

# REPORT FOR: CABINET

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<b>Date:</b>	14 February 2013
<b>Subject:</b>	Revenue and Capital Monitoring for Quarter 3 as at 31 December 2012
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Julie Alderson, Corporate Director of Resources
<b>Portfolio Holder:</b>	Councillor Sachin Shah, Portfolio Holder for Finance
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Enclosures:</b>	Appendix 1 - Revenue Directorates Summary Appendix 2 - Capital Monitoring Appendix 3 - Debt Management Appendix 4 – Housing Revenue Account

## Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital monitoring position as at 31 December 2012:

### Recommendations:

1. Note the revenue and capital forecast outturn position at the end of December 2012;
2. Approve the transfer from Earmarked Reserve detailed in paragraph 22;
3. Approve the Revenue virements detailed in paragraph 25; and
4. Approve the debt write off as detailed in paragraph 33.

### Reason (for recommendation)

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

## Section 2 – Report

### Executive Summary

1. The quarter 3 Revenue and Capital financial monitoring is reporting a significantly improved position of £1.961m favourable variance compared to previous quarter of adverse forecast variance of £0.393m. Throughout the quarter the directorates have been working on implementing the action plan 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 through vacancy management by implementing additional approval processes in respect of recruitment. Managers are being asked to continue to implement the spending protocol right through to the year-end to deliver a significant underspend to fund the cost of change and delivery of future year savings.
2. The main areas of improvements are summarised below and the details are incorporated within the main report:-
  - Within Resources directorate the position has improved significantly resulting mainly from External Audit Fees and service credits on Capita contract;
  - Environment and Enterprise directorate are contributing to the favourable variance from improved parking enforcement income and additional income within property and infrastructure; and
  - Housing Needs budget is showing a significant improvement on the pressures highlighted in the previous quarter.
3. Due to the challenging financial environment and the risks around service demands there are still pressures across the directorates which are contained within the overall net under spends. In addition, the pressures around Primary Care Trust (PCT) debts needs to be addressed as detailed in paragraph 35. The directorates need to continue to ensure that all spending decisions are thoroughly justified, restraining non essential spend to maximise the under spend. This will be used for one off funding or invest to save schemes which will help in meeting the savings target for future years.
4. The Final Revenue Budget and Medium Term Financial Strategy (MTFS) 2012-13 to 2014-15 report to the February 9<sup>th</sup> 2012 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 lower housing benefit payments following 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.
5. 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 20<sup>th</sup> 2012 Cabinet, where it was agreed to carry forward £2.7m, of which £1.2m was designated to address some of these budget pressures. The Transformation and Priority Initiatives Fund (TPIF) stands at £1.134m and will provide capacity for invest to save and innovation in year.

6. The format of the revenue and capital monitoring is being improved as an integral part of the Finance Transformation Project. 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

7. The total projected outturn for the Council at the end of Quarter 3 is £171.152m against the approved budget of £173.113m which represents a projected under spend of £1.961m, a 1.13% variation to budget. This is a significant improvement of £2.354m from previous quarter, which is due to improvement in directorate position as well as capital financing budgets.

Table 1 below summarises the position:

Original Budget	Directorate	Latest Budget	Forecast Outturn Qtr 3	Variation		Qtr 2	2011-12
				Quarter 3			
£000		£000	£000	£000	%	£000	£000
3,854	Assistant Chief Executive	4,336	4,006	-330	-7.61	52	-329
3,379	Legal and Governance	3,324	3,574	250	7.52	271	229
18,634	Corporate Finance	20,395	19,785	-610	-2.99	-189	75
<b>25,867</b>	<b>Resources</b>	<b>28,055</b>	<b>27,365</b>	<b>-690</b>	<b>-2.46</b>	<b>134</b>	<b>-25</b>
48,674	Environment	39,019	38,116	-903	-2.31	194	1,881
3,547	Enterprise	3,573	3,505	-68	-1.90	9	444
<b>52,221</b>	<b>Environment &amp; Enterprise</b>	<b>42,592</b>	<b>41,621</b>	<b>-971</b>	<b>-2.28</b>	<b>203</b>	<b>2,325</b>
66,431	Community, Health and Wellbeing	75,891	76,167	276	0.36	446	-50
39,475	Children's and Families	47,585	48,264	679	1.43	-19	-2,545
<b>183,994</b>	<b>Sub Total Directorate</b>	<b>194,123</b>	<b>193,417</b>	<b>-706</b>	<b>-0.36</b>	<b>764</b>	<b>-295</b>
-946	Inflation and Corporate Items	789	889	100	12.67	0	-907
1,000	Contingency	1,000	1,000	0	0.00	0	-300
-8,327	Capital Financing	-8,238	-9,593	-1,355	16.45	-371	-1,602
-2,608	Non Specific Grant	-12,733	-12,733	0	0.00	0	0
	Carry Forwards	-1,828	-1,828	0	0.00	0	1,804
<b>173,113</b>	<b>Total Budget Requirement</b>	<b>173,113</b>	<b>171,152</b>	<b>-1,961</b>	<b>-1.13</b>	<b>393</b>	<b>-1,300</b>

## Directorates' Position

### Resources

8. Under the new structure, Corporate Finance is now part of Resource Directorate, however for now we are also showing the breakdown of the old directorate structure.
9. The position within the Resources Directorate has improved significantly by £0.824m from the previous quarter resulting in a net favourable variance of £0.690m as at quarter 3. This improvement has resulted mainly from External Audit fees following the letter notifying a 40% reduction in the base audit fees, increase in under spends on Pension liabilities, release of excess commitments on expenditure service credits on the Capita IT contract and vacancy management across the directorate.
10. Additional procurement staffing costs due to the delay in implementing new structure have been offset by additional procurement savings from the successful outcome of a contract dispute.
11. The main projected variances are set out below:
  - a. The former Corporate Finance Directorate is projecting a net under spend of £0.610m resulting from External Audit fees (£0.200m), Contributions and Levies savings (£22k), Pension liabilities (£50k) and release of excess commitments on expenditure (£0.193m). This is offset by budget pressure on staffing costs within Benefits (£0.103m) as a result of the Council Tax Support scheme implementation;
  - b. The former Assistant Chief Executive's Directorate is projecting a net under spend of £0.330m. 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). In addition there is a shortfall of helpline income (£80k). These pressures are off set by various net under spends across the directorate through vacancy management and renegotiation of the Occupational Health contract. In addition, the contract with Capita contains provisions for reduced payments in the event of service failures. These provisions are rigorously enforced resulting in a underspend of £0.250m from the accumulated service credits to date; and
  - c. Legal and Governance Services is projecting an over spend of £0.250m resulting from delays in establishing the shared service with Barnet (£75k), under recovery of income from citizenship ceremonies (£25k), overspend due to the level of Mayoral engagements (£50k) and cost in relation to increase in volume of child protection cases (£0.120m). This is offset by minor under spends resulting from vacancy management and increase in Land Charges and the Registrars income.

