanisms are being managed through a Savings Steering Group chaired by the Leader, with the Cabinet Member for Finance, Chief Executive and Chief Operating Officer.

6.6.2 Leader and Chief Executive (£0.2m underspend)

The income within this area from internal and external income has given rise to overachievement of income target by £0.3m which had offset the budget pressures identified relate to costs of the Referendum and by-elections this year of £0.1m.

6.6.3 Deputy Chief Executive (c£18.3m overspend)

Adults (£12.4m overspend)

Overall, the Adults Social Care budget is projecting an overspend position of £12.4m, largely maintaining the position at Quarter 2.

This is an area of corporate focus and there are a number of pieces of work being delivered to help manage spend in this area. Adults continues to prioritise transformation work which will focus on reducing demand at the front door, working more effectively with Health and accelerating reviews of existing clients. Work is on-going to identify further areas of cost reduction.

At present most of the savings measures in place, while being at a level consistent with MTFS savings targets, are being offset by continued demand, which is why the service is continuing to show such an overspend. Work is on-going to identify further areas of cost reduction.

The service has engaged external support to accelerate the transformation changes and is currently identifying further areas for transformation.

The analysis for each area is:-

- **Care Purchasing (£11.2m overspend)** – The care purchasing spend is based on actual open cases at 1st April 2016, forecast new cases during the year at 2015/16 levels of activity, less the natural rate of closed packages during 2015/16. The forecast cost of this has taken into account the expected impact of all the transformation projects in 2016/17, reflecting actual changes in activity levels as the year progresses, to produce a variance of £11.2m.

  These forecasts already factor in a fair assessment of the likely impact of savings measures, including the contribution that 100% reviews of all packages can provide.

- **Learning Disabilities (£1.4m overspend) -** There has been slippage in delivering savings in the reconfiguration of Day Opportunities for Learning Disabilities clients. These have been complex projects involving closures of establishments, redesign of remaining services and case-by-case consideration of how the needs of clients will be met within the new service. The new arrangements are now planned to be in place by the final quarter of 2016/17.

- **Osbourne Grove (£0.5m overspend)** - There is budget savings slippage of £0.2m from 2016/17 to 2017/18, in addition to staffing budget pressures of £0.3m on this service.

- **Other Direct Provision (£0.3m underspend)** – This relates to an underspend where costs for rent payments on a day centre over some years will not now be required.

- **Other Adults Social Care (£0.4m underspend)** – This is connected to some staffing underspends within assessment and social work teams.

Children and Young People (£5.7m overspend)

Overall, the Children's Services budget is projecting an overspend of £5.7m at quarter 3, a **worsening of £0.5m from quarter 2**. This area continues to implement its programme of transformation and is engaging in the Council's spend reduction mechanisms which is being overseen by the Priority Board and the Budget Sub Group.

The movement from previous quarter are related to increased in placement cost on new cases £200k where there were 23 new cases where only 18 was expected, staffing forecast has increased by £200k as management factor in the impact on the finance social care workforce restructure and transportation cost on SEND £100k, there is now that such a large budget pressure based on completion of a full forecast of all activities.

This £5.7m overspend is analysed as follows:

- **Social Care Placements (£1.9m overspend).** Savings targets set for this budget have not been met. The social care placements model has reflected an improvement of -£0.1m in the forecast position, taking account of the changing circumstances of existing cases (notably 5 step-down cases contributing an improvement of £50k+ each), plus the expected cost and number of new ones. The placements model has been adjusted to reflect an average of 18 new Looked after Children(LAC) per month (rather than 13.5 previously) as this is more in line with current rates of new cases. Overall numbers of LAC have risen from their low of 406 on 1st April 2016 to 435 on 1st January 2017 from the previously reported 426 at the quarter 2 report.

- **Social Care Workforce (£2.0m overspend).** Savings of £2.1m have been allocated so far, with a further £1.5m savings to be allocated in 2017/18. Plans for workforce restructuring have slipped from 2015/16, however the new structure is now in place as at October 2016.

  Due to delay in implementing the new restructure for the Children’s Social Care Services, the salary budgets in Children and Families are £1.9m overspent based on the current establishment of permanent and agency staff. The overspend includes some additional temporary social workers brought in to assist with increased volumes of new cases being referred and assessed.

