

REPORT FOR: CABINET

Date:	13 December 2012
Subject:	Revenue and Capital Monitoring for Quarter 2 as at 30 September 2012
Key Decision:	Yes
Responsible Officer:	Julie Alderson, Corporate Director of Resources
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 - Revenue Directorates Summary Appendix 2 - Capital Monitoring Appendix 3 - Debt Management

Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital monitoring position as at 30 September 2012:

Recommendations:

1. Note the revenue and capital forecast outturn position at the end of September 2012; and
2. Approve the capital virements detailed in paragraph 36.

Reason (for recommendation)

To present the forecast financial position and actions required to be taken.

Section 2 – Report

Executive Summary

1. The Quarter 2 Revenue and Capital financial monitoring is reporting some early identified risks to the revenue outturn position which come to £0.393m as set out at Table 1 of the main report. These mostly arise in the Resources Directorate, in Community, Health and Wellbeing Directorate and Environment and Enterprise Directorate and therefore the directors in these areas are where possible developing detailed actions to combat and reduce the pressures. In addition all the directorates are working towards managing and containing the financial pressure by ensuring that any discretionary spend is only incurred if it is absolutely necessary and additional approval processes are in place in respect of recruitment.
2. A spending protocol has been issued in November 2012 to restrain all non-essential spend. The Council is now targeting a deliberate under spend where this is achievable without directly impacting on front line service delivery, to help prepare for the additional pressures and the investment in change /savings going forward.
3. The Final Revenue Budget and Medium Term Financial Strategy (MTFS) 2012-13 to 2014-15 report to the February 9th Cabinet set out the budgetary risks facing the Council and the directorates. This made clear that the Council's budget will be under threat from the effects of the recession, the increase in the number of benefit claimants, continuing demographic pressures and increasing homelessness through higher rents and the introduction of the housing benefit cap. Whilst the budget and MTFS has been increased to address these issues through growth for: demography in Adults and Children's Services; homelessness and the impact on Bed and Breakfast; the impact of landfill tax on waste disposal costs; and to reduce historic pressures on income from trade waste and parking enforcement, which have been reducing due to economic pressure, it will still be a challenge to manage and contain all of the complex issues which arise in year.
4. The opportunity was taken to address some pressures such as the new responsibilities for Public Health and summer youth projects that emerged after the Budget and MTFS was adopted, as part of the agreed outturn position presented to the June 20th Cabinet, where it was agreed to carry forward £2.7m, of which £1.2m was designated to address some of these budget pressures. However, it was not possible to fund all of the calls for carry forward and these will need to be contained within available budgets and earmarked reserves. The Transformation and Priority Initiatives Fund (TPIF) stands at £1.184m and will provide capacity for invest to save and innovation in year.
5. The format of the revenue and capital monitoring is being improved as an integral part of the Finance Transformation Plan. The main issues for the directorates in respect of budgetary and service performance are included in the main report and Appendix 1 shows the movement in the budget from the original budget agreed at Council.

Introduction

6. The total projected outturn for the Council at the end of Quarter 2 is £173.506m against the approved budget of £173.113m which represents a projected over spend of £0.393m, a 0.2% variation to budget.

Table 1 below summarises the position:

Original Budget	Directorate	Latest Budget	Forecast Outturn Qtr 2	Variation		Qtr 1	2011-12
				Quarter 2			
£000		£000	£000	£000	%	£000	£000
3,854	Assistant Chief Executive	4,237	4,289	52	1.23	213	-329
3,379	Legal and Governance	3,325	3,596	271	8.15	47	229
18,634	Corporate Finance	20,378	20,189	-189	-0.93	0	75
25,867	Sub Total Resources	27,940	28,074	134	0.48	260	-25
66,431	Community, Health and Wellbeing	75,875	76,321	446	0.59	379	-50
48,674	Environment	39,019	39,213	194	0.50	17	1,881
39,475	Children's and Families	47,526	47,507	-19	-0.04	-30	-2,545
3,547	Place Shaping	3,573	3,582	9	0.25	-15	444
183,994	Sub Total Directorate	193,933	194,697	764	0.39	611	-295
-946	Inflation and Corporate Items	789	789	0	0.00	0	-907
1,000	Contingency	1,000	1,000	0	0.00	0	-300
-8,327	Capital Financing	-8,240	-8,611	-371	4.50	-184	-1,602
-2,608	Non Specific Grant	-12,733	-12,733	0	0.00	0	0
	Carry Forwards	-1,636	-1,636	0	0.00	0	1,804
173,113	Total Budget Requirement	173,113	173,506	393	0.23	427	-1,300

Directorates' Position

Resources

7. The position within the Resources Directorate has improved from previous quarter resulting in a net pressure of £0.134m at quarter 2. This improvement has resulted from the action plan implemented by management to contain the pressures. In addition to the net pressure there is a risk (not included in the forecast) of up to £70km with regard to increased postage costs within the Post Room Service and further work is being undertaken to clarify and address this.
8. Additional procurement staffing costs due to delay in implementing new structure have been offset by an additional procurement savings from the successful outcome of a contract dispute.
9. Risk around possibility of Transport For London (TFL) requesting 2011-12 Concessionary Fares savings amounting to £0.172m be retained by them was reported at quarter 1. This was vigorously resisted by Harrow and the other 8 boroughs involved and confirmation has now been received from TFL that they will not be pursuing recovery of this funding.
10. Under the new structure, Corporate Finance is now part of Resource Directorate, however for now still using the old directorate structure.