## **Environment and Enterprise**

12. The directorate is forecasting a significant favourable variance of £0.971m which is a substantial improvement from the previous quarter.
13. The projected variance on Environment services totals to £0.903m as analysed below:-
- d. There is a significant favourable movement for Community Safety, which is now forecasting a favourable variance of £0.592m mainly due to higher parking enforcement income and vacancy management which is offset by lower fee income from animal services and loss of car park income due to closure of Greenhill Crescent car park and expiry of lease in respect of Queens house car park;
  - e. Property and Infrastructure is forecasting a favourable variance of £0.409m 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.
  - f. Public Realm service is forecasting an adverse variance of £0.177m. This is a major improvement from previous period which mainly results from rebate from Pay As You Throw (PAYT) costs. Main reasons for the over spends are 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 a net additional levy of £40k. In addition, the income target for dry recyclables is not achievable due to the volatile market price for the profit share element resulting in an adverse variance of £0.327m. These pressures have been offset by vacancy management and restraining non essential spends.
  - g. The directorate management is forecasting an under spend of £79k resulting from a vacancy which is offset by recruitment costs.
14. Enterprise services are forecasting an under spend of £68k which mainly results from capital recharges, vacancy management and increase in rental income. This is offset by shortfall in planning and building control fee income (£0.272m) due to changes in permitted development rights.

## **Community Health and Wellbeing**

15. The Directorate is projecting an over spend of £0.276m which is a significant improvement from quarter 2. This mainly results from reduced pressures on the Housing Needs budget. Significant variances are highlighted below:-
- a. Adult Services are forecasting an over spend of £60k 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 £0.188m. This principally relates to a shortfall on leisure centre income (£0.207m) and under achievement of MTFS savings on libraries (£0.100m) due to the Terms and Conditions review overtaking the proposed savings plan for Library Transformation. Mitigation includes ongoing work to maximise income, vacancy management, cost management on major contracts, essential spending only and identifying procurement savings;

- c. There is a significant improvement in Housing Services which is now reporting a minor over spend compared to a projected overspend in previous quarter. This is mainly on Housing Needs budget as the number of households in bed and breakfast accommodation has not increased over the last quarter; and
- d. There is a projected over spend of £22k in respect of performance support costs falling on the Department following the merger of the Adults and Housing Directorate with Community and Culture Directorate.

#### 16. 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 £0.360m. 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 £0.160m, 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.

#### Children's and Families

17. The directorate is forecasting an adverse variance of £0.679m. This is resulting from an increase in bad debt provision (£0.681m) in respect of unpaid PCT invoices, mainly in relation to the PCT's contribution to Children with Disabilities' continuing care packages. Ongoing negotiations are taking place to try to resolve this position before the year end as it is the Council's view that these monies are rightly due to the Council. In addition there is a projected overspend on Targeted Services (£0.283m) due to agency staff and overtime to cover the staffing issues in respect of qualified social workers. This overspend is offset by a projected under spend on commissioning and placement budgets.

#### Corporate Items

18. The £0.100m MTFs savings in respect of Fees and Charges has not been allocated to individual directorates. Directorates are reporting the additional income achieved against the target within their outturn figures. Early implementation of most fees and charges increases from 1<sup>st</sup> January 2013 as a direct result of the Commercialisation work undertaken during 2012 will ensure that in excess of the £0.100m target figure will have been achieved by year end.

#### Contingency

19. At this stage there are no calls on the contingency being proposed by the S151 Officer and if this position continues to the year-end, then the under spend for the year could increase by this amount. However there remain a considerable number of risks to the budget position and there is no room for complacency in this respect.

## **Capital Financing**

20. The forecast outturn has significantly moved from the previous quarter and it is a favourable variance of £1.355m as detailed below:

- h. Increase in investment returns due to changes in the Treasury Management lending strategy, to take advantage of higher longer term rates on loans offered by government backed banks. This has resulted in a favourable variance of £0.456m; and
- i. Net under spend on Minimum Revenue Provision (MRP) of £0.898m due to slippage in 2011-12 capital programme off set by a technical accounting adjustment in relation to the accounting treatment of procurement savings across directorates.

## **Carry Forwards and Earmarked Reserves**

21. 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 3 £1.745m were released to the directorates which leaves a balance of £0.951m 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.

22. Brent & Harrow Education Business Service ceased operating on 31 August 2012. At 31 March 2012 the service had an Earmarked Reserve of £0.244m. Under the terms of the partnership agreement with Brent this has to be applied to fund the partnership's outstanding liabilities and the remaining balance to be split between the two authorities. Cabinet are asked to approve £0.234m transfer from the earmarked reserves. This leaves £10k on the reserve to fund any residual unknown liabilities

## **Transformation and Priority Initiatives Fund (TPIF)**

23. The balance on the TPIF approved by the Cabinet at its meeting of 20<sup>th</sup> June as part of the outturn position was £1.184m. A bid for £50k has been approved for Harrow Card feasibility studies by the Portfolio Holder for Finance and the Leader.

## **Housing Revenue Account (HRA)**

24. The forecast outturn at quarter 3 is an under spend of £0.170m which results in a forecast surplus for the year of £0.583m against a budget of £0.413m. This is a significant improvement from quarter 2 (£0.276m) resulting from salary savings and a thorough review of repairs data which has led to a minor forecast overspend on the budget. In addition there is a pressure on the service charges income from leaseholders. This is partly offset by projected under spends on capital financing costs resulting from lower capital spend in 2011-12.

## **Procurement Savings**

25. Up to 2011-12 there was a corporate procurement savings target of £2m included in the Council's base budget. Whilst the procurement savings target was exceeded in finalising the outturn for 2011/12, for technical accounting reasons it was not possible to allocate all of the savings to individual budget lines to fully remove the entry in the corporate centre and to correct this permanently

in the base budget, for 2012-13 the S151 officer has offset this against an excess amount incorporated in the 2012-13 MRP cost line. Cabinet approval is therefore sought for the £0.378m virements to effect this correction. In future, all procurement savings will be allocated to individual budgets, rather than retained as a corporate target.