- **Social Care - Other non-staffing (£0.2m overspend).** This overspend relates to the For No Recourse to Public Funding (NRPF), the numbers of families being supported have recently risen to 50. Work continues with the dedicated Home Office support worker to review cases and to progress to a conclusion in order to manage this number down.

- **SEND (£0.6m overspend).** The SEND pressure is attributable to a combination of respite, transport and unachievable trading income from schools. The Special Educational Needs (SEN) transport budget is showing an overspend of £0.2m and respite services for disabled children are predicted to overspend by £0.1m. Management action has been developed to address both of these issues. There is an acknowledgement, reflected from

Month 6, that £0.3m of income for trading SEN support services with schools is not achievable as the related expenditure is within the DSG.

- **Other Children and Young People Service (£1.0m overspend).** There is a technical overspend on the DSG budget as it is held in SAP which has been an issue for a number of years and has remained unresolved, the impact of this is a hit on the General Fund of £1.0m.

Further Action – Adults & Children's

Both Adults and Children's have a number of demand management and spend reduction activities in place to manage the deficit position. Many of this involves a focus on quick wins which can be delivered in 2016/17 with greater benefits in 2017/18.

6.6.4 Other Deputy Chief Executive's Services (including Public Health, Commissioning and Schools and Learning) (£0.1m underspend)

- **Commissioning (£0.2m overspend)** As Children's Centres has transferred to Children's Services their underspend has transferred too leading to the overspend in this area.

  The overspend is predominately due to staffing budget pressure within the brokerage team, where work is progressing to put in place a permanent, fully funded structure.

- **Schools and Learning (£0.2m overspend)** The overspend relates to the delays in closing the Professional Development Centre and difficulties in meeting traded income targets with schools.

- **Public Health (£0.3m underspend)** as the Service continues to scrutinise closely all Sexual Health expenditure. This is a service area where projections are difficult due to volatile demand led, open access, activity and complicated charging arrangements with many NHS providers. . This improvement over last quarter is explained as followed;

  There is an underspend relating to staff departing and seconded to other Local Authorities (£0.1m). A planned underspend in order to achieve further savings (£0.1m).
  Children Health Visiting (£0.1m) as part of planned savings.

6.6.5 Chief Operating Officer (£0.6m overspend)

Commercial and Operations (£0.9m overspend)

The Commercial and Operations budget is forecasting £0.9m overspend, largely due to the non-achievement of planned savings relating to the disposal of corporate property. These include cost savings of £0.6m in Traffic Management relating to new ways of delivering Parking Enforcement, and £0.4m associated with reduced energy costs due to a borough wide LED street lighting roll out, which will also not be achieved. These factors are offset by additional income in the year of £0.7m, in relation to new CCTV traffic enforcement cameras and CPZ implementation, with those projects being implemented at the latter part of the financial year form part of the overspend in this area.

The position has worsened slightly since quarter 2, by £0.1m, largely due to salaries being realignment within the service and some cost moved across from Shared Services to Operations.

The overspend in traffic management is £0.6m and is mainly due to reduced income from projections from car parks and car pound and a fall in CCTV income despite 5 new cameras being installed in November, this highlights an ongoing risk as previously reported on the ability to deliver the additional £0.5m income for this from CCTV cameras but this will continue to be reviewed on service level.

The other adverse variance in Operations is from the cost of 2 interims on a project within the Neighbourhood Action Team of £0.03m.

Other (including Customer Services and Shared Service Centre) (£0.3m underspend)

Customer Services is projecting a £0.2m overspend to year-end due to slippages in the restructure from an estimated start date of April 2016 to December 2016. There are options to mitigate this overspend being considered by the COO which are largely around the proactive management of agency staff. **Transformation and Resources** is forecasting a small overspend of £0.3m which are largely related to agency spend to support transformation activity. In the **Shared Service Centre** staffing spend is contributing £0.75m of budget pressures. Work is being undertaken to do some detailed analysis on all staffing (including agency). In addition the HR overspend of £0.35m is mainly made up of a £0.35m forecast trading loss on Schools Traded Services. **Chief Operating Officer** Project funding not likely now to be necessary has resulted in a £1.9m pensions auto-enrolment underspend.