11. The main projected variances and risks are set out below:
- a. The former Corporate Finance Directorate is projecting a net under spend of £0.189m resulting from Contributions and Levies savings (£22k), various under spends across the directorate and favourable balance on GRIR account £77k. This is offset by budget pressure on staffing costs within Benefits (£91k) as a result of the Council Tax Support scheme implementation;
 - b. The former Assistant Chief Executive's Directorate is projecting a net over spend of £52k. This includes the corporate pressure of £0.215m in relation to Learning and Development commissioning (£60k), Cross Cutting Efficiencies (£0.100m), merger of Policy and Partnership teams (£21k) and delays in implementation of Performance Management Business case (£34k). The corporate pressure is reduced by various net under spends across the directorate; and
 - c. Legal and Governance Services is projecting an over spend of £0.271m resulting from delays in establishing the shared service with Barnet (£0.100m), under recovery of income from citizenship ceremonies (£51k) and cost in relation to increase in volume of child protection cases (£0.120m).

Community Health and Wellbeing

12. The Directorate is projecting an over spend of £0.446m, which is a moderate increase from the previous quarter. The decline in position is principally due to increased pressures on the Housing Needs budget, both in respect of an increasing number of households in bed and breakfast accommodation and under achievement of net income in respect of Private Sector Leases. If this trend continues, there may need to be a call on the general contingency.

13. Significant variances are highlighted below:-

- a. Adult Services are forecasting an over spend of £0.110m which is mainly due to Harrow's share of over spends on Central & North West London Foundation Trust;
- b. Community and Culture are reporting an adverse variance of £0.270m. This principally relates to a shortfall on leisure centre income (£0.212m) and under achievement of MTFS savings on libraries (£0.100m). Mitigation includes ongoing work to maximise income, vacancy management, cost management on major contracts, essential spending only and identify procurement savings;
- c. Currently, Housing Services are reporting an over spend on General Fund services of £24k. This is mainly due to increased pressures on the Housing Needs budget, both in respect of an increasing number of households in bed and breakfast accommodation and under achievement of net income in respect of Private Sector Lease; and
- d. There is a projected over spend of £42k in respect of performance support costs falling on the Department following the merger of the Adults and Housing Directorate with Community and Culture Directorate.

14. Public Health

- a. The Council is continuing to progress the transfer of Public Health services to the Council from April 2013 in line with the agreed transition plan. Costs associated with transition are expected to be in the region of

£0.356m. This will be partly funded from the carry forward of £0.114m which was approved as part of the 2011-12 outturn and partly from the allocation received from the Department of Health (£83k). This therefore indicates a potential overspend of £0.159m, although there may be scope to charge some of these costs to capital.

- b. Harrow and Barnet Councils have agreed in principle to share Public Health Services with Harrow as the host borough. This is subject to the authorities signing a legal agreement and agreeing an operating model.

Environment

15. Environment and Place Shaping Directorates are shown separately but has become one Directorate in quarter 3.
16. The directorate is forecasting an adverse variance of £0.194m. The forecast position has declined significantly since quarter 1. The main change is due to supplementary call on the levy from West London Waste Authority to reduce their budget deficit, which is offset by rebate from Pay As You Throw (PAYT) costs resulting in net additional levy of £0.290m. In addition, the income target for dry recyclables is not achievable due to volatile market price for the profit share element resulting in an adverse variance of £0.317m. This is offset by drop in adverse variance for parking enforcement income due to improvement in activity and capturing new areas of enforcement as part of partnership work with police to address crime disorder and to compliment traffic management policies.
17. In addition, Property and Infrastructure is also showing a favourable variance of £0.258m which is mainly due to additional SLA income, Depot rental income, Civic Centre parking income, Street Works income and forecast income for Major Works in respect of capital re-charges offset by £85k MTFs saving in respect of Property Repairs and Maintenance Procurement Value Chain which is not likely to materialise.
18. The directorate management is forecasting an under spend of £32k resulting from vacancy which is offset by recruitment costs.
19. Adverse variance of £0.202m in Public Realm Services mainly results from under achieving the income target for dry recyclables due to the volatile market price for the profit share element. Some of the pressure has been eliminated with the new contract from September 2012 and vacancy management.

Children's and Families

20. The directorate is forecasting a favourable net variance of £19k. Majority of the favourable variances are from vacancy management (£0.257m) and staff savings (£66k) resulting from the New Operating Model.
21. This is offset by forecast overspend of £0.304m on Targeted Services mainly due to Interim cover for Divisional Director (£64k), Placement services (£0.138m) for children looked after, leaving care and unaccompanied asylum seeker children; and Staffing budget for Children in Need and Children's Access Teams.

Place Shaping

22. The forecast outturn position indicates a minor overspend mainly resulting from Planning fee income (£0.188m) due to changes in permitted development rights and planning appeal costs (£34k). This is offset by salary savings and increase in corporate estate rental income (£0.188m).

Capital Financing

23. The forecast outturn at quarter 2 is a favourable variance of £0.371m which has improved by £0.188m since quarter 1. This has resulted from the changes in the Treasury Management lending strategy, to take advantage of higher longer term rates on loans offered by government backed banks, adopted by the Council in February 2012.