26. There are no central procurement savings built into the 2012-13 MTFs, but over £2m procurement savings are built into the 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, however it is not delivering the savings of £1m as the market price is low and is not achieving the profit share element that was built into the budget. This has led to a pressure of £0.327m and has been reported in the forecast outturn position. In addition, 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, Voluntary Sector Funding Model and Supporting People are on track to achieve the target savings. Work is ongoing on the Mental Health Efficiencies contract to identify potential savings.
- e. Children's and Families Directorate are on track to achieve the majority of their procurement savings. Work is ongoing to ensure all the savings are achieved.

### **Reserves and Provisions**

27. The Council must hold adequate provisions, reserves and balances against known and anticipated events and in respect of its statutory duties as appropriate. General balances stand at £7.650m. All the provisions are reviewed on a quarterly basis. As at quarter three the Council has adequate provisions in respect of Insurance, Litigation and Employment cases.

### **Debt Management**

28. The latest position on Council Tax shows a potential surplus on the bad debt provision of £0.282m. As part of the budget setting process for 2013/14, this surplus has been taken into account and reported to the December 2012 Cabinet as part of the estimated surplus on the Collection Fund.

29. National Non Domestic Rates collection shows a potential overprovision of £0.319m. This position will be closely monitored. There is no direct financial impact on the Council as business rates are currently a call on the national non-domestic rate pool of central government.



30. The arrears on Housing Benefits show a potential increase in the Bad Debt Provision of £0.458m which will be funded from improved collection and additional subsidy payments.

31. The table below summarises the sundry debts which were written off during the third quarter of the financial year. The individual debts all fall below the threshold of £10,000 for which the Corporate Director of Resources has the delegated authority to write off.

<b>Description</b>	<b>£000</b>
Assisted Car Purchase Scheme	3
Community & Environment General	1
Children	3
After School Clubs and Nurseries	35
Harrow Magazine	1
Leasehold	12
Musical Instruments	1
Property & Development	2
<b>Total</b>	<b>58</b>

32. In addition to the above, a debt amounting to £14,541.30 was written off which related to Birmingham City Council for looked after child living in Harrow. This was following further investigating and discussion it became apparent that this liability falls on Harrow and therefore the debt is not valid. This has been approved by the Portfolio Holder for Finance under the delegated authority.

33. Cabinet approval is sought to write off debt totalling £57,645.50 in respect of PCT for disabled children. The debt is in respect of invoices raised in 2007-08. The PCT claim that this debt was settled as part of a major agreement over disputed payments in 2008. Therefore, there are no prospects of the PCT ever paying this;

34. The total outstanding debt on Sundry Debtors is £7.34m of which £3.437m is in respect of the PCT. Of this amount, £0.691m relates to last financial year for services to children with disabilities and residential schools. Under the current debt policy a provision has been made and incorporated within the Children's and Families directorate forecast outturn figures in table 1. We will however continue to vigorously pursue this debt.

### **Primary Care Trust (PCT)**

35. There is currently debt outstanding of £2.747m in relation to the PCT for the current financial year. In particular an invoice in the sum of £2.489m in relation to the funds transfer for Social Care funding agreed to be transferred under a s256 agreement and paid by 30<sup>th</sup> April 2012. However, as Harrow PCT will cease to be a legal entity from April 2013, there is growing concern that if these amounts remain outstanding the Council will need to consider whether and at what level a provision should be made up to £2.747m accordingly. This will mean that the Council under spend earmarked to create relevant provisions for future years could be significantly reduced. Vigorous efforts are now being made to recover this debt from the PCT and legal action will be taken if necessary.

36. Just before publication of this report, the PCT have promised that they will pay the £2.489m invoice by 6<sup>th</sup> February 2013 and a verbal update will be given at the Cabinet meeting on whether or not this has been received.

37. It should be noted that unpaid PCT amounts could also impact future years as the source of income is assumed to be ongoing and included within the proposed budgets for both Adult and Children's Social Care.

### **Capital Programme**

38. The approved General Fund gross Capital Programme at February 16 2012 Council was £43m in 2012-13 and £66m in future years. £17m 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 £60m. The projected under spend at quarter 3 is £13.869m. Main areas of significant under spends are detailed below:-

- a. Children's Directorate is forecasting a slippage of £8.677m 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 capital under spend within the Community, Health & Wellbeing Directorate is £2.680m resulting mainly from
  - i. Disabled Facilities (£1.111m) due to reduced average cost per case and also higher dropout rate on applications;
  - ii. Adults Services are projecting a slippage on Milman's Centre (£0.186m) due to significantly lower project cost, HIV Supported Housing scheme (£0.182m) and delays in Bentley Reablement Centre project (£0.215m) resulting from service review; and
  - iii. Cultural services are anticipating a slippage on both Headstone Manor (£0.300m) and Harrow Museum (£0.250m) programme as they were awaiting a decision on lottery funding.
- d. The Resources directorate are forecasting a total spend of £11.480m against a total programme of £11.279m which includes a carry forward of £4.173. The spend mainly relates to various Business Transformation projects (£5.589m), SAP minor developments (£0.155m), Local Area Agreement (LAA) (£0.663m), Other IT projects (£0.824m) and ITO milestone payments (£4.249m). This results in a minor net overspend of £0.200m mainly due to changes to Council Tax and Benefit system resulting from the Welfare Reforms. It is anticipated that the net additional funding requirement will be drawn from the £3m 'below the line' amount set aside for projects.

- e. Environment and Enterprise directorate are forecasting a slippage of £2.712m resulting mainly from projects for Highways (£0.225m), St Ann's & Kymberley Road (£1.150m) due to delays in the design phase of the project, Pinner Park Farm (£0.200m), Strategic Sites Project (£0.500m) and Asset Development Projects (£0.250m).