6.6.6 Director of Regeneration and Planning and Housing (£6.9m overspend)

Housing General Fund (£7.3m overspend, unchanged from Q2)

- The Housing General Fund temporary accommodation budget has been moved from the Chief Operating Officer area to the Regeneration, Planning and Development area to align with Director Responsibilities and to ensure that the full cost of Housing General Fund activities can be seen. The other Housing General Fund budgets (covering housing strategy and housing related support) were already shown under Regeneration, Planning and Development.

- At quarter 3 the Housing General fund is reporting a projected overspend of £7.3m which is broadly unchanged from the position reported previously. The variance is largely attributable to temporary accommodation, being the result of pressures of a lack of supply of suitable and affordable accommodation with an increased reliance on emergency accommodation although demand has also increased. Demand pressures are being mitigated by a number of new initiatives.

- Within the overall underspend of £7.3m there is also a projected underspend of £0.2m from savings on Housing Related Support which is as a result of accelerated 2017/18 savings.

- Within the forecast, no account has been taken of the Homes for Haringey General Fund redundancy and transformation costs as there is a key assumption that these will be funded from the transformation reserve although formal approval still needs to be given.

- The restructure of Community Housing is now complete. This is expected to deliver their MTFS staff savings for 2016/17 of £0.3m and puts the service in a position to deliver the required savings for 2017/18. MTFS savings of £0.2m have also been achieved in Housing Related Support through savings in procurement of services.

Regeneration, Planning and Development (£0.4m underspend)

- There are projected underspend of £0.5m relating the Planning and Tottenham regeneration service areas. These underspends are partially offset by overspends in Corporate Property.

- The forecast variance in Planning is related to an overachievement of planning income of £0.4m which is an improvement of £0.2m from the forecast at period 8 and at quarter 2.

- The forecast for the Tottenham Regeneration is an underspend of £0.3m following a detailed review, removing non-essential expenditure and delaying other expenditure where possible.

- Corporate Property has increased expenditure following rent reviews on commercial buildings and additional cost of valuation staff. This leads the service to project a £0.3m overspend for the year. The services are also expecting additional income from the sub-leases on Kingfisher Place which will be incorporated in future forecasts.

6.6.7 Contract Procurement Savings (£1.1m under-achievement)

Within the Medium-Term Financial Strategy there is an expected £1.9m savings in contract costs over 2015/16 and 2016/17. Projections at Period 6 show savings of £0.84m being achieved and therefore a forecast position at year-end of £1.1m. However, it is expected that the savings will ramp up in 2017/18 as the benefits of the implementation of the Dynamic Purchasing System (DPS) are felt. There is also an opportunity to trade the DPS tool/service to other boroughs, which has not yet been costed or forecast, and we are currently speaking to other authorities to gain interest.

The main contributing factors to the achievement of the £0.84m are: good progress towards the implementation of the DPS for Adults Social Care and TA of £0.6m; and the implementation of the new operating model for temporary and permanent recruitment, £0.2m.

6.6.8 Housing Revenue Account (HRA)

The HRA approved budget and latest forecast for period 9 (quarter 3) can be found at Appendix 1.

The HRA budget was original set with a revenue surplus of £15.9m as approved by Cabinet in February 2016. A number of budget adjustments have been separately approved and these are itemised in the Appendix 1. These adjustments give a revised budget surplus of £14.9m.

The latest forecast is a surplus of £17.6m which is a positive variance of £0.5m against budget.

The positive variance of £0.5m on rental income as a result of the higher than anticipated Dwellings & Hostels rent Income due to Void properties volumes being lower the expected Budget Assumption. This shows the better performance of operationally turning around empty Void properties quicker and making them ready & available for occupation.

Within the HRA budget reported in Appendix 1, there is an overspend of £1.6m in management fee expenditure (£1.3m) of this cost relates to Homes for Haringey(HfH) redundancy and other transformation costs within Homes for Haringey arising from the delivery of the MTFS savings. In addition, there is an overspend for staffing cost of the HfH internal hostel response team (£0.2m), an amount not currently included within the management fee. The residual (£0.1m) accounts for adjustment in the HRA Company accounts.

