

# REPORT FOR: **CABINET**

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<b>Date of Meeting:</b>	19 February 2015
<b>Subject:</b>	Revenue and Capital Monitoring for Quarter 3 as at 31December 2014
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Simon George, Director of Finance and Assurance
<b>Portfolio Holder:</b>	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1 - Revenue Summary (Directorates) Appendix 2 – MTFS 2014/15 to 2016/17 Savings Tracker Appendix 3 - Debt Management 2014/15 Appendix 4 – Capital Programme as at 31 December 2014

## **Section 1 – Summary and Recommendations**

This report sets out the Council's revenue and capital monitoring position as at Quarter 3 2014/15(31December 2014).

## Recommendations:

1. That Cabinet note the revenue and capital forecast positions detailed in this report as at Quarter 3 2014/15.
2. That cabinet approve the virement set out in paragraph 76.
3. That Cabinet note the reduction to the Capital Programme outlined in paragraph 77.
4. That Cabinet approve increases to the capital programme as set out in para 78.

## Reason: (For recommendation )

To report the 2014/15 forecast financial position as at 31 December 2014.

## Section 2 – Report REVENUE MONITORING

1. The Quarter 3 forecast indicate a potential net budget overspend of £1.006m on Directorate budgets. This is offset by savings on corporate budgets to give a balanced position. These are an increase in investment income of £350k, a saving on pay inflation of £85k, a saving on the contribution to the litigation provision of £175k, additional Education Services grant of £252k and an assumed use of contingency of £144k.
2. Cabinet agreed in year savings of £1.601m in July and £131k in November for implementation with immediate effect, to contribute to future Medium Term Financial Strategy targets. The variances now reported allow for these savings being achieved in full. Table 1 below summarises the Quarter 3 position and Appendix 1 provides more detail:

**Table 1: Revenue Monitoring – Quarter 3 2014/15**

	Revised Budget	Forecast Outturn	Quarter 3 Variance	Variance	Quarter 2 Variance
	£000	£000	£000	%	£000
Resources	26,638	26,400	(238)	-0.9%	(530)
Environment and Enterprise	41,111	40,602	(509)	-1.2%	(481)
Community, Health and Wellbeing	75,873	76,967	1,094	1.4%	462
Children and Families	47,171	47,830	659	1.4%	811
<b>Total Directorate Budgets</b>	<b>190,793</b>	<b>191,799</b>	<b>1,006</b>	<b>0.5%</b>	<b>262</b>
Corporate Items	(16,367)	(17,373)	(1,006)	6.1%	(350)
<b>Total Budget Requirement</b>	<b>174,426</b>	<b>174,426</b>	<b>0</b>	<b>0.0%</b>	<b>(88)</b>
HRA	(905)	(821)	84		268

## RESOURCES

3. At Quarter 3 Resources are reporting an under spend of £238k on a budget of £26.6m, an increase in expenditure forecast of 292k when compared to Quarter 2.
4. The increase in forecast at Quarter 3 compared to Quarter 2 is as a result of the following:
  - Additional expenditure identified across the Resources directorate (£250k), including SAP improvements and policy and procedure developments for the HR transformation project.
  - Expected spend by Legal and Governance to secure more business with other local authorities (£150k).
  - Increase in pension contribution for all ex- Harrow IT staff TUPE to Capita (£102k).
  - Implementation of Process Integration(PI) for HMRC and Database System (DBS) payment (£42k).
  - Customer Care Platform Harrow (CCPH) upgrade staffing cost originally classified as capital (50k).
5. The above are mitigated by £300k as a result of the delay to a number of revenue IT projects.

## ENVIRONMENT AND ENTERPRISE

6. At Quarter 3, Environment & Enterprise are reporting an under spend of £509k on the total net budget of £41.1m, an increase from the position reported at Quarter 2 [£481k underspend]. This includes under spends of £63k which will be requested as carry forwards at year end;
  - £34k Emergency Relief Scheme
  - £5k Transformational Challenge Award
  - £24k Sustainable Drainage
7. The under spend relates in the main to increased income from the Civic Amenity site (£163k), cemeteries (£108k) and commercial lettings (£123k). This is coupled with the budget originally set aside for early termination of waste vehicles which is now no longer required (£110k).
8. A budget pressure on salaries of £0.9m has been identified following the Towards Excellence restructuring which is being contained within the directorate mainly through vacancy management. The on-going vacancy management has also generated further underspends within Commissioning Services of £148k and Economic Development of £57k.
9. The above favourable variations are partially offset by the forecast overspend on waste disposal costs of £283k due to increased waste tonnage delivered to the WLWA. The forecast payment to the WLWA in 14/15 is £7.8m, which could fluctuate depending on residents' recycling habits as well as seasonal trends on garden waste.

10. Parking income is volatile and the achievement of the income budget is subject to a number of factors such as footfall, economic recovery, drivers' behaviour and compliance to traffic rules, and weather condition. At Quarter 3, an overall parking income of £10.3m is forecast, which will be closely monitored. Work is also ongoing to determine the financial implications arising from legislative changes in relation to the use of CCTV cameras for parking enforcement activities.
11. Of the £1.926m 14/15 MTFS targets, there are three red rated savings;
- £300k saving relating to parking income at Harrow Leisure Centre car park as a result of delayed implementation to permit further public and stakeholder consultation. A new charging regime is anticipated to be in place from 1 April 2015. The shortfall will be mitigated by a range of other favourable variances including the over recovery of parking income.
  - £25k relating to revenue generation from fleet sponsorship / advertisement which remains under review by Procurement colleagues. The position reported assumes this is not achieved in 14/15.
  - £100k saving related to Trading Standards. The position reported assumes £70k of this saving will not be achieved in 14/15. The achievement of this saving is subject to Proceeds of Crime Act income, of which the reconciliation is undertaken by Home Office annually at year end.

## COMMUNITY, HEALTH AND WELLBEING

12. The Community, Health and Wellbeing Directorate is forecasting an overspend of £1,094k at Quarter 3, an increase of £632k compared to Quarter 2, as detailed below.

	Revised Budget	Forecast Outturn	Quarter 39 Variance	Variance	Qtr 2 Variance
	£'000	£'000	£'000	%	
Adult Services	61,089	61,619	530	0.87%	530
Community and Culture	6,598	6,479	-119	-1.80%	-73
Housing General Fund	6,676	7,818	1,142	17.11%	244
Public Health	1,045	592	-453	-43.35%	-232
Transformation	465	459	-6	-1.29%	-6
<b>Total Budget</b>	<b>75,873</b>	<b>76,967</b>	<b>1,094</b>	<b>1.44%</b>	<b>463</b>

## ADULT SERVICES

13. Adults are reporting a projected overspend of £0.530m against a total net budget of £61.1m, no change against the Quarter 2 position.
14. The majority of Adults budgets are demand led and the Council has a statutory duty to meet vulnerable adults' needs. It is therefore

challenging to strike a balance between safeguarding adults against harm and abuse and simultaneously balancing the budgets.

15. There are a number of pressures across the directorate and the key variations are detailed below:

- There continues to be an increase in number of referrals and complexity of care required to support service users, some of which may impact the ability to fully deliver those MTFs savings which were predicated on the costs of care being provided in the community at lower weekly cost. As a result of these pressures, an overspend of £621k on the purchasing budget is forecast. This assumes that the balance of savings of £1.3m will be delivered and a draw-down of £150k from the business risk reserve to offset the Continuing Health Care and Ordinary Resident cases.
- These pressures are likely to continue in the longer term and may be resolved by wider integration with health once the BCF has been agreed. In the short term the priority is to protect service users whilst managing the financial position
- £173k relates to the Deprivation of Liberty Safeguards (DoLS), a new legislative requirement in the current financial year.
- £127k of the overspend relates to Mental Health S75- Central North West London Hospitals Trust (CNWL) in part as a result of Harrow Clinical Commissioning Groups decision to close Roxbourne (which, in the Council's view, has resulted in increased costs for social care), together with increases in the number of care packages. The Council is actively supporting CNWL on various projects to mitigate these pressures where possible.