Carry Forwards

24. The Cabinet approved revenue carry forwards of £2.696m as part of the 2011-12 outturn position agreed at the 20 June Cabinet. There are also brought forward balances on the Local Authority Area (LAA) Grant and the Local Planning Development Grant (LPD) of £0.705m. As at quarter 2 £1.553m were released to the directorates which leaves a balance of £1.143m remaining to be allocated to the directorates and will be allocated as it is required, rather than in advance of need. The forecast assumes that all of the carry forwards will be allocated in year.

Housing Revenue Account (HRA)

25. The forecast outturn at quarter 2 is an over spend of £0.106m which results into forecast surplus for the year of £0.677m against a budget of £0.783m. The main variance comes from a forecast decrease in service charges income from leaseholders and overspends on repairs. This is partly offset by projected under spends on capital financing cost resulting from lower capital spend in 2011-12.

Procurement and Commercialisation Efficiency Savings

26. There are no central procurement savings but over £2m procurement savings are built into the MTFs Directorate efficiency plans in 2012-13. The procurement team is assisting the delivery of these savings through the projects detailed below:-

- a. The print contract has been awarded to the new supplier and the MTFs savings for current year of £0.100m has been achieved. In addition significant savings have been identified for the following year which is being incorporated into the 2013-14 budgets.
- b. A new contract is in place from September 2012 for dry recyclables income which will contribute to the procurement savings. However, the savings in respect of corporate property repairs and maintenance is not likely to materialise and has been reported in the forecast outturn position.
- c. Work is ongoing on leisure and library services to identify potential savings.
- d. Major projects within the Adults services which include contract management, WLA joint procurement for residential care and supporting people are on track to achieve the target savings.
- e. Children's and Families Directorate are on track to achieve majority of their procurement savings. Work is ongoing to ensure all the savings are achieved

27. The Commercialisation project is focussed on achieving the Special Needs Transport III project saving which is £0.500m in 2014-15. Additionally there is a cross cutting target of £0.100m in the 2012-13 budget to be delivered by the Directorates aided by the Commercialisation interim manager.

Transformation and Priority Initiatives Fund (TPIF)

28. The balance on the TPIF approved by the Cabinet at its meeting of 20th June as part of the outturn position was £1.184m. No bids have been agreed for the first two quarters of the year.

Contingency

29. The Contingency budget stands at £1m. There are no anticipated calls against the Contingency as at Quarter 2. However if homelessness does rise at a rate above the current budget provision, there may need to be a call on the contingency later in the year.

Debt Management

30. The latest position on Council Tax shows a potential surplus on the bad debt provision of £0.570m. The position will be monitored closely over the next quarter and any significant changes in the bad debt provision requirement will be taken into account for the budget setting process for 2013-14.

31. National Non Domestic Rates collection shows a potential overprovision of £0.371m. This position will be closely monitored. There is no direct financial impact on the Council as business rates are a call on the national non-domestic rate pool of central government.

32. The arrears on Housing Benefits show a potential increase in the Bad Debt Provision of £0.562m which will be partly funded from improved collection and additional subsidy payments. There is a potential risk of adequate funding of the provision which will be closely monitored and will be incorporated as part of quarter 3 forecast outturn position.

33. The PCT are challenging their contribution to continuing care costs for both children's and adults. Consequently the PCT debt for both totals to approximately £3.400m as at 30 September 2012. The position with the PCT debt poses a significant financial risk which has not been factored into the quarter 2 forecast outturn as the negotiations are on going.

Capital Programme

34. The approved gross Capital Programme at February 16 Council was £43m in 2012-13 and £66m in future years. £18.7m was approved in carry forwards as part of the 2011-12 outturn by the Cabinet at their 20 June meeting, increasing the overall programme to £61.7m. The projected under spend at quarter 2 is £13.8m which is an increase of £5.5m from the previous quarter. Main areas of significant under spends are detailed below:-

a. Children's Directorate is forecasting a slippage of £9.188m resulting mainly from :-

i. Delays on the Schools Expansion Programme (£7.3m) for Vaughan and Marlborough Primary Schools due to extensive development and consultation phase and ongoing discussion with DfE in respect

- of bringing forward the Priority School Building (PSB) programme funding; and
- ii.* The major refurbishment programme for Weald Infant and Junior school (£1.3m) has been put on hold as a result of the schools inclusion in the DfE's PSB programme.
- b.* The DfE have confirmed an additional allocation of Basic Need Capital Grant to fund the capital cost of pupil growth totalling £2.64m. This will be applied to fund the approved primary school expansion programme thereby reducing the total funding that would have been required from the Council.
 - c.* The total under spend within the Community, Health & Wellbeing Directorate is £1.780m resulting mainly from
 - i.* Disabled Facilities and Empty/Better Homes grants (£0.398m);
 - ii.* Adults Services are projecting a slippage on Milman's Centre (£0.186m), HIV Supported Housing scheme (£0.352m) and Bentley Reablement Centre project (£0.227m); and
 - iii.* Cultural services are anticipating a slippage on both Headstone Manor (£0.300m) and Harrow Museum (£0.250m) programme as awaiting decision for lottery funding.
 - d.* The Resources directorate are forecasting a slippage on the ITO project (£0.768m) mainly resulting from changes in delivery date for Local Area Network (LAN) and Citrix application projects. Further requirements have been identified for refreshing Laptops and Windows 7 compatibility application which will run across two years (2012/13 and 2013/14). An update on the cost and funding of this will be reported at quarter 3.
 - e.* Place Shaping directorate are anticipating a slippage of £2.050m resulting mainly from projects for St Ann's & Kymberley Road (£1m), Pinner Park Farm (£0.200m), Strategic Sites Project (£0.500m) and Asset Development Projects (£0.250m).