6.6.9 Dedicated Schools Grant (DSG)

Table 2 below, sets out the overview of the net expenditure and DSG plans and forecasts for 2016/17, as at Period 9. There is an adverse variance of £0.9m arising from structural issues within the budget. In-year, the projections for the DSG budgets for Children and Young People is showing an overspend of £1.0m in the areas related to children with high needs. The action necessary to identify compensating under-spends is being pursued through a sub-group of the Schools Forum. In the medium to long term alternative provision will be developed which will result in a phased transition to cheaper, better, and more local provision. In Commissioning, the variance of £0.04m is attributable to under-spends in alternative provision.

Table 2: Statement of DSG Income and Expenditure Period 9, 2016/17

	Budget			Forecast			Variance		
Service	Net Expenditure (excluding DSG)	DSG Income	Net	Net Expenditure (excluding DSG)	DSG Income	Net	Net Expenditure (excluding DSG)	DSG Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Schools and Learning	152,840	-152,840	0	152,716	-152,716	0	-125	125	0
Children Services	26,372	-27,250	-878	26,934	-26,934	0	562	316	878
Commissioning	10,266	-10,266	0	10,261	-10,261	0	-5	5	0
Total	**189,478**	**-190,356**	**-878**	**189,910**	**-189,910**	**0**	**432**	**446**	**878**

7 Virements

7.1 AS per the Financial Regulations virement over £0.25m must be presented to cabinet approval. For period 9 these are as follows:

7.2 Business Support functions across the Council were brought together into a new single 'Shared Business Support Service' within the Shared Service Centre from 1st October 2016. Cabinet is asked to approve a virement of the respective staffing costs from the original service areas to the Shared Service Centre, The virement request is £1.3m in the current year(2016/17) and £2.6m as on-going budget virement for 2017/18.

7.3 There is a need in the current year(2016/17) to re-align the income and expenditure budgets due to changes in reporting lines between Schools and Commissioning services, the total for amount for this virement is £0.3m.

7.4 Within Adult Social Care services, a virement is required for remaining allocation of Care Act Funding 2015-16 and 2016-17 from holding code into correct service codes. This will be a virement of £0.4m.

7.5 Non Service Revenue (NSR), The allocation the final instalment of the Better Care Grant for 2016/17 of £0.56m, this grant allocation is used to provide additional support funding for the health and well being of carers.

7.6 There is technical virement to move the Council's corporate Minimum Revenue Provision (MRP) budget of £9.9m from the year end adjustment section of the SAP hierarchy to the corporate reporting section of SAP to ensure that it is automatically included within the Council's corporate revenue monitoring reports rather than manually accounted for.

8 Capital Expenditure Position

8.1 The Budget (£199.6m) shows a net increase of £1.2m since quarter 2.

The increase is accounted for by a GLA grant for additional flooding prevention (£0.07m) and the advancement (£1.1m) of the 2017/18 Councils contribution for the Alexandra Palace Trust, East Wing refurbishment. The total contribution for this financial year and next year will remains at £6m.

The Corporate Contingency has been created from a review of the carry forward projections of 2015/16 and will form a funding source for emerging capital risks within the current programme and the 'amber' list of capital schemes presented at the June Cabinet 2016. These projects were excluded from the ten year capital programme pending either a feasibility study or business case development. The Contingency will be monitored through the Capital Board and reported to Cabinet though this quarterly review for onward approval.

Since quarter 2 the Contingency has funded; A payment to the STAR rail upgrade at Northumberland Park , the Councils contribution (£0.25m) to the multi million pound project was approved by cabinet in 2015/16 but no carry forward provision was made in that year. Approval is therefore sort to create a Budget from contingency to reconcile this carry forward error.

The second call on Contingency (£0.18m) will fund the feasibility studies of the DEN (District Energy Networks) schemes at North Tottenham and Wood Green, the concept was presented to Cabinet in 2011 and the 'amber' list recorded the commitment to review each DEN on a business case basis. Approval is therefore sort to create a Budget from contingency to progress this business case.

Table 3 Capital Expenditure Projection at Period 9 for Quarter3.