16. The mitigations assumed in reporting this position are:

- Wider determinants of public health delivered by adult social care to be funded by public health grant flexibility of £140k, there may be a further ability to increase this figure given the Public Health Grant underspend reported elsewhere.
- Use of £150k of the £750k business risk reserve in relation to the Continuing Health Care and Ordinary Resident cases. It is very likely that the remainder of the business risk reserve will need to be drawn down by the end of the financial year.
- £105k from Winter Pressures from the Clinical Commissioning Group (CCG).
- Capitalisation of £100k staff costs associated with the MyCep capital project is being explored.
- Other initiatives across the directorate.

17. In addition, it should be noted that the NHS funding transfer for 2014/15 of £4.445m, whilst agreed between the Council and the Clinical Commissioning Group (CCG), has yet to be paid by NHS England.
18. Although there is movement within budget heads, there is no movement in total between Quarter 2 and Quarter 3.

#### **COMMUNITY AND CULTURE**

19. Community and Culture are reporting a projected underspend of £119k against a total net budget of £6.598m. The positive movement of £46k from Quarter 2 mainly relates to underspends on repairs and maintenance budgets within the Leisure and Libraries service and capitalisation of equipment purchases.
20. If the existing nil spend on the Leisure and Libraries repairs and maintenance budget continues, a further £33k underspend is possible.

#### **HOUSING GENERAL FUND**

21. The forecast overspend on housing has increased from £244k at quarter 2 to £1.142m an increase of £898k. This is on a net budget of £6.7m.
22. The reported pressure at quarter 2 of £244k assumed the costs of homelessness would be mitigated as a result of a number of initiatives which would reduce the number of families in B&B to 78 by 31 March 2015, yielding an average of 100 families in B&B at any one time during 2014/15.
23. Although implemented, extraordinary growth in homeless families in Harrow and London-wide has exceeded the benefit of these measures, resulting in an estimated 160 families likely to be in B&B by 31 March 2015. This equates to an additional 1 to 2 families in B&B per week for remainder of the financial year as opposed to an equivalent reduction expected at Quarter 2.
24. This represents a deterioration against Quarter 2 expectations of 82 families over six months, yielding a financial impact of some £407k (represented as 82 families x 26 weeks at an average of £191 per family per week). Other pressures account for the remaining £106k yielding an increase in the estimated cost of B&B of £513k.
25. This is partly offset by an additional £70k of income expected to be generated from the Private Sector Leasing ("PSL") scheme.
26. A further £0.533m is now not expected to be received from the Council's Discretionary Housing Payments ("DHP") fund following a joint review between Housing and Revenues & Benefits Services. The Council has a total of £1.138m DHP allocation for 2014/15 of which some £500k was originally allocated for Housing General Fund. Of this some £417k is already committed for deposits in respect of Private tenants and rent short falls for Council tenants and it is anticipated the DHP allocation will not be sufficient to meet the original £500k allocated to Housing. The review also indicates the Council's DHP fund will be insufficient to meet total demand.

27. A review of the impact of the main measures assumed at Quarter 2 is included in the table below which sets out the movement in estimated forecast compared to Quarter 3:

**Table 2 Homelessness Changes**

Description	Assumed Quarter 2 £'000	Estimated Quarter 3 £'000	Change £'000
Placement of families in routine Council voids; 20 out of an anticipated 40 placements have been made)	-428	-187	+241
Families moved out of London	-182	-43	+139
Other measures	-133	-	+133
Increase in B&B costs	-743	-230	+513
Other :			
DHP – reduced income	290	823	+533
B&B professional fees	363	240	-123
Private Sector Leasing – improvement in net cost estimate	-484	-554	-70
Other, including bad debt provision			+45
<b>Change in forecast</b>			<b>+898</b>

28. The combined impact, across London, of rapidly increasing rents in the private rental sector house prices and the continuing impact of the Government's Welfare Reforms has resulted in extraordinary growth in the number of families seeking temporary accommodation from Councils in London.
29. The Housing Service has implemented a range of initiatives, listed below, which are aimed at preventing the number of families in B&B from exceeding 160 by 31 March 2015.
- Increase in PSL rents and a proposed increase for B&B from April 2015;
  - Increased use of Council stock to accommodate homeless families including Grange Farm;
  - An increased drive for Out of London moves using the Council's Grants to Move initiatives, will free up more Council properties for use as temporary accommodation;
  - Expedition of the Grants to Move and Empty Property Grants schemes to move suitable families out of London and bring empty homes into use by offering incentives;
30. Savings required in the previous MTFs process have been achieved in the Bed & Breakfast ("B&B") budget, as well as savings generated by empty homes and grants to move initiatives. This has, however, been obscured by extraordinary growth in the numbers of families seeking temporary accommodation over the last year, leading to an overall pressure, outlined above, even after offsetting the £400k carry forward

and charging an additional £40k to HRA reflecting the allocation staff within the Housing Needs Service.

31. The Housing Service continues to explore new initiatives with the aim of reducing expenditure on B&B and increasing income, and work continues to clarify the level of DHP that may ultimately be drawn down in 2014/15. This work will also inform decision-making in respect of the 2015-16 budget.

### **HOUSING REVENUE ACCOUNT**

32. The forecast outturn shows an adverse variation of £84k. Additional depreciation charges of £216k for non-dwellings and £187k for dwellings only result in a transfer of resources to the Major Repairs Reserve therefore have no overall impact on the resources available to the Council's HRA. These arise from changes in methodology applied for 2013/14 final accounts. A review of the debt profile has indicated a lower than budgeted contribution to the bad debt provision will be required, and this is also the main reason for the £184k improvement from Quarter 2.
33. Impairment charges for non-dwellings estimated at £1.5m have not been included in the forecast outturn although, under current regulations, a charge against HRA balances is required. This issue has been raised by a number of Councils as the regulations are not consistent with the Government's stated objective of encouraging new build. DCLG are in the process of discussing this issue with CIPFA.

**Table 3 HRA Forecast**

Period 9	Original budget	Revised Budget	YTD Actual	Forecast outturn	Variation
	£000	£000	£000	£000	£000
Balance b/fwd (pre audit)	-3,533	-3,533	0	-3,574	-41
Net (surplus) deficit	-978	-905	-11,649	-821	84
Balance c/fwd	-4,511	-4,438		-4,395	43

### **PUBLIC HEALTH**

34. The budgets for 2014/15 reflect the commissioning intentions agreed by Cabinet in December.
35. A £593k underspend is being reported at Quarter 3 against Public Health Grant, however of this £140k is reflected within Adult Social Care representing the wider public health responsibilities being delivered.
36. 30% of the Public Health budget relates to Sexual Health Services, of which 63% relates specifically to Genito Urinary Medicine (GUM) service. The forecast against GUM assumes a spend largely against budget and is based on the first two quarter activity levels, modelling this to be representative of activity throughout the year. If this level of activity does not continue, the forecast underspend will reduce accordingly.



37. At the end of 2013/14, unspent grant of £666k was carried forward specifically for Public Health within the Council's ring-fenced reserve. This unspent grant is being regularly reviewed and to date £306k is committed against the reserve. It is likely that this reserve will be held as a sexual health reserve to assist mitigation of potential growth in future years should this be necessary.
38. The variation between Quarters 2 and 3 relate to forecast underspends realised across the service.

### **TRANSFORMATION**

39. Transformation is reporting a projected underspend of £6k against a total net budget of £465k. This is due to the start date for Harrow Mutual Support Network been pushed back one month to 1<sup>st</sup> of May 2014 reducing the spend by £12.5k which is partly offset by staffing cost pressures.
40. Costs relating to Take Part totalling £30k have been incurred and are reflected in the corporate forecast as this is funded from the MTFIS implementation Fund.