35. The HRA programme currently estimates an under spend of £1.050m compared to the revised programme.

36. One off virements are recommended as detailed in the table below:

Description	From £000	To £000
Adult Social Care Framework I project Supported Housing (HIV)	250	250
St. Ann's Road project Strategic Sites	500	500
Total	750	750

Financial Implications

37. Financial matters are integral to the report.

Environmental Impact

38. There are none directly related to this report.

Performance Issues

39. Good financial performance is essential to achieving a balanced budget. The financial performance is integrated with the strategic performance of the Council through quarterly Improvement Boards for each Directorate where the financial position is considered at the same time as performance against key projects, service KPIs (including customer data and complaints) and workforce. Monitoring of finance and performance is reported regularly to the Corporate Strategic Board and Cabinet and is also considered by the Council's Performance and Finance Scrutiny Sub- Committee.

Risk Management Implications

40. The risks to the council and how they are being managed are clearly set out in the report:

Risks included on Directorate risk registers? Yes

Equalities Implications

41. There are no direct equalities impacts arising from the decisions within this report.

Corporate Priorities

42. This report deals with the Revenue and Capital monitoring which is key to delivering the Council's corporate priorities.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 22 November 2012		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 3 December 2012		

Section 4 – Performance Officer Clearance

Name: Liz Defries	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 19 November 2012		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards

Divisional Director
(Environmental Services)

Date: 16 November 2012

Section 6 - Contact Details and Background Papers

Contact: Julie Alderson Email: julie.alderson@harrow.gov.uk

Background Papers: Revenue Budget 2012-13 to 2014-15 and Capital Programme 2012-13 to 2014-15 to February 2012 Cabinet.

<https://www.harrow.gov.uk/www2/ieListDocuments.aspx?CId=249&MId=60645&Ver=4>

**Call-In Waived by the
Chairman of Overview
and Scrutiny Committee**

NOT APPLICABLE

[Call –in applies]

Appendix 1 – Revenue Monitoring

	Totals per	Brought	Budget	Latest	Outturn	Projected
Resources	February	Forward	Adj &	Budget	Forecast	Year end
	Cabinet	2011/12	Transfers		at Qtr 2	Variation
	£'000	£'000	£'000	£'000	£'000	£'000
Assistant Chief Executive						
Gross Expenditure	1,786	0	-109	1,677	1,735	58
Gross Income	-697	0	-54	-751	-697	54
	1,089	0	-163	926	1,038	112
Customer Services & IT Client Team						
Gross Expenditure	21,314	343	171	21,828	21,227	-601
Gross Income	-20,499	0	0	-20,499	-19,854	645
	815	343	171	1,329	1,373	44
Human Resources, Development & Shared Services						
Gross Expenditure	8,144	3	-4	8,143	8,512	369
Gross Income	-8,397	175	38	-8,184	-8,464	-280
	-253	178	34	-41	48	89
Strategic Commissioning						
Gross Expenditure	3,557	11	94	3,662	3,928	266
Gross Income	-1,430	-237	-40	-1,707	-2,012	-305
	2,127	-226	54	1,955	1,916	-39
Risk Audit & Fraud						
Gross Expenditure	4,607	-6	-78	4,523	4,882	359
Gross Income	-4,533	0	76	-4,457	-4,970	-513
	74	-6	-2	66	-88	-154
Corporate Items						
Gross Expenditure	2	0	0	2	200	198
Gross Income	0	0	0	0	-198	-198
	2	0	0	2	2	0
Legal & Governance						
Gross Expenditure	7,636	-55	86	7,667	7,889	222
Gross Income	-4,257	0	-86	-4,343	-4,293	50
	3,379	-55	0	3,324	3,596	272
Finance & Director of Finance						
Gross Expenditure	3,252	366	140	3,758	3,789	31
Gross Income	-3,026	13	0	-3,013	-3,044	-31
	226	379	140	745	745	0
Revenue Benefits & TPO						
Gross Expenditure	158,482	-6	83	158,559	158,793	234
Gross Income	-154,377	83	-83	-154,377	-154,529	-152
	4,105	77	0	4,182	4,264	82
Procurement						
Gross Expenditure	15,500	0	0	15,500	15,670	170
Gross Income	-16,104	300	0	-15,804	-15,974	-170
	-604	300	0	-304	-304	0
Finance Other						
Gross Expenditure	6,674	0	0	6,674	6,592	-82
Gross Income	-1,184	694	0	-490	-526	-36
	5,490	694	0	6,184	6,066	-118
Concessionary Fares						
Gross Expenditure	9,457	0	155	9,612	9,447	-165
Gross Income	-40	0	0	-40	-29	11
	9,417	0	155	9,572	9,418	-154
Directorate Expenditure Total						
	240,411	656	538	241,605	242,664	1,059
Directorate Income Total						
	-214,544	1,028	-149	-213,665	-214,590	-925
Directorate Total Net						
	25,867	1,684	389	27,940	28,074	134