Priority	Revised Budget	Forecast as at Q3	Projected Variance to
	£'000	£'000	£'000
Priority 1 - Childrens	15,132	9,515	(5,617)
Priority 2 - Adults	2,584	1,908	(676)
Priority 3 - Safe & Sustainable Places	16,744	11,889	(4,855)
Priority 4 - Growth & Employment	58,532	35,718	(22,814)
Priority 5 - Homes & Communities	5,875	1,130	(4,745)
Priority X - Enabling	15,273	7,312	(7,961)
Corporate Contingency	1,636	323	(1,313)
Total General Fund	**115,776**	**67,795**	**(47,981)**
Priority 5 - Homes - HRA	83,775	61,886	(21,889)
Total Capital Programme	**199,551**	**129,681**	**(69,870)**

The Q3 reforecast shows the emergence of robust year end projections for priority 1 Schools, priority 2 Adult and the priority 3 Safe & Sustainable programmes. The priority 4 Growth & Employment programme continues to establish a base on which to deliver the longer term Regeneration programme.

Major variances within each priority as at Q3 are as follows:

8.1.1 Priority 1 – £5.6m under spend (£15.1m budget)

The Schools Expansion programme (£4.7m) is on time and on budget, the Primary and Secondary school's ongoing modernisation and enhancement programme (£7.4m) is delayed and the variance (£5.2m) is due to the ongoing condition assessment of the assets and the establishment of a programme of work for the next five years, this will therefore be subject to a roll forward request.

8.1.2 Priority 2 – £0.7m under spend (£2.6m budget)

While the in year Budget has been matched to commitments, the challenge of attaining property access to enable installation of aids, adaptations and or assistive technology will necessitate a (£0.7m) roll forward request.

8.1.3 Priority 3 – £4.9m under spend (£16.7m budget)

The Road, Lighting and Parks programmes are all on track to deliver to budget, however the CCTV programme (£2.1m) is delayed while it awaits a new control room at the new Marsh Lane depot. The Councils own property asset maintenance programme (£2.6m) is delayed (£1.8m) due to the Amey asset condition stock survey taking longer than expected and the ongoing review of the use of the Council buildings.

8.1.4 Priority 4 – £20.7m under spend (£56.4m budget)

The Wards Corner compulsory purchase order (£9.2m) is now expected to be executed early in the next financial year, this variance in the Q3 reforecast (£8.7m) reflects this re-profile.

The Councils Marsh Lane depot development (£9.1m) is currently 6 month behind its budget profile, the delay (£4.7m) will have a knock on effect to the demolition and relocation at the Ashley Road site and CCTV upgrades (Priority 3), this project remains at construction tender stage and its delay is due in part to design issues and ongoing access considerations.

It is now becoming clear that the Opportunity Investment Fund (£3.3m) will not be fully utilised this year and the under spend (£2.4m) will be subject to ongoing GLA agreement as to how much can be rolled forward to the next financial year.

The regeneration of White Hart Lane station and surrounding public realm scheme (£2.4m) is now anticipated to start in 2016/17, this is a TfL funded project and the re-profile (£2.2m) has been agreed.

The HRW Business acquisitions (£2.0m) this year include Jones Baker and the British Queens site; the under spend (£1.4m) will re-profiled as slippage to next year. This a start of a significant programme of work which will continues until 2023.

Bruce Grove station forecourt scheme (£0.7m) improvements are now delayed (£0.6m), due to ongoing discussions with Network Rail.

The Tottenham Streets, Green Spaces and Heritage programmes (£3.1m) which are longer term programmes are now gathering pace, the variance (£0.8m) will be rolled forward.

The Alexandra Palace Trust annual maintenance budget (£1.9m) has been reviewed and a revised LBH has contribution of £470k agreed, the variance (£1.4m) is deemed an under spend within the year.

8.1.5 Priority 5 – Housing

General Fund - £4.7m under spend (£5.9m budget)

The Broad water Lodge conversion (£0.6m) to temporary accommodation remains on track but the remainder of the schemes are on hold as we seek legal and professional advice on how best to commission delivery.

HRA Fund - £21.9m under spend (£83.8m budget)

The Leaseholder buy-backs programme (£9.6m) is likely to roll forward its variance for the year (£6.5m) due in part to a front loaded budget phasing but also due to the nature of leaseholder acquisitions and the consultation (inc potential relocation) period. The HRA stock acquisition programme (£6.2m) is currently forecast to under spend but the programme has now passed to Homes for Haringey to deliver and this will gather pace in 2017/18.