39. The HRA programme currently estimates an under spend of £0.834m compared to the revised programme of £9.083m.

### **Financial Implications**

40. Financial matters are integral to the report.

### **Environmental Impact**

41. There are none directly related to this report.

### **Performance Issues**

42. 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**

43. 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**

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

### **Corporate Priorities**

45. 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 January 2013		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 30 January 2013		

### Section 4 – Performance Officer Clearance

Name: Liz Defries	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 21 January 2013		

### Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director (Environmental Services)
Date: 22 January 2013		

### Section 6 - Contact Details and Background Papers

**Contact:** Julie Alderson Email: [julie.alderson@harrow.gov.uk](mailto:julie.alderson@harrow.gov.uk)

**Background Papers:**

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

<b>Call-In Waived by the Chairman of Overview and Scrutiny Committee</b>	<b>NOT APPLICABLE</b>  <i>[Call –in applies]</i>
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Appendix 1 – Revenue Monitoring

	Original Budget	Brought Forward 2011/12	Budget Adj & Transfers	Latest Budget	Outturn Forecast at Qtr 3	Projected Year end Variation
Resources	£'000	£'000	£'000	£'000	£'000	£'000
<b>Assistant Chief Executive</b>						
Gross Expenditure	1,786	0	-109	1,677	1,730	53
Gross Income	-697	0	-54	-751	-697	54
	<b>1,089</b>	<b>0</b>	<b>-163</b>	<b>926</b>	<b>1,033</b>	<b>107</b>
<b>Customer Services &amp; IT Client Team</b>						
Gross Expenditure	21,314	343	171	21,828	21,674	-154
Gross Income	-20,499	0	0	-20,499	-20,516	-17
	<b>815</b>	<b>343</b>	<b>171</b>	<b>1,329</b>	<b>1,158</b>	<b>-171</b>
<b>Human Resources, Development &amp; Shared Services</b>						
Gross Expenditure	8,144	3	-2	8,145	7,804	-341
Gross Income	-8,397	175	38	-8,184	-7,858	326
	<b>-253</b>	<b>178</b>	<b>36</b>	<b>-39</b>	<b>-54</b>	<b>-15</b>
<b>Strategic Commissioning</b>						
Gross Expenditure	3,557	11	123	3,691	3,608	-83
Gross Income	-1,430	-237	-40	-1,707	-1,682	25
	<b>2,127</b>	<b>-226</b>	<b>83</b>	<b>1,984</b>	<b>1,926</b>	<b>-58</b>
<b>Risk Audit &amp; Fraud</b>						
Gross Expenditure	4,607	-6	-78	4,523	4,346	-177
Gross Income	-4,533	0	76	-4,457	-4,473	-16
	<b>74</b>	<b>-6</b>	<b>-2</b>	<b>66</b>	<b>-127</b>	<b>-193</b>
<b>Corporate Items</b>						
Gross Expenditure	625	0	68	693	767	74
Gross Income	-623	0	0	-623	-697	-74
	<b>2</b>	<b>0</b>	<b>68</b>	<b>70</b>	<b>70</b>	<b>0</b>
<b>Legal &amp; Governance</b>						
Gross Expenditure	8,766	-55	86	8,797	8,910	113
Gross Income	-5,387	0	-86	-5,473	-5,336	137
	<b>3,379</b>	<b>-55</b>	<b>0</b>	<b>3,324</b>	<b>3,574</b>	<b>250</b>
<b>Finance &amp; Director of Finance</b>						
Gross Expenditure	3,252	366	162	3,780	3,818	38
Gross Income	-3,026	13	0	-3,013	-3,045	-32
	<b>226</b>	<b>379</b>	<b>162</b>	<b>767</b>	<b>773</b>	<b>6</b>
<b>Revenue Benefits &amp; TPO</b>						
Gross Expenditure	158,482	-6	83	158,559	158,827	268
Gross Income	-154,377	83	-83	-154,377	-154,523	-146
	<b>4,105</b>	<b>77</b>	<b>0</b>	<b>4,182</b>	<b>4,304</b>	<b>122</b>
<b>Procurement</b>						
Gross Expenditure	15,500	0	0	15,500	15,670	170
Gross Income	-16,104	300	0	-15,804	-15,974	-170
	<b>-604</b>	<b>300</b>	<b>0</b>	<b>-304</b>	<b>-304</b>	<b>0</b>
<b>Finance Other</b>						
Gross Expenditure	6,674	0	-6	6,668	6,353	-315
Gross Income	-1,184	694	0	-490	-663	-173
	<b>5,490</b>	<b>694</b>	<b>-6</b>	<b>6,178</b>	<b>5,690</b>	<b>-488</b>
<b>Concessionary Fares</b>						
Gross Expenditure	9,457	0	155	9,612	9,352	-260
Gross Income	-40	0	0	-40	-30	10
	<b>9,417</b>	<b>0</b>	<b>155</b>	<b>9,572</b>	<b>9,322</b>	<b>-250</b>
<b>Directorate Expenditure Total</b>						
	242,164	656	653	243,473	242,859	-614
<b>Directorate Income Total</b>						
	-216,297	1,028	-149	-215,418	-215,494	-76
<b>Directorate Total Net</b>						
	<b>25,867</b>	<b>1,684</b>	<b>504</b>	<b>28,055</b>	<b>27,365</b>	<b>-690</b>