Appendix 1 Revenue Monitoring

	Original Budget	Brought Forward 2011/12	Budget Adj & Transfers	Latest Budget	Outturn Forecast at Qtr 2	Projected Year end Variation
	£'000	£'000	£'000	£'000	£'000	£'000
Community Health and Wellbeing						
Commissioning & Partnerships						
Gross Expenditure	20,314	0	-376	19,938	19,652	-286
Gross Income	-2,024	0	0	-2,024	-1,865	159
	18,290	0	-376	17,914	17,787	-127
Long Term Care						
Gross Expenditure	36,414	0	251	36,665	36,583	-82
Gross Income	-11,055	0	-74	-11,129	-11,164	-35
	25,359		177	25,536	25,419	-117
Personalisation and Reablement						
Gross Expenditure	21,668	0	1	21,669	22,165	496
Gross Income	-2,439	0	8	-2,431	-2,457	-26
	19,229		9	19,238	19,708	470
Strategic Management						
Gross Expenditure	-1,240	0	2833	1,593	1,497	-96
Gross Income	-103	0	-2488	-2,591	-2,609	-18
	-1,343	0	345	-998	-1,112	-114
Housing Needs						
Gross Expenditure	6,044	0	-318	5,726	5,406	-320
Gross Income	-3,244	0	171	-3,073	-2,673	400
	2,800	0	-147	2,653	2,733	80
Housing Partnerships						
Gross Expenditure	823	0	-1	822	750	-72
Gross Income	-5	0	0	-5	-5	0
	818	0	-1	817	745	-72
Travellers Site						
Gross Expenditure	27	0	0	27	27	0
Gross Income	-2	0	0	-2	-2	0
	25	0	0	25	25	0
Other Housing GF Services						
Gross Expenditure	370	0	0	370	381	11
Gross Income	-20	0	0	-20	-20	0
	350	0	0	350	361	11
Resident Services - Watkins House						
Gross Expenditure	488	0	0	488	489	1
Gross Income	-27	0	0	-27	-23	4
	461	0	0	461	466	5
Community & Development						
Gross Expenditure	0	0	3,300	3,300	3,084	-216
Gross Income	0	0	-981	-981	-810	171
	0	0	2,319	2,319	2,274	-45
Cultural Services						
Gross Expenditure	0	54	4,053	4,107	4,408	301
Gross Income	0	0	-2,560	-2,560	-2,646	-86
	0	54	1,493	1,547	1,762	215
Libraries						
Gross Expenditure	0	0	6,183	6,183	6,158	-25
Gross Income	0	0	-614	-614	-489	125
	0	0	5,569	5,569	5,669	100
Transformation						
Gross Expenditure	493	0	8	501	546	45
Gross Income	-51	0	-6	-57	-62	-5
	442	0	2	444	484	40
Directorate Expenditure Total	85,401	54	15,934	101,389	101,146	-243
Directorate Income Total	-18,970	0	-6,544	-25,514	-24,825	689
Directorate Total Net	66,431	54	9,390	75,875	76,321	446

Appendix 1 Revenue Monitoring

	Original Budget	Brought Forward 2011/12	Budget Adj & Transfers	Latest Budget	Outturn Forecast at Qtr 2	Projected Year end Variation
	£'000	£'000	£'000	£'000	£'000	£'000
Environment						
Community Safety						
Gross Expenditure	8,582	0	0	8,582	8,586	4
Gross Income	-10,041	0	0	-10,041	-10,053	-12
	-1,459	0	0	-1,459	-1,467	-8
Property & Infrastructure						
Gross Expenditure	28,030		-273	27,757	31,003	3,246
Gross Income	-10,698		97	-10,601	-14,105	-3,504
	17,332		-176	17,156	16,898	-258
Public Realm Services						
Gross Expenditure	27,761		-54	27,707	27,820	113
Gross Income	-5,249		0	-5,249	-4,870	379
	22,512		-54	22,458	22,950	492
Directorate Management						
Gross Expenditure	968		-40	928	896	-32
Gross Income	-64		0	-64	-64	0
	904		-40	864	832	-32
Community and Culture						
Gross Expenditure	13,536		-13536	0	0	0
Gross Income	-4,151		4151	0	0	0
	9,385	0	-9,385	0	0	0
Directorate Exp Total	78,877		-13,903	64,974	68,305	3,331
Directorate Income Total	-30,203		4,248	-25,955	-29,092	-3,137
Directorate Total Net	48,674		-9,655	39,019	39,213	194

Appendix 1 Revenue Monitoring

	Original Budget	Brought Forward 2011/12	Budget Adj & Transfers	Latest Budget	Outturn Forecast at Qtr 2	Projected Year end Variation
	£'000	£'000	£'000	£'000	£'000	£'000
Children's & Families						
Quality Assurance, Commissioning Schools						
Gross Expenditure	12,941	217	1,559	14,717	14,697	-20
Gross Income	-8,247		-19	-8,266	-8,266	0
	4,694	217	1,540	6,451	6,431	-20
Early Intervention Service						
Gross Expenditure	14,538		-118	14,420	14,273	-147
Gross Income	-11,714		4,942	-6,772	-6,772	0
	2,824	0	4,824	7,648	7,501	-147
Targeted Services						
Gross Expenditure	17,917	79	-122	17,874	18,178	304
Gross Income	-921		20	-901	-901	0
	16,996	79	-102	16,973	17,277	304
Management						
Gross Expenditure	499	21	148	668	602	-66
Gross Income	-158		100	-58	-58	0
	341	21	248	610	544	-66
Special Needs						
Gross Expenditure	23,430	65		23,495	23,405	-90
Gross Income	-14,263		871	-13,392	-13,392	0
	9,167	65	871	10,103	10,013	-90
Schools						
Gross Expenditure	115,419		288	115,707	115,707	0
Gross Income	-109,966			-109,966	-109,966	0
	5,453	0	288	5,741	5,741	0
Directorate Expenditure Total	184,744	382	1,755	186,881	186,862	-19
Directorate Income Total	-145,269	0	5,914	-139,355	-139,355	0
Directorate Total Net	39,475	382	7,669	47,526	47,507	-19