The Homes for Haringey managed programme (£50.7m) expects a under spend (£6.4m), to be rolled forward and the HRA new build programme (£8.7m) is expected to exceed its 30 new homes target but again this will require a roll forward (£2.7m).

8.1.6 Priority 6 (Enabling) – £7.9m under spend (£15.2m budget)

The Business Improvement Plan (£4.7m) and the ways of working project (£0.62m) are ongoing and are expected to request a (£3.5m) roll forward.

The IT programmes which include the Corporate IT board (£2.4m), IT shared services (£2.4m), Evergreening (£1.7m) and potentially the Libraries IT (£0.5m) are all to be reviewed in Q4, currently a roll forward is likely (£6.8m).

9 Five-Year MTFS and Budget Setting Process

The five year MTFS due to be presented to Cabinet will be a separate item on the cabinet agenda

10 Contribution to strategic outcomes

Adherence to strong and effective financial management will enable the Council to deliver all of its stated objectives and priorities.

11 Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

11.1 Finance

The whole report concerns the Council's financial position.

There is a significant risk of overspend that has been identified in this report and the COO, as part of the Leadership Team, has implemented a number of processes to reduce the organisational expenditure. The cost reduction measures will be monitored to ensure that they are reducing expenditure. It is important also to ensure that the impact of the cost reductions on service delivery are minimised which is also being monitored through the Priority Boards.

11.2 Legal

Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This could include, as set out in the report, action to reduce spending in the rest of the year.

The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the over spend.

11.3 Equalities

The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

12 Basis for report

12.1 This report provides an update on the current position in relation to planned MTFS savings and mitigating actions to address current overspends. Given the impact on services of savings targets, all MTFS savings were subject to equalities impact assessment as reported to Full Council on 23rd February 2015.

12.2 Any planned mitigating actions that may have an impact beyond that identified within the MTFS impact assessment process will be subject to new equalities impact assessment.

13 Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

- Periods 1-9 Monthly Financial Report

For access to the background papers or any further information please contact Jo Moore– Lead Finance Officer.

HRA Budget Report - for December 2016 at Quarter 3

HRA Summary	Original 2016/17 HRA Budget	Increase / (Decrease)	Revised 2016/17 HRA budget 2016/17	Forecast at Quarter 3 and P9 2016/17	Forecast at Quarter 3 and P9 Forecast Variance 2016/17
	£000's	£000's	£000's	£000's	£000's
Dwelling Rental Income	(82,850)	0	**(82,850)**	(83,324)	(474)
Non Dwelling Rents	(2,997)	0	**(2,997)**	(2,754)	243
Hostel Rental Income	(1,268)	0	**(1,268)**	(1,754)	(486)
Leasehold Service Charge Income	(7,101)	0	**(7,101)**	(7,101)	0
Tenant Service Charge Income	(9,978)	0	**(9,978)**	(9,811)	167
Miscellaneous Income	(6,612)	0	**(6,612)**	(6,332)	280
Housing Management Costs & NNDR	6,373	0	**6,373**	6,093	(280)
Supported Housing	366	(366)	**0**	0	0
Repairs & Maintenance	4,540	0	**4,540**	4,540	0
Bad Debt Provision	1,022	0	**1,022**	1,022	0
Service Charge Costs	7,450	0	**7,450**	7,470	20
Total Managed Accounts	**(91,055)**	**(366)**	**(91,421)**	**(91,952)**	**(531)**
Community Alarm & Supported Housing	135	0	**135**	234	99
Other Property Costs	2,058	0	**2,058**	1,800	(258)
Regeneration Team Recharge	805	0	**805**	887	82
New Build	2,200	0	**2,200**	1,500	(700)
Environmental Services Recharges	1,111	0	**1,111**	435	(676)
Housing GF & CDC Recharge	3,040	0	**3,040**	2,793	(247)
Adults Recharges	254	0	**254**	254	0
Capital	31,101	0	**31,101**	31,214	113
Management Fee	34,419	1,436	**35,855**	37,511	1,656
Total Retained Accounts	**75,123**	**1,436**	**76,559**	**76,628**	**69**
TOTAL HOUSING REVENUE ACCOUNT	**(15,932)**	**1,069**	**(14,863)**	**(15,325)**	**(462)**