	Original	Brought	Budget	Latest	Outturn	Projected
	Budget	Forward	Adj &	Estimate	Forecast	Year end
Environment and Enterprise		2011/12	Transfers		at Qtr 3	Variation
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Environment</b>						
<b>Community Safety</b>						
Gross Expenditure	8,582	0	0	8,582	8,220	-362
Gross Income	-10,041	0	0	-10,041	-10,271	-230
	-1,459	0	0	-1,459	-2,051	-592
<b>Property &amp; Infrastructure</b>						
Gross Expenditure	28,030		-273	27,757	30,883	3,126
Gross Income	-10,698		97	-10,601	-14,136	-3,535
	17,332		-176	17,156	16,747	-409
<b>Public Realm Services</b>						
Gross Expenditure	27,761		-54	27,707	27,520	-187
Gross Income	-5,249		0	-5,249	-4,885	364
	22,512		-54	22,458	22,635	177
<b>Directorate Management</b>						
Gross Expenditure	968		-40	928	849	-79
Gross Income	-64		0	-64	-64	0
	904		-40	864	785	-79
<b>Community and Culture</b>						
Gross Expenditure	13,536		-13536	0	0	0
Gross Income	-4,151		4151	0	0	0
	9,385	0	-9,385	0	0	0
<b>TOTAL ENVIRONMENT</b>						
Gross Expenditure	78,877		-13,903	64,974	67,472	2,498
Gross Income	-30,203		4,248	-25,955	-29,356	-3,401
<b>TOTAL ENVIRONMENT</b>	<b>48,674</b>		<b>-9,655</b>	<b>39,019</b>	<b>38,116</b>	<b>-903</b>
<b>Enterprise</b>						
<b>Business Management</b>						
Gross Expenditure	0		0	0	0	0
Gross Income	0		0	0	0	0
	0	0	0	0	0	0
<b>Planning Services</b>						
Gross Expenditure	4,625		140	4,765	4,605	-160
Gross Income	-1,916		-45	-1,961	-1,682	279
	2,709	0	95	2,804	2,923	119
<b>Economic Development Research &amp; Enterprise</b>						
Gross Expenditure	1,205		0	1,205	1,203	-2
Gross Income	-8		0	-8	-8	0
	1,197	0	0	1,197	1,195	-2
<b>Major Development Projects</b>						
Gross Expenditure	452		-95	357	396	39
Gross Income	-132		0	-132	-132	0
<b>Corporate Estates</b>						0
Gross Expenditure	846		26	872	847	-25
Gross Income	-1,525		0	-1,525	-1,724	-199
	-679	0	26	-653	-877	-224
<b>TOTAL ENTERPRISE</b>						
Gross Expenditure	7,128	0	71	7,199	7,051	-148
Gross Income	-3,581	0	-45	-3,626	-3,546	80
<b>TOTAL ENTERPRISE</b>	<b>3,547</b>	<b>0</b>	<b>26</b>	<b>3,573</b>	<b>3,505</b>	<b>-68</b>
<b>Directorate Exp Total</b>	86,005	0	-13,832	72,173	74,523	2,350
<b>Directorate Income Total</b>	-33,784	0	4,203	-29,581	-32,902	-3,321
<b>Directorate Total Net</b>	<b>52,221</b>	<b>0</b>	<b>-9,629</b>	<b>42,592</b>	<b>41,621</b>	<b>-971</b>

	Original Budget	Brought Forward 2011/12	Budget Adj & Transfers	Latest Budget	Outturn Forecast at Qtr 3	Projected Year end Variation
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Community Health and Wellbeing</b>						
<b>Commissioning &amp; Partnerships</b>						
Gross Expenditure	20314	0	-418	19,896	19,629	-267
Gross Income	-2,024	0	0	-2,024	-1,893	131
	18290	0	-418	17,872	17,736	-136
<b>Long Term Care</b>						
Gross Expenditure	36414	0	245	36,659	36,506	-153
Gross Income	-11,055	0	-91	-11,146	-10,998	148
	25359		154	25,513	25,508	-5
<b>Personalisation and Reablement</b>						
Gross Expenditure	21668	0	-11	21,657	22,059	402
Gross Income	-2,439	0	8	-2,431	-2,454	-23
	19229		-3	19,226	19,605	379
<b>Strategic Management</b>						
Gross Expenditure	-1240	0	2898	1,658	1,500	-158
Gross Income	-103	0	-2489	-2,592	-2,612	-20
	-1343	0	409	-934	-1,112	-178
<b>Housing Needs</b>						
Gross Expenditure	6,044	0	-318	5,726	5,160	-566
Gross Income	-3,244	0	171	-3,073	-2,423	650
	2,800	0	-147	2,653	2,737	84
<b>Housing Partnerships</b>						
Gross Expenditure	823	0	-1	822	740	-82
Gross Income	-5	0	0	-5	-5	0
	818	0	-1	817	735	-82
<b>Travellers Site</b>						
Gross Expenditure	27	0	0	27	20	-7
Gross Income	-2	0	0	-2	-2	0
	25	0	0	25	18	-7
<b>Other Housing GF Services</b>						
Gross Expenditure	370	0	0	370	346	-24
Gross Income	-20	0	0	-20	-20	0
	350	0	0	350	326	-24
<b>Resident Services - Watkins House</b>						
Gross Expenditure	488	0	0	488	519	31
Gross Income	-27	0	0	-27	-23	4
	461	0	0	461	496	35
<b>Community &amp; Development</b>						
Gross Expenditure	0	0	3,300	3,300	2,968	-332
Gross Income	0	0	-981	-981	-706	275
	0	0	2,319	2,319	2,262	-57
<b>Cultural Services</b>						
Gross Expenditure	0	54	4,308	4,362	4,418	56
Gross Income	0	0	-2,785	-2,785	-2,676	109
	0	54	1,523	1,577	1,742	165
<b>Libraries</b>						
Gross Expenditure	0	0	6,183	6,183	6,342	159
Gross Income	0	0	-614	-614	-693	-79
	0	0	5,569	5,569	5,649	80
<b>Transformation</b>						
Gross Expenditure	493	0	7	500	537	37
Gross Income	-51	0	-6	-57	-72	-15
	442	0	1	443	465	22
<b>Directorate Expenditure Total</b>	<b>85,401</b>	<b>54</b>	<b>16,193</b>	<b>101,648</b>	<b>100,744</b>	<b>-904</b>
<b>Directorate Income Total</b>	<b>-18,970</b>	<b>0</b>	<b>-6,787</b>	<b>-25,757</b>	<b>-24,577</b>	<b>1,180</b>
<b>Directorate Total Net</b>	<b>66,431</b>	<b>54</b>	<b>9,406</b>	<b>75,891</b>	<b>76,167</b>	<b>276</b>

	Original Budget	Brought Forward 2011/12	Budget Adj. & Transfers	Latest Budget	Outturn Forecast at Qtr 3	Projected Year end Variation
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Children's and Families</b>						
<b>Quality Assurance, Commissioning Schools</b>						
Gross Expenditure	12,941	276	1759	14,976	14,740	-236
Gross Income	-8,247		-123	-8,370	-8,370	0
	4,694	276	1,636	6,606	6,370	-236
<b>Early Intervention Service</b>						
Gross Expenditure	14,538		-207	14,331	14,363	32
Gross Income	-11,714		4942	-6,772	-6,772	0
	2,824	0	4,735	7,559	7,591	32
<b>Targeted Services</b>						
Gross Expenditure	17,917	79	-142	17,854	18,137	283
Gross Income	-921		20	-901	-901	0
	16,996	79	-122	16,953	17,236	283
<b>Management</b>						
Gross Expenditure	498	22	178	698	646	-52
Gross Income	-158		100	-58	-58	0
	340	22	278	640	588	-52
<b>Special Needs</b>						
Gross Expenditure	23,430	65	-18	23,477	24,129	652
Gross Income	-14,263		871	-13,392	-13,392	0
	9,167	65	853	10,085	10,737	652
<b>Schools</b>						
Gross Expenditure	115,420		288	115,708	115,708	0
Gross Income	-109,966			-109,966	-109,966	0
	5,454	0	288	5,742	5,742	0
<b>Directorate Expenditure Total</b>	184,744	442	1858	187,044	187,723	679
<b>Directorate Income Total</b>	-145,269	0	5810	-139,459	-139,459	0
<b>Directorate Total Net</b>	<b>39,475</b>	<b>442</b>	<b>7,668</b>	<b>47,585</b>	<b>48,264</b>	<b>679</b>