### **CHILDREN AND FAMILIES**

41. As at Quarter 3 the total forecast overspend for the Directorate is £0.659m, a reduction of £152k since Quarter 2. There are several areas of pressure. Special Needs Transport (£0.592m), (£280k) is owing to the delay in implementing the service transformation programme after it was necessary to carry out additional consultation that delayed the start date of the programme and (£312k) due to growth in demand, Children with Disability staffing (£91k) and Children with Disability client costs (£211k) due to demand. There is a pressure in Targeted Services staffing (£499k) as a result of agency and interims covering vacancies and sickness and additional staff to manage caseloads and client spend (£0.610m) due to demand. This is offset by one off un-ring fenced grants, staff vacancies and other management actions.
42. The overall movement between Quarter 2 and Quarter 3 is a reduced reported overspend of £152k. This reduction results mainly from the identification of £104k of early savings in Business Support and a reduction in forecast spend in Placements of £114k. This is offset by a small increase in forecast spend in Special Needs Transport.

### **CORPORATE BUDGETS**

#### **Interest and Finance Charges**

43. There is an increase in investment income due to higher than anticipated cash balances of £350k.

#### **Central Contingency**

44. The Central Contingency for unforeseen items in 2014/15 is £0.921m. There have been no formal drawdowns against the contingency, however the balance on General fund before use of contingency is £144k. It has therefore been assumed that there will be a drawdown of £144k leaving £777k. There are still a number of uncertainties within the

forecasts by directorates and so it has not been forecast that the contingency will not be required.

### **Pay Inflation**

45. £0.950m has been provided in respect of a 1% pay award with effect from 1 April 2014. The award that has been agreed gives some staff lump sum payments in December 2014 and April 2015, with a 2.2% increase for most staff from January 2015. The overall cost in 2014/15 is just under 1% giving a saving of £85k.

### **Gas and Electricity Inflation**

46. £450k has been provided against increases in price. The call against this provision will not be established until near the year end when winter bills are available.

### **Contingencies and Reserves**

47. The contingencies are there to cover unavoidable inflation pressures for the pay award and energy inflation above 1.3% together with other unforeseen items and spending pressures and to cover areas of risk and uncertainty. There are also specific reserves for the Medium Term Financial Strategy (MTFS) implementation costs, carry forwards, Business risks and the Transformation and Priority Initiatives Fund (TPIF). The current position is detailed in table 4 below.
48. In June Cabinet approved carry-forwards of £4.008m which are now included within individual directorate budgets. There is also £195k in respect of grants brought forward from earlier years that will be drawn down as utilised. The main grant is Planning Development Grant.
49. The balance on the Transformation and Priority Initiatives Fund (TPIF) brought forward from 2013/14 is £3.370m. There have been drawdowns of £100k in relation to urgent arboriculture works, £150k potholes and £30k to fund the Helping You. £801k was added back to the fund from the in-year savings agreed at July Cabinet. This leaves a balance of £3.891m on the fund at Quarter 3.
50. The balance on the Business Risk reserve brought forward from 2013/14 is £2.859m. This is intended to cover a number of commercial risks that were identified and there have been no drawdowns to date.
51. The balance on the MTFS Implementation reserve brought forward from 2013/14 is £6.074m. A further £800k was added to the reserve from the in-year savings agreed at July Cabinet and an additional £131k from the in-year savings agreed at November Cabinet to make £7.005m. £1.893m has been drawn down to Quarter 3 on demolition costs for Civic 2 (£174k), Project Minerva (£1.282m), severance costs (£415k) and budget consultation costs (£22k) leaving a balance of £5.112m.

## **Table 4 Contingencies and Earmarked Reserves**

<b>Contingency and Reserves</b>						
	Unforeseen Contingency	Pay and Energy Inflation	TPIF	Carry Fwd	Business Risk Reserve	MTFS Implementation
	£000	£000	£000	£000	£000	£000
Balance at start of Year	921	1,400	370	4,203	859	3,278
Addition June Cabinet			3,000		2,000	2,796
Addition July Cabinet			801			931
Draw down *	(144)		(280)	(4,008)		(1,893)
<b>Balance</b>	<b>777</b>	<b>1,400</b>	<b>3,891</b>	<b>195</b>	<b>2,859</b>	<b>5,112</b>
* assumed use of contingency, but not formally actioned						

## **Reserves and Provisions**

52. The Council must hold adequate provisions and reserve balances to cover known and anticipated events and in respect of its statutory duties as appropriate. General non earmarked balances stand at £10m. All the provisions are reviewed on a quarterly basis. As at Quarter 3 the Council has adequate provisions in respect of Insurance, Litigation and Employment cases.

## **Debt Management**

53. The latest position on Council Tax, Business Rates and Housing Benefits bad debts provision is included within Appendix 3.

## **MTFS IMPLEMENTATION TRACKER**

54. The 2014/15 budget includes approved MTFS savings of £12.939m. The progress on implementation is summarised below in table 5 below and shown in more detail in Appendix 2:

**Table 5 RAG Rating of 2014/15 Savings**

	Resources	Environment & Enterprise	Community, Health & Wellbeing	Children & Families	Corporate	Total
	£m	£m	£m	£m	£m	£m
Red	0.000	-0.425	-0.140	0.000	0.000	-0.565
Amber	0.000	-0.273	-2.825	-0.650	0.000	-3.748
Green	-1.730	-1.228	-3.802	-1.348	-0.518	-8.626
Total	-1.730	-1.926	-6.767	-1.998	-0.518	-12.939

## **CAPITAL PROGRAMME**

### **Capital Programme Forecast at Quarter 3**

55. The forecast at Quarter 3 is £73.897m, 62% of the total capital programme and a reduction of 11 percentage points when compared with Quarter 2. This will continue to be monitored closely.

56. Overall an Outturn variance of £44.522m is being forecast. This covers both general fund and HRA. The general fund is projecting an underspend of £40.817m of which £40.541m will be slipped into 2015/16 year and £276k is no longer required. The HRA is forecasting an underspend of £3.705m.
57. Tables 5 and 6 below summarise the capital forecast position and Appendix 4 shows the capital programme in more detail:

**Table 5. Analysis of Outturn variance**

Directorate	Outturn variance	Split of outturn variance by year		Split of outturn variance by funding		Slippage	Slippage by funding		Underspend after slippage
		13/14 Carry forward	14/15 budget	Grant/sec106	LBH		Grant /Sec 106/ HRA	LBH	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CH&W	-6201	-2464	-3737	-3062	-3139	-6104	-3015	-3089	-97
Children	-25,497	-4,188	-21,309	-24,694	-803	-25,497	-24,694	-803	0
E&E	-2,257	-2,137	-120	-276	-1,981	-2,257	-276	-1,981	0
Resources	-6860	-3329	-3531	-128	-6732	-6681	-128	-6553	-179
HRA	-3,705	0	-3,705	-3,705	0	-3,097	-3,097	0	-608
<b>Total</b>	<b>-44,520</b>	<b>-12,118</b>	<b>-32,402</b>	<b>-31,865</b>	<b>-12,655</b>	<b>-43,636</b>	<b>-31,210</b>	<b>-12,426</b>	<b>-884</b>