Appendix 1 Revenue Monitoring

	Original Budget	Brought Forward 2011/12	Budget Adj & Transfers	Latest Budget	Outturn Forecast at Qtr 2	Projected Year end Variation
	£'000	£'000	£'000	£'000	£'000	£'000
Place Shaping						
Business Management						
Gross Expenditure	0		0	0	0	0
Gross Income	0		0	0	0	0
	0	0	0	0	0	0
Planning Services						
Gross Expenditure	4,625		140	4,765	4,646	-119
Gross Income	-1,916		-45	-1,961	-1,766	195
	2,709	0	95	2,804	2,880	76
Economic Development Research & Enterprise						
Gross Expenditure	1,205		0	1,205	1,198	-7
Gross Income	-8		0	-8	-9	-1
	1,197	0	0	1,197	1,189	-8
Major Development Projects						
Gross Expenditure	452		-95	357	396	39
Gross Income	-132		0	-132	-132	0
	320	0	-95	225	264	39
Corporate Estates						0
Gross Expenditure	846		26	872	862	-10
Gross Income	-1,525		0	-1,525	-1,613	-88
	-679	0	26	-653	-751	-98
Directorate Exp Total	7,128	0	71	7,199	7,102	-97
Directorate Income Total	-3,581	0	-45	-3,626	-3,520	106
Directorate Total Net	3,547	0	26	3,573	3,582	9

Appendix 2 Capital Monitoring

Consolidated

	Latest Approved Capital Programme (Cabinet February 2012)			Latest Forecast			C/F from 2011/12	Movements	Adjusted Budget (2012/13 Programme & 2011 C/fwds)	Variance (Forecast Vs Adjusted Budget)	Current Year Expenditure Monitoring		
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year	Current Year	Current Year
Resources	7,106,000	5,000,000	12,106,000	10,521,579	777,914	11,299,493	4,183,493	0	11,289,493	767,914	952,264	1,396,842	22%
Environment	10,665,400	17,983,000	28,648,400	12,268,307	4,535,000	16,803,307	1,659,550	0	12,324,950	56,643	547,883	3,283,376	31%
Community, Health & Wellbeing	3,961,000	4,890,000	8,851,000	4,243,924	1,608,943	5,852,867	2,212,624	(149,380)	6,024,244	1,780,320	565,905	219,197	18%
Children's Services	9,821,000	16,608,000	26,429,000	9,177,856	9,205,280	18,383,136	8,545,098	0	18,366,098	9,188,242	2,531,801	857,475	37%
Place Shaping	4,755,300	11,736,500	16,491,800	3,137,267	12,786,500	15,923,767	431,967	0	5,187,267	2,050,000	573,962	483,789	34%
Total General Fund	36,308,700	56,217,500	92,526,200	39,348,933	28,913,637	68,262,570	17,032,732	(149,380)	53,192,052	13,843,119	5,171,814	6,240,679	29%
HRA	7,697,350	15,038,000	22,735,350	8,332,970	845,000	9,177,970	1,685,647	0	9,382,997	1,050,027	2,178,809	391,981	31%
Total Capital Programme	44,006,050	71,255,500	115,261,550	47,681,903	29,758,637	77,440,540	18,718,379	(149,380)	62,575,049	14,893,146	7,350,623	6,632,660	29%

Resources

Description	Latest Approved Capital Programme (Cabinet February 2012)			Latest Forecast			C/F from 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring		
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year	Current Year	Current Year
Business Transformation	1,218,273	0	1,218,273	2,709,582	0	2,709,582	1,491,309	0	2,709,582	0	389,645	836,152	45%
Corporate Finance	373,457	0	373,457	1,107,484	0	1,107,484	734,027	0	1,107,484	0	37,864	471,001	46%
Local Area Agreement	0	0	0	663,157	0	663,157	663,157	0	663,157	0	121,589	89,689	32%
Information Technology	5,514,270	5,000,000	10,514,270	5,941,356	777,914	6,719,270	1,195,000	0	6,709,270	767,914	403,166	0	7%
My Harrow Services Account	0	0	0	100,000	0	100,000	100,000	0	100,000	0	0	0	0%
Per Capital Programme	7,106,000	5,000,000	12,106,000	10,521,579	777,914	11,299,493	4,183,493	0	11,289,493	767,914	952,264	1,396,842	22%