**Consolidated**

	Approved Capital Programme			Latest Forecast			C/F 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring					
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year			Actuals to Date	Commitments	Actuals & Commitment
	£000	£000	£000	£000	£000	£000					£000	£000	£000	£000	£000	£000
Resources	7,106	5,000	12,106	11,480	833	12,313	4,173	0	11,279	-201	1,092	1,459	22%			
Environment & Enterprise	15,669	29,720	45,389	15,403	13,377	28,780	2,092	355	18,115	2,712	3,323	3,673	45%			
Community, Health & Wellbeing	3,711	4,890	8,601	3,364	1,270	4,634	2,213	120	6,044	2,680	893	311	36%			
Children's Services	9,821	16,608	26,429	9,689	7,185	16,874	8,545	0	18,366	8,677	3,710	401	42%			
<b>Total General Fund</b>	<b>36,307</b>	<b>56,218</b>	<b>92,525</b>	<b>39,936</b>	<b>22,665</b>	<b>62,601</b>	<b>17,023</b>	<b>475</b>	<b>53,805</b>	<b>13,869</b>	<b>9,018</b>	<b>5,845</b>	<b>37%</b>			
HRA	7,697	15,038	22,735	8,249	0	8,249	1,686	-300	9,083	834	3,185	3,787	85%			
<b>Total Capital Programme</b>	<b>44,004</b>	<b>71,256</b>	<b>115,260</b>	<b>48,185</b>	<b>22,665</b>	<b>70,850</b>	<b>18,708</b>	<b>175</b>	<b>62,888</b>	<b>14,702</b>	<b>12,203</b>	<b>9,632</b>	<b>45%</b>			
Resources	Approved Capital Programme			Latest Forecast			C/F 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring					
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year			Actual Expenditure to Date	Commitments	Actuals & Commitments
	£000	£000	£000	£000	£000	£000					£000	£000	£000	£000	£000	£000
Business Transformation	1,218	0	1,218	2,710	0	2,710	1,491	0	2,710	0	469	813	47%			
Corporate Finance	1,460	0	1,460	2,074	0	2,074	734	0	2,194	119	62	458	25%			
Local Area Agreement	0	0	0	663	0	663	653	0	653	-10	158	189	52%			
Information Technology	4,428	5,000	9,428	5,933	833	6,766	1,195	0	5,623	-310	403	0	7%			
My Harrow Services Account	0	0	0	100	0	100	100	0	100	0	0	0	0%			
<b>Total</b>	<b>7,106</b>	<b>5,000</b>	<b>12,106</b>	<b>11,480</b>	<b>833</b>	<b>12,313</b>	<b>4,173</b>	<b>0</b>	<b>11,279</b>	<b>-201</b>	<b>1,092</b>	<b>1,459</b>	<b>22%</b>			

Environment & Enterprise	Latest Approved Capital Programme			Latest Forecast			C/F 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring					
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year			Actual Expenditure to Date	Commitments	Actuals & Commitments
	£000	£000	£000	£000	£000	£000					£000	£000	£000	£000	£000	£000
Tree Planting & Parks	300	600	900	300	0	300	0	0	300	0	43	30	24%			
Carbon Commitment	610	0	610	618	0	618	10	0	620	2	466	344	131%			
Neighbourhood Investment	210	560	770	229	0	229	19	0	229	0	19	9	12%			
Public Realm Infrastructure	5,989	11,978	17,967	7,427	0	7,427	1,438	0	7,427	0	1,786	2,651	60%			
Recycling Schemes	200	150	350	200	0	200	0	18	218	18	87	24	51%			
Transport for London Schemes	2,223	3,920	6,143	2,247	0	2,247	17	130	2,370	123	117	130	10%			
£106 Schemes	0	0	0	229	240	469	176	293	469	240	21	9	6%			
Corporate Accommodation	400	775	1,175	400	0	400	0	0	400	0	34	66	25%			
School Landlord Works	0	0	0	0	0	0	0	0	0	0	0	0	0%			
Outstanding Business Cases	715	0	715	715	0	715	0	0	715	0	0	0	0%			
Enterprise projects	5,022	11,737	16,759	3,039	13,137	16,175	432	-87	5,367	2,328	749	409	22%			
<b>Total</b>	<b>15,669</b>	<b>29,720</b>	<b>45,389</b>	<b>15,403</b>	<b>13,377</b>	<b>28,780</b>	<b>2,092</b>	<b>355</b>	<b>18,115</b>	<b>2,712</b>	<b>3,323</b>	<b>3,673</b>	<b>39%</b>			
Community, Health & Wellbeing	Latest Approved Capital Programme (Cabinet February 2012)			Latest Forecast			C/F 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring					
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year			Actuals to Date	Commitments	Actuals & Commitments
	£000	£000	£000	£000	£000	£000					£000	£000	£000	£000	£000	%
Adult Services	837	300	1,137	1,284	397	1,681	1,182	-149	1,869	585	209	84	23%			
Housing General Fund	2,170	3,390	5,560	1,537	323	1,860	648	135	2,952	1,416	660	147	53%			
Leisure Centre & other sites	704	1,200	1,904	543	550	1,093	383	135	1,222	679	24	80	19%			
<b>Total</b>	<b>3,711</b>	<b>4,890</b>	<b>8,601</b>	<b>3,364</b>	<b>1,270</b>	<b>4,634</b>	<b>2,213</b>	<b>120</b>	<b>6,044</b>	<b>2,680</b>	<b>893</b>	<b>311</b>	<b>36%</b>			