**Table 6 Summary of forecast by directorate**

Directorate	Original Programme	CFWD's	Adjustments	External	LBH	TOTAL BUDGET	Forecast	Forecast Variance	Slippage	Underspend after slippage
CH&W	5,428	3,588	1,561	4,209	6,369	10,578	4,375	-6,202	6,105	-97
CHILDREN	42,296	11,767	-317	52,836	910	53,746	28,249	-25,497	25,497	0
E&E	14,790	10,674	-453	5,105	19,906	25,012	22,754	-2,258	2,258	0
RESOURCES	9,413	9,322	-127	0	18,608	18,608	11,748	-6,860	6,681	-179
<b>TOTAL GENERAL FUND</b>	<b>71,927</b>	<b>35,351</b>	<b>665</b>	<b>62,151</b>	<b>45,793</b>	<b>107,943</b>	<b>67,126</b>	<b>-40,817</b>	<b>40,541</b>	<b>-276</b>
TOTAL HRA	9,527	949	0	0	10,476	10,476	6,771	-3,705	3,097	-608
<b>TOTAL GENERAL FUND &amp; HRA</b>	<b>81,454</b>	<b>36,300</b>	<b>665</b>	<b>62,151</b>	<b>56,269</b>	<b>118,419</b>	<b>73,897</b>	<b>-44,522</b>	<b>43,638</b>	<b>-884</b>

### **Children and Families**

58. The forecast at Quarter 3 has further reduced from Quarter 2 by £5.83m and now totals £28.249m which is 53% of the total budget. The forecast underspend is £25.497m all of which will be slipped into 2015-16 for the following reasons:
59. There is projected slippage on the primary expansion phases 1 and 2, secondary expansion and SEN expansion totalling £15.049m. As at December 2014 all Agreed Maximum Price (AMP) schedules have been agreed for the phase 2 primary expansion programme. Works have commenced on all sites under Pre-Construction Works to ensure programmes can be maintained. The construction market remains difficult and prices have exceeded 10% nationally but the overall AMPs are within this market inflation figure and the Council can still accommodate all costs without the need for borrowing at this time.

60. The phase 3 primary expansion programme is still undergoing statutory consultation to determine which schools will be covered and this will result in £1.7m of slippage to 2015/16.
61. £820k of Harrow funded IT development has been re-phased to 2015/16 to reduce MRP costs in 2015/16.
62. School amalgamations are expected to slip by £700k as a result of less schools amalgamating in 2014/15 than budgeted.
63. Schools capital maintenance is forecast to slip by £972k as a result of the expansion work taking place on a large number of schools.
64. As a result of the AMP schedules being finalised, the service is proposing to realign the capital programme for 2014/15 to reflect the Agreed Maximum Prices for the phase 2 schemes. The proposed virements are shown below and retain the programme within the overall existing 2014/15 budget.

### **Whitmore School Expansion**

65. The service is requesting an increase to the capital budget for the Whitmore School Sixth Form Block expansion project of £155k. The current total budget for the scheme is £2m which is fully funded by the school. Of the increase in budget, £133k will be met by further contributions from the school and the remaining £22k will be met from the contingency within the overall Schools capital programme. During the Value Engineering process a number of items were removed from the scheme in an attempt to bring the scheme within the agreed budget however some of these have had to be reinstated, increasing the cost. The proportion of funding to be met from the schools capital programme is only 1% of the overall project value. The Whitmore School Sixth Form Block expansion will increase the overall value of the Council's assets by over £2m, at minimal cost to the council's own capital programme.

### **Community, Health and Wellbeing**

66. As at Quarter 2 the forecast was £5.084m, 56% of the Community Health and Wellbeing 2014/15 capital budget. At Quarter 3 the revised forecast is £4.375m, 41% of the total budget and a significant reduction when compared to Quarter 2.
67. The forecast under spend is £6.202m, of which £6.105m will be slipped to 2015/16 and £97k is no longer needed.
68. There are two key reasons why budget is being slipped:
  - The following projects are due to start/have started but it is envisaged that projects will not be completed in this financial year and therefore a proportion of the budget will need to be slipped into the next financial year. The current forecast slippage is shown in brackets, as below;

- Adults Social Care-Framework-I & IT Integration (£70k)
  - MOSAIC Implementation - Adults & Children's Services (£570k)
  - Leisure centre capital infrastructure (£100k)
  - Carers Services Charges (£50k)
  - Mental Health Supported Housing Repairs (£41k)
  
  - Headstone manor (£981k)
- The following projects will be slipped into 15/16 on the basis that the strategy is not likely to be finalised until the last quarter of this year/ next financial year:
    - Capital Strategic Review (£462k)
    - Quality outcome for People with Dementia (£150k)
    - Sec 106 Banister Sport Pitch (£1m)
    - Market Shaping And Development (£200k)
    - Safeguarding Quality Assurance Quadrants (QAQ) (£140k)
    - Integrated Health Model (£200k)
    - Community Capacity Grant (£332k)
    - Reformed of social Charges (150k)
  
  - The Empty Property Grant is an ongoing scheme that will slip into next financial year by £274k.
  
  - The grant provider for the Warmer Home Programme has extended the deadline for completion of works to 30<sup>th</sup> September 2015, and the scheme budget is expected to slip into 15/16 by £1.387m.
  
  - The Disabled Facilities grant and some element of the Empty Properties grant and Private initiatives will underspend by £97k.

## **Resources**

69. As at Quarter 2 the forecast was £16.976m, 91% of the Resource's 2014/15 capital budget. At Quarter 3 the revised forecast is £11.748m, 63% of the budget and a reduction of 28 percentage points when compared to Quarter 2.
70. The forecast under spend is £6.860m of which £6.681m will be slipped into 2015/16 and £179k of the budget is no longer required. The main items for slippage are detailed below:
- Delay in agreeing schemes with Capita have meant that the SAP/Financial ledger and System Improvement project will result in £189k underspend in 14/15 which will be slip to 15/16.
  - The expected payment to WLWA in respect of a loan for infrastructure is currently projected to slip by £448k, based on the latest payment profile supplied by the WLWA. There may be further slippage on this project.

- Due to delay in the delivery of Share Point and Wi-Fi, Mobile and Flex project payments are re-profiled resulting in £933k slippage.
- Small schemes will slip £76k to 15/16.
- The ICT Infrastructure and Corporate Application Project will slip £519k due to the delivery date being moved back.
- £1.822m of Information Technology Outsourcing Transformation's milestone payment has to be move back due to a delay in Capita's delivery of the project.
- The 13/14 Business Transformation Programme Refresh project budget of £213k that was carried forward from last financial year is no longer required, this budget together with the 14/15 BTP Refresh budget of £113k will all slipped to 2015/16.
- The IT Improvement Project which includes the Telephony Upgrade Project is delayed due to Capita's resourcing problems and the budget of £730k will be slipped to 2015/16.
- The Customer Care Platform Harrow Project is largely completed, but it is anticipated that the stabilisation payment of £150k will not be payable this year and will slip to 2015/16.
- The IT Corporate Refresh which includes CRM Replacement, Civic W2 Upgrade and other system upgrade budget of £1.375m will be slipped into 2015/16 due to a commercial decision on timing and a clash of the implementation time with the financial year end.
- £113k of the LAA Performance Reward Grant will be slipped to next financial year – No further project has been identified.

71. £179k of budget is being forecast as no longer required as detailed below:

- £36k of capital spend across a number of IT projects has now been reviewed and re-classified as revenue.
- The 13/14 and 14/15 BTP Hardware Refresh has spent £143k less than anticipated on laptops and Wyse boxes.

### **Environment & Enterprise**

72. As at Quarter 2 the forecast was £22.221m, 87% of the Environment and Enterprise's 2014/15 capital budget. At Quarter 3 the revised forecast is £22.754m, 91% of the budget and an increase of 4 percentage points when compared to Quarter 2.