Appendix 2 - Capital Monitoring

Environment

Description	Latest Approved Capital Programme (Cabinet February 2012)			Latest Forecast			C/F from 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring		
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year	Current Year	Current Year
Tree Planting & Parks	300,000	600,000	900,000	300,000	0	300,000	0	0	300,000	0	36,647	30,000	22%
Carbon Commitment	610,000	0	610,000	614,300	0	614,300	9,630	0	619,630	5,330	7,800	514,800	85%
Neighbourhood Investment	210,000	560,000	770,000	228,648	0	228,648	18,648	0	228,648	0	14,321	1,734	7%
Public Realm Infrastructure	5,989,000	11,978,000	17,967,000	7,426,799	600,000	8,026,799	1,437,799	0	7,426,799	0	347,351	2,637,477	40%
Recycling Schemes	218,400	150,000	368,400	218,400	0	218,400	0	0	218,400	0	77,771	0	36%
Transport for London Schemes	2,223,000	3,920,000	6,143,000	2,243,937	3,920,000	6,163,937	17,250	0	2,240,250	(3,687)	17,560	21,090	2%
s106 Schemes	0	0	0	161,223	15,000	176,223	176,223	0	176,223	15,000	12,322	4,846	11%
Corporate Accommodation	400,000	775,000	1,175,000	400,000	0	400,000	0	0	400,000	0	13,692	73,429	22%
School Landlord Works	0	0	0	0	0	0	0	0	0	0	20,418	0	
Outstanding Business Cases	715,000	0	715,000	675,000	0	675,000	0	0	715,000	40,000	0	0	0%
Per Capital Programme	10,665,400	17,983,000	28,648,400	12,268,307	4,535,000	16,803,307	1,659,550	0	12,324,950	56,643	547,883	3,283,376	31%

Community, Health and Wellbeing

Community, Health & Wellbeing Description	Latest Approved Capital Programme (Cabinet February 2012)			Latest Forecast			C/F from 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring		
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year	Current Year	Current Year
Adult Services	1,087,000	300,000	1,387,000	1,351,226	879,400	2,230,626	1,181,640	(149,380)	2,119,260	768,034	126,389	126,697	19%
Housing General Fund	2,170,000	3,390,000	5,560,000	2,349,395	179,543	2,528,938	647,681	0	2,817,681	468,286	439,164	0	19%
Leisure Centre & other sites	704,000	1,200,000	1,904,000	543,303	550,000	1,093,303	383,303	0	1,087,303	544,000	352	92,500	17%
Per Capital Programme	3,961,000	4,890,000	8,851,000	4,243,924	1,608,943	5,852,867	2,212,624	(149,380)	6,024,244	1,780,320	565,905	219,197	18%

Appendix 2 - Capital Monitoring Children's Services

Children's Services	Description	Latest Approved Capital Programme (Cabinet February 2012)			Latest Forecast			C/F from 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring		
		Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year	Current Year	Current Year
Previous Year projects		0	0	0	0	0	0	0	0	0	0	(623,756)	5,594	
Catering in schools		0	0	0	1,272,107	0	1,272,107	1,216,938	0	1,216,938	(55,169)	1,078,760	25,849	87%
Whitmore (High School No. 1)		0	0	0	62,604	0	62,604	62,604	0	62,604	0	(2,148)	0	-3%
School Amalgamation support		0	0	0	1,128,249	0	1,128,249	1,265,045	0	1,265,045	136,796	499,656	12,110	45%
Devolved Formula Non VA schools		0	0	0	1,375,261	0	1,375,261	1,375,261	0	1,375,261	0	0	0	0%
Project fees during defects period		0	0	0	23,026	0	23,026	23,026	0	23,026	0	17,264	0	75%
Schools Expansion Programme Phase I		8,150,000	0	8,150,000	2,865,000	7,311,420	10,176,420	2,026,420	0	10,176,420	7,311,420	617,608	439,272	37%
Schools Capital Maintenance		1,350,000	0	1,350,000	1,350,000	0	1,350,000	0	0	1,350,000	0	761,178	95,200	63%
Special Educational Needs Provision		650,000	0	650,000	650,000	0	650,000	0	0	650,000	0	1,678	247,240	38%
General and Legacy		0	0	0	736,120	1,391,300	2,127,420	2,072,421	0	2,072,421	1,336,301	181,560	32,211	29%
Information Technology		167,000	0	167,000	210,666	0	210,666	0	0	167,000	(43,666)	0	0	0%
New schemes		(496,000)	16,608,000	16,112,000	(495,177)	502,560	7,383	503,383	0	7,383	502,560	0	0	0%
Per Capital Programme		9,821,000	16,608,000	26,429,000	9,177,856	9,205,280	18,383,136	8,545,098	0	18,366,098	9,188,242	2,531,801	857,475	37%

Place Shaping

Place Shaping	Description	Approved Capital Programme (Cabinet February 2012)			Latest Forecast			C/F from 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring		
		Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year	Current Year	Current Year
Place Shaping Schemes		4,755,300	11,736,500	16,491,800	3,137,267	12,786,500	15,923,767	431,967	0	5,187,267	2,050,000	573,962	483,789	34%
Per Capital Programme		4,755,300	11,736,500	16,491,800	3,137,267	12,786,500	15,923,767	431,967	0	5,187,267	2,050,000	573,962	483,789	34%