Children's Services	Approved Capital Programme			Latest Forecast			C/F 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring		
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year		
Previous Year projects	0	0	0	0	0	0	0	0	0	0	-602	3	
Catering in schools	0	0	0	1,272	0	1,272	1,217	0	1,217	-55	1,127	0	89%
Whitmore (High School No.1)	0	0	0	63	0	63	63	0	63	0	-2	0	-3%
School Amalgamation support	0	0	0	1,128	0	1,128	1,265	0	1,265	137	1,018	27	93%
Devolved Formula Non VA schools	0	0	0	1,375	0	1,375	1,375	0	1,375	0	0	0	0%
Project fees during defects period	0	0	0	23	0	23	23	0	23	0	18	0	78%
Schools Expansion Programme	8,150	0	8,150	2,880	7,185	10,065	2,026	0	10,176	7,297	920	280	42%
Schools Capital Maintenance	1,350	0	1,350	1,350	0	1,350	0	0	1,350	0	817	26	62%
Special Educational Needs Provision	650	0	650	650	0	650	0	0	650	0	211	39	39%
General and Legacy	0	0	0	736	0	736	2,072	0	2,072	1,336	203	26	31%
Information Technology	167	0	167	211	0	211	0	0	167	-44	0	0	0%
New schemes	-496	16,608	16,112	1	0	1	503	0	7	7	0	0	0%
<b>Total</b>	<b>9,821</b>	<b>16,608</b>	<b>26,429</b>	<b>9,689</b>	<b>7,185</b>	<b>16,874</b>	<b>8,545</b>	<b>0</b>	<b>18,366</b>	<b>8,677</b>	<b>3,710</b>	<b>401</b>	<b>42%</b>

HRA	Approved Capital Programme			Latest Forecast			C/F 2011/12	Movements	Adjusted Budget	Variance	Current Year Expenditure Monitoring		
	Current Year	Future Years	Total	Current Year	Future Years	Total					Current Year		Actuals to Date
Grant funded Extensions	200	0	200	120	0	120	186	0	386	266	22	2	20%
Aids & Adaptations	600	0	600	520	0	520	0	-180	420	-100	256	190	86%
Main Housing Programme	6,897	15,038	21,935	7,383	0	7,383	1,500	-376	8,021	638	2,907	3,595	88%
Items to be absorbed into realigned capital schemes	0	0	0	226	0	226	0	256	256	30	0	0	0%
<b>Total</b>	<b>7,697</b>	<b>15,038</b>	<b>22,735</b>	<b>8,249</b>	<b>0</b>	<b>8,249</b>	<b>1,686</b>	<b>-300</b>	<b>9,083</b>	<b>834</b>	<b>3,185</b>	<b>3,787</b>	<b>85%</b>

## Appendix 3 Bad Debt Provision

### Council Tax

Currently, bad debt provisions (BDP) of £3.115m exist [£4.142m- £1.027m; w/off's done 01/04/12-31/12/12] for Council Tax against a potential BDP of £2.833m for debts accrued to 31 March 2012.

<b>COUNCIL TAX</b>	Arrears as at 1 <sup>st</sup> of April	Arrears as at Qtr 3	BDP	<b>BDP as at Qtr 3</b>
	£000	£000	%	£000
Pre 2008-2009	834	297	100	297
2008-2009	643	474	100	474
2009-2010	816	622	100	622
2010-2011	1,264	952	75	714
2011-2012	2,193	1,453	50	726
<b>Total</b>	<b>5,750</b>	<b>3,798</b>		<b>2,833</b>

### National Non Domestic Rates (NNDR)

Currently, bad debt provisions of £1.282m [£2.500m- £1.218m; w/off's done 01/04/12 to 31/12/12] exist for business rates (NNDR) against a potential BDP of £0.963m. 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.

<b>NATIONAL NON DOMESTIC RATES (NNDR)</b>	Arrears as at 1 <sup>st</sup> of April	Arrears as at Qtr 3	BDP	<b>BDP as at Qtr 3</b>
	£000	£000	%	£000
Pre 2011-2012	1,237	413	100	413
2011-2012	1,608	734	75	550
<b>Total</b>	<b>2,845</b>	<b>1,147</b>		<b>963</b>

### Council Tax and Business Rates Court Cost

Currently, bad debt provisions (BDP) of £0.845m exists for Court Costs against a potential BDP of £0.936m. From previous years trends, this amount of provision appears to be adequate and in line with our overall provisions policy.

<b>Court Cost</b>	Arrears as at 1 <sup>st</sup> of April	Arrears as at Qtr 3	BDP	<b>BDP as at Qtr 3</b>
	£000	£000	%	£000
Pre 2009-2010	277	157	100	157
2009-2010	163	126	100	126
2010-2011	247	177	100	177
2011-2012	450	299	75	224
2012-2013	0	504	50	252
<b>Total</b>	<b>1,137</b>	<b>1,263</b>		<b>936</b>

## Housing Benefits

Currently, bad debt provisions of £1.899m [£2.119m - £220k w/offers 1/4/12 to 31/12/12] exist for Housing Benefit overpayment debt against a potential BDP of £2.357m (£1.635m+£0.722m). The under provision will be partly funded from improved collection and additional subsidy payments.

<b>Housing Benefit DEBTORS</b>	Outstand as at 1 <sup>st</sup> of April	Outstand as at Qtr 3	BDP	BDP as at Qtr 3
	£000	£000	%	£000
Pre 2010-2011	875	645	100	645
2010-2011	520	322	100	322
2011-2012	1,253	663	50	332
2012-2013	0	1,120	30	336
<b>Totals</b>	<b>2,648*</b>	<b>2,750</b>		<b>1,635</b>

<b>Housing Benefit LIVE CASES</b>	Outstand as at 1 <sup>st</sup> of April	Outstand as at Qtr 3	BDP	BDP as at Qtr 3
	£000	£000	%	£000
Pre 2010-2011	264	142	100	142
2010-2011	429	215	75	162
2011-2012	1,181	554	30	166
2012-2013	0	1,263	20	252
<b>Totals</b>	<b>1,874</b>	<b>2,174</b>		<b>722</b>

\*The arrears as at 31/12/12 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. For the live cases category, we can attach benefits to offset against debts and obtain payment direct from the DWP which reduces non collection risk. The BDP 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 £0.433m exist, after allowing for estimated write offs amounting to £0.205m. The estimated requirement as at quarter 3 is £0.657m, which suggest an increase of £0.224m.