73. The forecast under spend at Quarter 3 is £2.258m and will all be slipped into 2015/16. The main items for slippage are detailed below:

- Pinner Park Farm £480k. The costs in this financial year primarily relate to scheme development and consultations. Once the 2<sup>nd</sup> stage consultation is concluded in early part of 2015/16, planning application will be prepared. Full delivery in 2015/16 is anticipated.
- Green Grid £276k – A number of Section 106 funded projects are in the planning stage and it is anticipated that these schemes will be delivered in 2015/16.
- Neighbourhood Investment Scheme £120k – Significant progress is being made in delivering various NIS schemes in every ward this year. Contributions are made by a number of wards to provide funding for green gym installation. It is anticipated that the remaining sum will be utilised in 15/16. There are a couple of projects already identified for which NIS budget will provide the match funding for grant applications in 15/16.
- BTP Public Realm £1.381m – There has been long delay in this IT project and a detailed delivery plan for providing a suitable solution is still awaited from Capita.
- A budget of £650K is no longer required for Carbon Reduction Schools Programme. The original budget of £1m was based on at least 10 schools in the REFIT project with an average spend of £100k including boilers. The school expansion programme means a change in this position as some of the works (including boilers) will be accommodated in the School expansion capital programme. For 2014/15, the programme has been changed to reflect this and it is forecast that only £350k of expenditure will be required.

### **Housing Revenue Account**

74. As at Quarter 2 the forecast was £6.865m, 66% of the HRA's 2014/15 capital budget. At Quarter 3 the revised forecast is £6.771m, 65% of the budget.
75. The forecast under spend is £3.705m. This is as a consequence of better sequencing of work, tender savings and preparation works for the development of a four year capital programme and a new Better Homes standard. Any underspend will be retained in the HRA to be used in future programmes.

### **Virements**

76. As described in paragraph 65 it is recommended that £22k is vired from the contingency from the overall Schools capital programme to Whitmore High School Sixth Form Block expansion.

### **Reduction to the Capital Programme**

77. The Schools Carbon Reduction Programme was reduced by £650k as outlined in paragraph 73.



## Additions to the Capital Programme

78. Since Quarter 2, Council approved the addition of £1.387m to the Capital Programme in November 2014, to reflect the award of Green Deal grant and this is reflected in the approved programme.

Cabinet is recommended to approve the following additions to the programme utilising the external funding available:

	£000
TFL traffic management schemes – additional funding approved	35
GLA – Outer London Fund- additional funding to original notification	27
North Harrow CPZ use of s106 planning developer contribution to fund scheme agreed at Traffic and road Safety Advisory Panel in October 2014	30
Whitmore School sixth form block expansion. Additional expenditure Funded by the school (see paragraph 65).	133
Total	220

## Legal Implications

79. Section 151 of the Local Government Act 1972 states that without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. Section 28 of the Local government Act 2003 imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against budget calculations.
80. Under Allocation of Responsibilities in the Constitution, Cabinet is responsible for all decisions, which are expected to result in variations to agreed revenue or capital budgets. Cabinet must agree, or delegate agreement for all virements between budgets as set by the Financial Regulations.

### Equalities

81. Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:
82. A public authority must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
83. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
84. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
85. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) Tackle prejudice, and
- (b) Promote understanding.
86. Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:
- Age
  - Disability
  - Gender reassignment
  - Pregnancy and maternity
  - Race,
  - Religion or belief
  - Sex
  - Sexual orientation

- Marriage and Civil partnership

## **Financial Implications**

87. Financial matters are integral to the report.

## **Performance Issues**

88. Good financial performance is essential to achieving a balanced budget. The financial performance is integrated with the strategic performance of the Council through quarterly Directorate Improvement Boards which consider the financial position alongside performance including 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.
89. The overall projected percentage variance from the revenue budget is forecast to be 0%.
90. For the 2014/15 savings built into the MTFs, the overall position is that 67% of the savings are RAG rated as green, 29% RAG rated amber and 4% RAG rated red.
91. There is a performance target of 90% of the approved capital programme for 2014/15 being spent in year. The current projection is for spend to be 62% of budget.
92. Council Tax Collection: The collection rate is slightly below the target profile at the end of the third quarter at 83.76% against a profile of 84.0%.
93. Business Rates Collection: The collection rate is 2.79% below profile at 83.21% compared to a target of 86.0%.

## **Environmental Impact**

94. There are none directly related to this report

## **Risk Management Implications**

95. The risks to the Council and how they are being managed are set out in the report.
96. Risks are included on the Directorate risk registers.

## **Equalities implications / Public Sector Equality Duty**

97. A full equalities impact assessment was completed on the budget when the budget was set by Full Council. Equalities implications are taken into account by individual directorates whilst running services and making decisions to vire money. A full equality impact assessment will be completed on the budget for 2015/16.

## Council Priorities

98. The Council's vision is:

## Working Together to Make a Difference for Harrow

99. The Council's priorities are:

Making a difference for the vulnerable  
Making a difference for communities  
Making a difference for local businesses  
Making a difference for families

100. This report deals with Revenue and Capital monitoring which is key to delivering the infrastructure to deliver the Council's priorities.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 26 January 2015		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 10 February 2015		

<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqlA carried out:</b>	<b>NO</b>
<b>EqlA cleared by:</b>	Information for noting only

## **Section 6 - Contact Details and Background Papers**

### **Contact:**

Dawn Calvert ([dawn.calvert@harrow.gov.uk](mailto:dawn.calvert@harrow.gov.uk)), Head of Strategic Finance & Business

Tel: 020 8424 1393

### **Background Papers:**

[Cabinet Report February 2014: Final Revenue Budget 2014/15 and Medium Term Financial Strategy 2014/15 to 2016-17 and EIA.](#)

[Cabinet Report June 2014: Revenue and Capital Outturn 2013/14](#)

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

**NOT APPLICABLE**

*[Call-in applies]*

Revenue Summary					Appendix 1
	Revised Budget	Forecast Outturn	Quarter 3 Variance	Variance	Quarter 2 Variance
	£000	£000	£000	%	£000
<b>Resources</b>					
<b>Controllable Budget</b>					
Customer Services	24,013	23,652	(361)	(1.5%)	(361)
Director of Resources	1,660	1,666	6	0.4%	(2)
Finance & Assurance	9,912	9,855	(57)	(0.6%)	(39)
HRD & Shared Services	2,621	2,634	13	0.5%	(133)
Legal & Governance	3,384	3,553	169	5.0%	30
Procurement	973	1,005	32	3.3%	2
Strategic Commissioning	1,732	1,692	(40)	(2.3%)	(27)
<b>Total Controllable Budget</b>	<b>44,295</b>	<b>44,057</b>	<b>(238)</b>	<b>(0.5%)</b>	<b>(530)</b>
Uncontrollable Budget	(17,657)	(17,657)	0	0.0%	0
<b>Total Directorate Budget</b>	<b>26,638</b>	<b>26,400</b>	<b>(238)</b>	<b>(0.9%)</b>	<b>(530)</b>
<b>Environment and Enterprise</b>					
<b>Controllable Budget</b>					
Commissioning Services	9,284	9,136	(148)	(1.6%)	(150)
Directorate Management	1,059	928	(131)	(12.4%)	(136)
Corporate Estate	(458)	(584)	(126)	27.5%	(87)
Economic Development & Research	718	622	(96)	(13.4%)	(95)
Planning	318	310	(8)	(2.5%)	(13)
Environmental Service Delivery	12,925	12,925	0	0.0%	0
<b>Total Controllable Budget</b>	<b>23,846</b>	<b>23,337</b>	<b>509</b>	<b>(2.1%)</b>	<b>481</b>
Uncontrollable Budget	17,265	17,265	0	0.0%	0
<b>Total Directorate Budget</b>	<b>41,111</b>	<b>40,602</b>	<b>509</b>	<b>(1.2%)</b>	<b>481</b>
<b>Community, Health and Wellbeing</b>					
<b>Controllable Budget</b>					
Adult Services	54,100	54,630	530	1.0%	529
Community and Culture	4,031	3,912	(119)	(3.0%)	(73)
Housing General Fund	3,661	4,803	1,142	31.2%	244
Public Health	(376)	(829)	(453)	120.5%	(232)
Transformation	398	392	(6)	(1.5%)	(6)
<b>Total Controllable Budget</b>	<b>61,814</b>	<b>62,908</b>	<b>1,094</b>	<b>1.8%</b>	<b>462</b>
Uncontrollable Budget	14,059	14,059	0	0.0%	0
<b>Total Directorate Budget</b>	<b>75,873</b>	<b>76,967</b>	<b>1,094</b>	<b>1.4%</b>	<b>462</b>
<b>Children and Families</b>					
<b>Controllable Budget</b>					
Management & Business Support	4,354	3,382	(972)	(22.3%)	(862)
Early Intervention Services	4,921	4,765	(156)	(3.2%)	(145)
Targeted Services	16,718	17,827	1,109	6.6%	1,180
Commissioning & Schools	2,608	2,446	(162)	(6.2%)	(179)
Special Needs	7,506	8,346	840	11.2%	817
Schools	(7)	(7)	0	0.0%	0
<b>Total Controllable Budget</b>	<b>36,100</b>	<b>36,759</b>	<b>659</b>	<b>1.8%</b>	<b>811</b>
Uncontrollable Budget	11,071	11,071	0	0.0%	0
<b>Total Directorate Budget</b>	<b>47,171</b>	<b>47,830</b>	<b>659</b>	<b>1.4%</b>	<b>811</b>
<b>Total Directorate Budgets</b>	<b>190,793</b>	<b>191,799</b>	<b>1,006</b>	<b>0.5%</b>	<b>262</b>
Corporate Items	(16,367)	(17,373)	(1,006)	6.1%	(350)
<b>Total Budget Requirement</b>	<b>174,426</b>	<b>174,426</b>	<b>0</b>	<b>0.0%</b>	<b>(88)</b>