Appendix 2 - Capital Monitoring HRA

HRA Description	Latest Approved Capital Programme (Cabinet February 2012)			Latest Forecast			C/F from 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring		
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year	Current Year	Current Year
Grant funded Extensions	200,000	0	200,000	100,000	0	100,000	185,647	0	385,647	285,647	15,174	4,345	19.52%
Aids & Adaptations	600,000	0	600,000	407,380	0	407,380	0	0	600,000	192,620	180,969	105,700	70.37%
Main Housing Programme	6,897,350	15,038,000	21,935,350	7,599,210	845,000	8,444,210	1,500,000	0	8,397,350	798,140	1,982,665	281,936	29.80%
Items to be absorbed into realigned capital schemes	0	0	0	226,380	0	226,380	0	0	0	(226,380)	0	0	0.00%
Per Capital Programme	7,697,350	15,038,000	22,735,350	8,332,970	845,000	9,177,970	1,685,647	0	9,382,997	1,050,027	2,178,809	391,981	30.85%

Appendix 3 – Bad Debt Provision

Council Tax

Currently, bad debt provisions (BDP) of £3.892m exist [£4.142m- £0.250m; w/off done 01/04/12-30/09/12] for Council Tax against a potential BDP of £3.322m for debts accrued to 31 March 2012.

COUNCIL TAX	Arrears as at 1 st of April	Arrears as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2008-2009	834	732	100	732
2008-2009	643	557	100	557
2009-2010	816	714	75	536
2010-2011	1,264	1,113	60	668
2011-2012	2,193	1,658	50	829
Total	5,750	4,774		3,322

National Non Domestic Rates (NNDR)

Currently, bad debt provisions of £2.288m [£2.500m- £0.212m; w/off done 01/04/12 to 30/09/12] exist for business rates (NNDR) against a potential BDP of £1.917m. But as the business rates are a call on the national non-domestic rate pool of central government there is no financial affect to this Authority.

NATIONAL NON DOMESTIC RATES (NNDR)	Arrears as at 1 st of April	Arrears as at Qtr 2	BDP	BDPas at Qtr 2
	£000	£000	%	£000
Pre 2011-2012	1,237	969	100	969
2011-2012	1,608	1,265	75	948
Total	2,845	2,234		1,917

Council Tax and Business Rates Court Cost

Currently, bad debt provisions (BDP) of £0.845m exists for Court Costs against a potential BDP of £0.917m. From previous years trends, this amount of provision appears to be adequate and in line with our overall provisions policy.

Court Cost	Arrears as at 1 st of April	Arrears as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2009-2010	277	235	100	235
2009-2010	163	141	85	120
2010-2011	247	205	75	154
2011-2012	450	338	60	203
2012-2013	0	410	50	205
Total	1,137	1,329		917

Appendix 3 – Bad Debt Provision

Housing Benefits

Currently, bad debt provisions of £2.024m [£2.119m - £0.095m w/off's 1/4/12 to 30/09/12] exist for Housing Benefit overpayment debt against a potential BDP of £2.586m (£1.829m+£0.757m). The under provision will be partly funded from improved collection and additional subsidy payments.

Housing Benefit DEBTORS	Outstand as at 1 st of April	Outstand as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2010-2011	875	736	100	736
2010-2011	520	393	100	393
2011-2012	1,253	768	50	384
2012-2013	0	1,055	30	316
Totals	2,648*	2,952		1,829

Housing Benefit LIVE CASES	Outstand as at 1 st of April	Outstand as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2010-2011	264	162	100	162
2010-2011	429	261	75	196
2011-2012	1,181	702	30	210
2012-2013	0	943	20	189
Totals	1,874	2,068		757

*The arrears as at 30/9/12 were a combination of closed accounts (debtors) and live cases. However, in order to obtain a more realistic bad debt provision we have this year separated the two areas as the risk of non collection is very different for the two areas, the former being owed by clients who no longer receive benefits or have moved out of the borough, and the latter relating to clients currently residing in Harrow and claiming housing or council tax benefits. Re this category, we can attach benefits to offset against debts and obtain payment direct from the DWP which reduces non collection risk. The DPD rates applied reflect this situation.

Housing Revenue Account

This provision represents Leasehold Service Charge and Major Works, Current and Former tenants' rents and Garages and Commercial rents arrears. Within the HRA an annual contribution of £0.200m is budgeted to support any changes in the required level of provision.

Current provision of £0.409m exist, after allowing for estimated write offs amounting to £0.229m. The estimated requirement as at quarter 2 is £0.553m which suggest an increase of £0.144m.

Appendix 3 – Bad Debt Provision

Debt Summary

£'000	Rent			Leasehold		Shops & Commercial	Total Debt
	Current tenants	Former tenants	Garages	Service charges	Major Works		
Gross debt @ 01/04/2012	467	727	31	128	20	108	1,461
Debt at 30/09/2012							
Less than 30 days	180	42	0	315	0	72	609
30 to 60 days	117	9	0	0	0	0	126
60 to 90 days	38	3	36	0	0	0	77
90 to 180 days	68	16	0	0	0	25	109
181 to 365 days	37	48	0	42	2	19	148
> 365 days	6	618	0	42	11	24	701
Debt @ 30/09/2012	446	736	36	399	13	140	1770

Bad Debt Provision

Opening bad debt provision @ 01/04/2012	0	(638)	0	0	0	0	(638)
Write offs to date	0	32	0	0	0	0	32
Estimated further write offs	0	122	25	40	10	0	197
Total estimated write offs to year end	0	154	25	40	10	0	229
Current bad debt provision after write offs @ 31/03/2013	0	(484)	25	40	10	0	(409)
Bad debt provision required@31/03/2013	0	(553)	0	0	0	0	(553)
Revenue contribution to top up provision	0	(69)	(25)	(40)	(10)	0	(144)