### 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
<b>Debt Outstanding</b>							
Less than 30 days	150	65	0	23	0	63	301
30 to 60 days	106	3	0	0	0	0	109
60 to 90 days	73	38	37	114	0	0	262
90 to 180 days	57	15	0	0	0	27	99
181 to 365 days	42	29	0	0	3	23	97
> 365 days	5	587	0	92	10	36	730
<b>Debt @ 31/12/2012</b>	<b>433</b>	<b>737</b>	<b>37</b>	<b>229</b>	<b>13</b>	<b>149</b>	<b>1598</b>

### Bad Debt Provision

Opening bad debt provision @ 01/04/2012	0	(638)	0	0	0	0	(638)
Write offs to date	0	95	0	0	0	0	95
Estimated further write offs	0	45	15	40	10	0	110
<b>Total estimated write offs to year end</b>	<b>0</b>	<b>140</b>	<b>15</b>	<b>40</b>	<b>10</b>	<b>0</b>	<b>205</b>
<b>Bad debt provision after write offs @ 31/03/2013</b>	<b>0</b>	<b>(498)</b>	<b>15</b>	<b>40</b>	<b>10</b>	<b>0</b>	<b>(433)</b>
Bad debt provision required@31/03/2013	0	(657)	0	0	0	0	(657)
<b>Revenue contribution to top up provision</b>	<b>0</b>	<b>(159)</b>	<b>(15)</b>	<b>(40)</b>	<b>(10)</b>	<b>0</b>	<b>(224)</b>

## Appendix 4 – Housing Revenue Account

### Housing Revenue Account Forecast Outturn as at Quarter 3

Description	Outturn 2011-12 £	Budget 2012-13 £	Forecast 2012-13 £	Variation £	Explanation
Employee Costs	1,984,514	1,933,213	1,889,689	(43,524)	Mainly due to reduced recharges from Housing GF caused by vacant post. Does not reflect fully changes in recharges for 2013-14 budgets - to be considered in light of spending protocol.
Supplies & Services	520,454	737,130	745,123	7,993	
Utility cost	580,662	551,000	551,000	0	
Estate & Sheltered Services	2,219,369	2,206,100	2,134,888	(71,212)	Vacancy for Housing Operations Manager - covered by partial acting up; RTB allowances estimated at £34k
Central Recharges	2,976,856	3,478,495	3,513,495	35,000	Temporary cover within Finance not in original budget
<b>Operating Expenditure</b>	<b>8,281,855</b>	<b>8,905,938</b>	<b>8,834,195</b>	<b>(71,743)</b>	
Repairs - Voids	820,506	689,250	722,785	33,535	Variation expected as result of higher than expected costs on void properties
Repairs - Responsive	3,175,472	3,338,880	3,450,620	111,740	Budget includes additional £300k originally in Capital programme. Overspend mainly the result of higher than expected Kier costs in closedown of contract. Cost and volumes to be kept under review for last quarter.
Repairs – Other	1,844,635	2,233,237	2,076,934	(156,303)	Majority of external decorations expected to be capitalised as part of approved enveloping programme, resulting in underspend of £323k. Partially offset by professional fees relating to repairs re-procurement exercise and salaries (staffing issues).
<b>Repairs Expenditure</b>	<b>5,840,613</b>	<b>6,261,367</b>	<b>6,250,339</b>	<b>(11,028)</b>	
Contingency - General	70,007	200,000	170,000	(30,000)	Expected to be utilised Business Planning & Project Officer
Investment in Services	0	500,000	409,000	(91,000)	Expected to be utilised on Getting Closer to Customer and Change management initiatives.



<b>Continued</b>	<b>Outturn 2011-12 £</b>	<b>Budget 2012-13 £</b>	<b>Forecast 2012-13 £</b>	<b>Variation £</b>	<b>Explanation</b>
Impairment allowance	64,894	200,000	224,000	24,000	Based on review of arrears Qtr 03
RCCO	25,724	0	25,724	25,724	Estimated spend based on componentised depreciation charge of Community Centers and Shops - transitional measures effective 2012-13 do not permit reversal of non-dwelling depreciation through Movement on HRA balances.
HRA Subsidy	7,257,508	0	(15,030)	(15,030)	Over accrual 2011-12
Charges for Capital	2,386,340	6,420,020	6,318,005	(102,015)	HRA Capital Financing Requirement less than budgeted resulting in lower interest payment, augmented by higher than expected interest on balances, in line with Qtr 02.
Depreciation	4,121,904	5,991,190	5,991,190	0	Componentised depreciation charge £5,991k representing contribution to Major Repairs required to fund investment in stock in line with proper practices.
<b>Other Expenditure</b>	<b>13,926,377</b>	<b>13,311,210</b>	<b>13,122,889</b>	<b>(188,321)</b>	
<b>Total Expenditure</b>	<b>28,048,845</b>	<b>28,478,515</b>	<b>28,207,423</b>	<b>(271,092)</b>	
Rent Income – Dwellings	(24,553,395)	(26,205,980)	(26,216,980)	(11,000)	Improved void turnaround expected
Rent Income – Non Dwellings	(755,755)	(342,535)	(342,535)	0	
Service Charges - Tenants	(628,179)	(686,125)	(686,125)	0	
Service Charges – Leaseholders	(368,634)	(548,550)	(438,000)	110,550	Grounds maintenance data to be reviewed to ensure this can be recharged; Admin fee expected to be reduced £100 to £40.
Facility Charges (Water & Gas)	(503,197)	(515,955)	(515,955)	0	
Interest	7,314	(4,000)	(4,000)	0	
Other Income	(96,496)	(424,960)	(424,391)	569	
Recharge GF	(163,000)	(163,000)	(163,000)	0	
<b>Total Income</b>	<b>(27,061,342)</b>	<b>(28,891,105)</b>	<b>(28,790,986)</b>	<b>100,119</b>	
<b>In Year Deficit / (Surplus)</b>	<b>987,503</b>	<b>(412,590)</b>	<b>(583,563)</b>	<b>(170,973)</b>	
<b>BALANCE b/fwd</b>	<b>(3,779,353)</b>	<b>(2,422,353)</b>	<b>(2,791,850)</b>		
<b>BALANCE c/fwd</b>	<b>(2,791,850)</b>	<b>(2,834,943)</b>	<b>(3,375,413)</b>		