## MTFS 2014/15 to 2016/17 – Savings

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
	<b>CHILDREN &amp; FAMILIES</b>					
CF 017	Consolidation of staffing structure including proposed deletion of 1 Divisional Director post 2015/16	-148	0	0	Green	£23k relates to full year effect of a Commissioner post which was deleted in 2013/14. £125k relates to deletion of a Divisional Director post, of which £25k achieved by removal of 0.2 FTE overlap from former job share arrangement, £100k achieved by maximising use of grant
CF 018	Deletion of Head of Education Strategy & School Organisation	-50	0	0	Green	Post deleted
CF 019	Reconfiguration of Early Intervention Service to support the Families First Programme	-150	0	0	Amber	The cumulative MTFS saving is £300k. This is currently being achieved by using Troubled Families funding to support this saving for which a carry forward of £672k has been agreed by Cabinet. The continuation of Troubled Families Grant is uncertain beyond 2014/15.
CF 020	Children's Centres remodelling to reconfigure the local offer	-200	0	0	Green	Budgets and staffing reconfigured, saving is expected to be delivered.
CF 021	Special Needs Transport II - demand management including Independent Travel Training	-45	0	0	Green	Saving delivered
CF 022	Special Needs Transport III - full market engagement including outsourcing of some routes	-500	0	0	Amber	Due to delay in Cabinet approval of the final business case, implementation has been delayed and there is a likely pressure of £280k in 2014/15 not being achieved. Part of this pressure is expected to continue in 2015/16 because a number of the outsourced routes are not achieving the required percentage savings.
CF 023	Introduction of Charging for non-Statutory Educational Psychology to schools	-90	0	0	Green	Saving delivered - Schools and academies are buying back service.

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
CF 024	Review of semi supported provision including potential closure of Honeypot Lane	-410	0	0	Green	Facility closed and staff made redundant.
CF 026	Savings from commissioning budgets including connexions, parenting support, drugs & alcohol and clinic in a box	-255	0	0	Green	Career Advice and Guidance contract amended and Council contribution to Harrow School Improvement Partnership reduced.
CF 027	Recommissioning of Respite Care for CWD	-100	0	0	Green	Short Breaks Contracts have been re tendered and saving expected to be delivered
CF 028	Consolidation of Early Years training functions - including reductions in contracts & staffing	-50	0	0	Green	Pre School support, Home visiting and relationship counselling contracts ceased.
	<b>Total Children &amp; Families Savings</b>	<b>-1,998</b>	<b>0</b>	<b>0</b>		
	<b>ENVIRONMENT &amp; ENTERPRISE</b>					
E&E011	Public Realm Integrated Service Model (PRISM) efficiencies. Towards Excellence Programme efficiencies	25	-375	0	Green	Towards Excellence restructure completed and staff salaries realigned to reflect the new costed structure. A shortfall in salaries is being managed through vacancies. Savings profiled to 15/16 (£375K) relate to route optimisation work.
E&E013	Public Realm Post reductions. Efficiency in management and support to Borough's allotments	-24	0	0	Green	
E&E012	Further management reductions in Environment	-145	0	0	Green	The Towards Excellence restructure resulted in less actual savings than originally assumed in the MTFS due to changes to the posts/grades following staff consultation. This budget saving is being contained by holding the Divisional Director Property Services vacant.
E&E016	Climate Change - Flexible retirement and consumables budget	-58	0	0	Green	Climate Change team has been deleted; work is now integrated with Commissioning Services division.



Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
E&E023	Consolidation of Civic Centre accommodation to secure utility cost savings. Transformation Project	-122	-58	0	Green	Civic 2 has been converted to a car park and schools have taken possession of Civic 3, 4, 5 & 6 from 19 May 2014. The saving will be a combination of the reduction in business rates and utilities costs. Revised valuations have been received in respect of Business rates for some of the changes and the forecast charges for business rates are based on this. Utilities savings are as yet unclear.
E&E033	Trading Standards and Proceeds of Crime Act savings (linked to review of SLA with Brent trading Standards)	-100	0	0	Red	At Period 9 a shortfall of £70k is forecast. The saving will be met by generating additional POCA income; at Period 9, £200k income is anticipated.
E&E039	Revenue maximisation - Fleet sponsorship: Explore advertisement opportunities for PRS fleet	-25	0	0	Red	This is being taken forward by Procurement team as part of the corporate initiative 'Using the Market'. Potential income for advertising on fleet is £25K, but profiled to 2015/16.
E&E041	Grass Verge Maintenance reduction	-165	0	0	Green	The reduction in grass verge maintenance will be implemented in 14-15 resulting in savings on contract hire and staffing costs. It is anticipated that the saving will be made in full in 14-15.
E&E043	Grounds maintenance: Annualised hours	0	-81	0	Green	A consultation pack on changes to working patterns, including the introduction of annualised hours, is being prepared, with a view to implementing annualised hours by the end of 14-15.

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
E&E046	Review fine turf service standards	-29	0	0	Green	An in house team provides maintenance to keep turfed areas, primarily sports / football pitches in good condition to enable them to be hired out. In February, Cabinet agreed a 2% increase in pitch fees and the service aims to increase the marketing and promotion of such facilities to generate further income.
E&E058	Procurement Savings - others	-273	0	0	Amber	At Period 9 a shortfall of £43k is being forecast. Every effort is being made to achieve this target despite the challenge.
E&E 008 14/15	Budget Realignments for Parking Services (Income re-alignment, no staff impact) Based on the review of historical performance, enforcement of parking and traffic offences for traffic management reasons in 2012/13 recovered more than the budgeted figure.	-700	0	0	Green	The achievement of this saving is dependent on the outcome of the government consultation in relation to local authority parking.
E&E 009 14/15	Textiles Recycling Additional income generated from textiles recycling contract.	-10	0	0	Green	New 4 year contract has been signed in August 2013 with a better price per tonne as a result of favourable market prices for textiles. Based on the income for Periods 1-9, the additional income will be achieved in full.
E&E 010 14/15	Increase in income relating to leisure centre car parks Increase in leisure centre parking income	-300	0	0	Red	Implementation is not expected until April 2015. A forecast increase in enforcement, CPZ and parking income will mitigate the shortfall in 14-15.
	<b>Total Environment &amp; Enterprise Savings</b>	<b>-1,926</b>	<b>-514</b>	<b>0</b>		
	<b>COMMUNITY, HEALTH AND WELLBEING</b>					
	<b>Adults Services</b>					

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
CHW013	Contract Management - efficiencies	-100	0	0	Green	Expected to be realised and will be evidenced by balanced Purchasing budget at year end. However given the increases in referrals and costs associated with complexity of care, and forecast outturn variance this may be difficult to evidence. Potentially this will be delivered through: 1) Managing inflation £500k 2) Renegotiation of the supported accommodation contracts at Canning Rd / Parkside Way - £50k 14/15 (£100k full year effect)
CHW015	West London Alliance (WLA) Joint Procurement: Approved Provider Credition (APC) Residential Care	-100	0	0	Green	Savings on target to be delivered. Tracking of placements made through the West London Alliance (WLA) will evidence savings delivered throughout the year
CHW017	Voluntary Sector Funding. Reversal of 2012/13 growth	-100	0	0	Green	Achieved
CHW018	Voluntary Sector Funding	-200	0	0	Green	Achieved

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
CHW019/20	Reduction in use of residential placements for the most complex, by investing in community placements.	-1,500	0	0	Amber	Plan developed and being monitored weekly. Impact of increased volume of referrals and complexity of care required to support service users may impact the ability to fully deliver savings which were predicated on the basis of costs of care being provided at lower cost in the community. Anticipate savings being delivered through a mix of the following: 1) Moves to sheltered accommodation 2) Towards Independence (Shared lives) 3) Increased community placements 4) Management of Ordinary Residence and appropriate reviews of health cases 5) Managing inflation (via WLA) to assist delivery of MTFs £500k
CHW021	Day Care Strategic Review	-300	0	0	Green	savings on target to be delivered
CHW022	Purchasing Budget [community based efficiencies]. Market development providing greater choice in services leading to reductions in cost.	-1,000	0	0	Amber	Plan developed and being monitored weekly. Latest evidence indicates that the some of the costs of complex care provided in the community are more costly than originally estimated. Anticipate savings being delivered through a mix of the following: 1) PB clawback 2) External day care converted to PB's 3) Home Care 2 project 4) Market development (10%) resulting in increased choice and therefore lower costs 5) Top 50 community packages 6) Innovative care solutions i.e. CSV

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
CHW023	Commissioning Staff. Review of staffing structures.	-300	0	0	Amber	Restructure in progress and expected to be fully implemented by 1/12/14. Impact of delay in implementing will be compensated by variations on other budgets
CHW024	Share Complaints team with another local authority and/ or aggregate within Council. Originally intended these savings would be delivered through a shared service approach which will continue to be explored but may be accommodated within wider staff changes as appropriate to deliver the savings.	-104	0	0	Green	Achieved and delivered
CHW025	Sharing of Joint Assessment Team with another local authority. Originally intended these savings would be delivered through a shared service approach which will continue to be explored but may be accommodated within wider staff changes as appropriate to deliver the savings.	-93	0	0	Green	Assumed £50k delivered via charges for managing client finances, although latest indications suggest that compensatory savings may necessary to fully deliver saving. Restructure in progress and expected to be fully implemented by 1/12/14
CHW028	Supporting People - targeted efficiency savings through specific contracts	-1,324	0	0	Green	Savings fully delivered through efficiencies and renegotiated contracts
CHW032	Meals on Wheels. Review options for service provision.	-190	0	0	Green	Plans in place. Ongoing monitoring will evidence achievement of savings as per plan.
	<b>Total Adults Savings</b>	<b>-5,311</b>	<b>0</b>	<b>0</b>		
	<b>Housing</b>					

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
CHW004	Homelessness [100 families & anticipated B&B HB changes). Savings from 2012-13 MTFS assumed to arise from increased subsidy for B&B placements which did not actually materialise.	-100	0	0	Red	A review of activity levels during 2013/14 showed some 30 families were provided with accommodation, thereby avoiding the requirement to use B&B. This resulted in the achievement of B&B savings for 2013/14. The same review however identified extraordinary growth for temporary accommodation over and above that anticipated at the time of budget construction due primarily to uncertainties around the timing and content of the Government's Welfare Reforms.
CHW037	Housing Needs - Private Sector Leasing Scheme. Income generation	-25	0	0	Amber	Considered achievable at this stage
CHW038	Housing Service Efficiency Review. Saving in staffing costs	-70	0	0	Green	On target
CHW041	Invest to Save - cash incentives. Used to free up HRA properties to house families from the waiting list. Savings result from reduced B&B expenditure.	-48	0	0	Green	On target
CHW047	Empty Homes Initiative. Reduced cost of temporary accommodation as a result of bringing empty properties back into use.	-300	0	0	Green	Expenditure on B&B has been reduced as a result of the empty home initiative. The extraordinary growth in families seeking temporary accommodation has however obscured the achievement of this saving.
	<b>Total Housing Savings</b>	<b>-543</b>	<b>0</b>	<b>0</b>		
	<b>Community and Culture</b>					
CHW048	Cultural Services review of structure	-15	0	0	Green	Achievable - 3rd year of payment protection

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
CHW051	Library Volunteers. Support provided by volunteers.	-40	0	0	Red	Historic MTFs item related to library volunteers that is no longer relevant under new contract with Carillion. However, Community and Culture is underspending as a directorate and this pressure is compensated by underspends elsewhere.
CHW053	Cultural Strategy Review efficiencies - savings subject to tender with Ealing & Brent	-400	0	0	Green	This saving is split between, £135k split over libraries and leisure contracts and £265k managed through a grant saving.
CHW055	Reduce Adult Learning Subsidy. Services to be funded by grant.	-50	0	0	Green	To be achieved
CHW056	Reduce subsidy to harrow young musicians	-10	0	0	Green	To be achieved
CHW062	Deletion of post supporting community festivals	-48	0	0	Green	Achieved - postholder left 2013. Restructure not yet carried out.
	<b>Total Community &amp; Culture savings</b>	<b>-563</b>	<b>0</b>	<b>0</b>		
	<b>Public Health</b>					
CHW068	Further Public Health Efficiencies. Funding existing Council revenue funded services.	-100	0	0	Green	On target
CHW009 14/15	Reduction in Council's Contribution to Public Health Budget	-250			Green	On target
	<b>Total Public Health</b>	<b>-350</b>	<b>0</b>	<b>0</b>		
	<b>Total CHW</b>	<b>-6,767</b>	<b>0</b>	<b>0</b>		
	<b>RESOURCES</b>					
	<b>Customer Services</b>					
RES027	Use of Artificial Intelligence to divert switchboard calls. Reducing use of staff, introduced in 2013/14 with full year impact of saving in 2014/15	-60	0	0	Green	Delivered -Artificial switchboard is in place, staffing has been reduced accordingly

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
RES029	Further channel shift through roll out of My Harrow account. Reduction in Access Harrow staffing resulting from self-serve via MHA, website and IVR	-60	-60	0	Green	Delivered-60,000+ MHA accounts handle 14,000+ enquiries per month. Staffing levels have been reduced.
RES030	Close Face to Face (F2F) and Telephony Channels for Public Realm Enquiries. Over a 3 year period close face to face contact in Access Harrow for Public Realm queries and migrate to Internet contact.	-30	-70	-50	Green	Delivered-TE project delays mean that full functionality is not available, however staffing levels have been reduced.
RES031	Reconfigure One Stop Shop to self-serve area and close F2F (face to face) advice	-100	-190	-100	Green	Delivered -Face to face appointments reduced by 61% in 2013/14 with further 20% reduction due in 2014/15. Staff reduced in line with expectations.
RES045	Print Contract Savings. Letting of contract for printers and photocopiers at lower cost.	-100	0	0	Green	Delivered - Based on the new contract. However, there is still an uncertainty around the cost of Annodata decommissioning and outstanding invoices, however the expectation is that this will be covered by an accrual & carry forward from 13/14.
	<b>Strategic Commissioning</b>					
RES036	Merger of Corporate Performance Team and Service Performance Team, reducing staffing. Merging of two management posts undertaking similar specialisms across the council to one single Business Intelligence team and the delivery of the new operating model (next saving).	-93	0	0	Green	Delivered



Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
RES038	Performance, Research & Analysis Business Case and New Operating Model Strategic Commissioning. Aggregation of posts undertaking similar specialisms across the council to one team which is then reduced to deliver the saving through a more efficient delivery of the service.	-97	0	0	Green	Delivered
RES040	Communications - reduction in number of campaigns. This is a reduction in the contract price for the next two years agreed with Westco.	-46	0	0	Green	Delivered
	<b>HRD</b>					
RES042	Reduction in HRD posts. Deletion of 2 posts.	0	-75	0	Green	On target
RES046	Cessation of External recruitment Advertising. Reduce the volume of recruitment advertising in journals and papers and increase use of internet advertising including the council's own site	-75	0	0	Green	On target to Deliver
	<b>Internal Audit</b>					
RES048	Reduce co-sourcing budget. Reduce the use of external partners to provide specialist support to audit.	-16	0	0	Green	Delivered
	<b>Insurance Service</b>					
RES053	Reduced broker fees through more in-house handling and increased income on third party insurance schemes	-3	0	0	Green	On target through increased handling of injury claims in-house. Current savings in 2014/15 £4,268.
RES058	Deletion of Corporate Risk Management Support Service. Deletion of post in 2013.	-30	0	0	Green	Delivered

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
RES059	Cross Council Insurance Claims. Reduce cost of insurance claims against the Council by better risk management.	-70	0	0	Green	On target through several initiatives: 1) A proactive approach to injury claims handled in-house is resulting in fewer claimants resorting to instructing solicitors. In 2013/14 there were seven such claims delivering typical savings of £10k per claim. 2) Joint working with Health & Safety and Waste Management has resulted in funding being made available for four way cameras on the refuse fleet, which is expected to lead to claim savings.3) A project is underway to mitigate the cost of tree root claims against the Council.
RES060	Reduced Contribution to Insurance Provision. Reduce cost of insurance claims against the Council by better risk management.	-100	0	0	Green	On target
	<b>Legal &amp; Governance</b>					
RES068	E-canvass Project. Reduced staffing following electronic canvas.	-20	0	0	Green	waiting for commentary from department
RES072	Increase to Registrars Fee Income Target. Income budget reduced in 2012-13 to reflect actual received, additional income to be received from 2013/14.	-100	0	0	Green	waiting for commentary from department
	<b>Corporate Finance</b>					
RES073	Finance restructure. Reduced staff costs.	-300	0	0	Green	Saving has been built into the budget and saving is on track to be delivered in full.
	<b>Collections and Benefits</b>					
RES078	Deletion of 4 FTE posts in Housing Benefits	0	-140	0	Red	Delays in the implementation of Universal Credit put this saving at risk.
RES080	Staff reductions to match DWP Admin grant reduction	-48	0	0	Green	Delivered

Item No		2014/15	2015-16	2016-17	2014/15	
		£000	£000	£000	RAG Status	Comments
RES081	Concessionary Travel - Changes to Transport for London (TFL) grant distribution. Reallocation of levy costs between London Boroughs.	-102	0	0	Green	Delivered
RES082	<b>Revenues Staffing Reductions</b>	0	0	-40	Green	On target
RES083	Housing Benefits Staffing Reductions as Benefits moves to DWP. Reduced staffing required as Housing Benefits transfers to Universal Credit and is no longer administered by Harrow.	0	0	-125	Red	Delays in the implementation of Universal Credit put this saving at risk.
RES 003 14/15	To delete the post of Chief Executive and associated business support	-280	0	0	Green	Delivered
	<b>Total Resources Savings</b>	<b>-1,730</b>	<b>-535</b>	<b>-315</b>		
	<b>CORPORATE</b>					
Tech 029	Terms and conditions. Savings arising from renegotiated terms and conditions with staff.	-268	-187	-31	Green	Delivered
Tech 002 14/15	Saving in use of Consultants across the Council	-250	0	0	Green	Built into 2014/15 budget
	<b>Total Corporate</b>	<b>-518</b>	<b>-187</b>	<b>-31</b>		
	<b>Total</b>	<b>-12,939</b>	<b>-1,236</b>	<b>-346</b>		

**Council Tax**

Currently, bad debt provisions (BDP) of £4.158m exist [**£4.898m**- £0.740k; w/off's done 01/04/14-31/12/14] for Council Tax against a potential BDP of £3.342m for debts accrued to 31 March 2014.

<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 2008-2019	654	458	100	458
2010-2011	566	446	100	446
2011-2012	707	564	100	564
2012-2013	1,015	757	100	757
2013-2014	3,131	1,489	75	1,117
2014-2015	n/a	n/a	65	0
<b>Total</b>	<b>6,073</b>	<b>3,714</b>		<b>3,342</b>

**National Non Domestic Rates (NNDR)**

Currently, bad debt provisions of £2.235m [**£1.722m**- £0.774k; w/off's done 01/04/14 to 31/12/14] exist for business rates (NNDR) against a potential BDP of £1.427m. Under Business Rates retention, the effect on the local authority is 30% of any surplus or deficit.

<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 2013-2014	1,262	479	100	479
2013-2014	2,101	948	100	948
2014-2015	n/a	n/a	50	
<b>Total</b>	<b>3,363</b>	<b>1,427</b>		<b>1,427</b>

**Council Tax and Business Rates Court Cost**

Currently, bad debt provisions (BDP) of £950k (**CT £850k+ NDR £100k**) exists for Court Costs against a potential BDP of £954k. 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 2011-2012	235	174	100	174
2011-2012	129	99	100	99
2012-2013	190	134	75	100
2013-2014	616	360	60	216
2014-2015	0	729	50	365
<b>Total</b>	<b>1,170</b>	<b>1,496</b>		<b>954</b>

## Housing Benefits

Currently, bad debt provisions of £2.745m [**£3.936m** - £1.191m w/off 1/4/14 to 31/12/14] exist for Housing Benefit overpayment debt against a potential BDP of £3.617m (£2.246m + £1.371m = £3.617m). The under provision is anticipated to be funded from the of overpayments although there is some risk that there may be a balance that will need to be met from revenue.

<b>Housing Benefit DEBTORS</b>	Outstand as at 1 <sup>st</sup> of April	Outstand as at Qtr 3	BDP	<b>BDP as at Qtr 3</b>
	£000	£000	%	£000
Pre 2012-2013	1,204	801	100	801
2012-2013	764	407	100	407
2013-2014	1,882	841	50	421
2014-2015	0	2,055	30	617
<b>Totals</b>	<b>3,850</b>	<b>4,104</b>		<b>2,246</b>

<b>Housing Benefit LIVE CASES</b>	Outstand as at 1 <sup>st</sup> of April	Outstand as at Qtr 3	BDP	<b>BDP as at Qtr 3</b>
	£000	£000	%	£000
Pre 2012-2013	413	242	100	242
2012-2013	596	330	75	248
2013-2014	1,395	655	50	328
2014-2015	0	1,846	30	553
<b>Totals</b>	<b>2,404</b>	<b>3,073</b>		<b>1,371</b>

Over the last year there have also been new initiatives from the DWP, specifically the Real Time Information Bulk Data Matching exercise (RTI), which means the DWP is currently providing retrospective information to the authority about claimant changes not previously known to Harrow. This has resulted in a higher than normal increase in the raising of Housing Benefit overpayment debts which unfortunately is increasing the overpayments figures and adding pressure to the bad debt provision. Whilst we are addressing this for the future (the Income expectation from this source of income is being reduced in the MTFs for 2015/16), currently there is some risk that the general fund may have to contribute to this area to ensure adequate bad debt provision exists in 2014/15 if sufficient overpayments are not collected to fund the full requirement as would normally be the case.