

<b>Meeting:</b>	Cabinet
<b>Date:</b>	19 June 2008
<b>Subject:</b>	Revenue and Capital Outturn 2007-2008
<b>Key Decision:</b>	No
<b>Responsible Officer:</b>	Corporate Director of Finance, Myfanwy Barrett
<b>Portfolio Holder:</b>	Leader and Portfolio Holder for Strategy, Partnership and Finance, Councillor David Ashton
<b>Exempt:</b>	No
<b>Enclosures:</b>	Appendix 1 - Revenue commentary Appendix 2 - Capital Monitoring Appendix 3 - Housing Revenue Account

## Section 1: Summary and Recommendations

This report sets out the Council's provisional revenue and capital outturn position for 2007-2008.

### Recommendations:

- (a) Note the provisional revenue and capital outturn position for 2007-2008
- (b) Approve the revenue carry forwards requests
- (c) Note the liabilities and approve the contributions to various provisions
- (d) Note the forecast position for general balances
- (e) Note the position on debt outstanding and approve the settlements reached with partner organisations
- (f) Note the areas that are still being finalised and agree the strategy for dealing with any further capacity that may emerge
- (g) Note the implications of the outturn for 2008-09 and beyond
- (h) Note the timetable for audit committee meetings and external audit review
- (i) Approve the carry forward on Capital Projects as set out in appendix 2.
- (j) Delegate to the Leader any further decisions required in relation to the outturn for 2007-08, particularly carry forward requests and contributions to provisions and reserves.

### Reason

To confirm the financial position as at 31 March 2008

## Section 2: Report

### Introduction

1. The provisional forecast outturn for the Council is £150.4m against a budget of £155.1m, which represents an under spend of £4.7m. The total under spend represents 3.0% of the net budget.
2. It must be stressed that this is the provisional position and the areas that are subject to further work are outlined later in the report. A prudent view has been taken in all key areas, however the position may change as the accounts are finalised.
3. The under spend is a significant achievement given all the financial pressures the council has faced in the last few years, and the issues with systems and the restructure. The under spend provides the capacity to deal effectively with risks and liabilities and strengthen the Council's balance sheet.
4. The position is significantly better than that reported at quarter 3, but there are some specific reasons for the movement. The net underspend across Directorates is £1.6m and includes:
  - An underspend in Community and Environment of £0.7m, approximately half of which is due to a windfall on parking enforcement income
  - An underspend in Adult services of £0.5m – whilst there was an overspend on care purchasing budgets as forecast, this was offset by savings elsewhere
  - Overachievement of BTP savings (£0.4m) which was not confirmed at quarter 3
  - Unspent training grant (£0.2m) which can be carried forward.
5. It should be noted that Directorates had to absorb extra savings throughout the year to manage pressures which emerged in the first two quarters. In addition some very late adjustments were made to Directorate budgets in relation to the corporate print and agency staff contracts. Prior to these late adjustments, Children's services had a forecast underspend of £73k.
6. In addition to the Directorate outturn, there is a net underspend of £3.1m for the following reasons:
  - The council was awarded a capitalisation direction for redundancy costs in February (after the Q3 report was published) of £2.7m producing net revenue saving of £1.7m.
  - A saving of £0.8m was achieved in the capital financing budget due to borrowing being lower than anticipated – this was not certain at Quarter 3 as it was dependent on the capital outturn and capital receipts.
  - A surplus on the 2007/08 pay inflation and other technical items budget totalled £0.6m. This was held as a contingency in case a Capitalisation direction was not secured or other pressures emerged late in the year.

## Revenue Monitoring

7. During the financial year 2007-2008, pressures totalling £3.2m were identified in the first and second quarters. A strategy was put in place to manage these pressures which included: reminding all managers of the need to contain spending; requiring directorates to find additional savings of £2.3m in year; and effecting virements of £0.7m from the provision of the pay award and capital financing costs, leaving £0.2m still to be found. The implementation of the strategy was successful. Monitoring was enhanced via the improvement boards. This approach resulted in all directorates managing their budgets more effectively and holding back on non urgent spending.
8. The provisional outturn is summarised below:

	<b>Forecast Variation as at QTR 3</b>	<b>Budget 2007/08</b>	<b>Provisional outturn 2007/08</b>	<b>Provisional Variation as at 31.03.2008</b>	<b>Variation from budget</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Corporate	0.1	6.7	6.5	-0.2	-3.0
Corporate Strategy/ Corporate Finance	-0.1	29.4	29.1	-0.3	-1.0
Adults and Housing	0.1	55.4	54.9	-0.5	-0.9
Children's Services	0.1	30.0	30.1	0.1	0.1
Community & Environment	0.0	59.1	58.4	-0.7	-1.2
<b>Directorate Total</b>	<b>0.2</b>	<b>180.6</b>	<b>179.0</b>	<b>-1.6</b>	<b>-0.9</b>
Capitalisation direction	0.0	1.7	0.0	-1.7	
Capital Financing and Investment Income	0.0	-28.8	-29.6	-0.8	2.8
Surplus on 2007-2008 pay inflation	0.0	0.6	0.0	-0.6	-100.0
Planned contribution to balances	0.0	1.0	1.0	0.0	0.0
<b>Total Net Expenditure</b>	<b>0.2</b>	<b>155.1</b>	<b>150.4</b>	<b>-4.7</b>	<b>-3.0</b>
Less Carry Forwards				0.3	
<b>Balance available</b>				<b>-4.4</b>	
Proposed Contributions to Provisions				3.7	
<b>Additional contribution to General reserves</b>	<b>0.2</b>			<b>-0.7</b>	

9. To comply with the SORP, various technical adjustments in respect of capital charges, capitalisation direction and FRS17 are made to the directorate budgets to reflect the actual charges. These adjustments do not change the overall total net budget which was approved by the Council in February 2007.

## Carry Forward

10. The financial regulations state:

In general a revenue budget is available for the year in question and overspends or unspent balances will not be carried forward. However, in exceptional circumstances the Cabinet may agree to carry forward an overspend or unspent balances from one year to the next. Unspent balances will only be carried forward where:

- The Council's revenue budget is not overspent in total
- The item in question is a high priority
- There is a good reason for delay in carrying out the activity/project
- The cost cannot be accommodated within the new year budget
- If the activity/project is grant funded, the terms and conditions allow the unspent/unclaimed grant to be carried forward

11. In accordance with the above policy a total of £1,284k made up of £984k as detailed below, which is already accounted for in the respective directorates' outturn position, and a further £300k for special projects and contingency is recommended to be carried forward :

<b>Description</b>	<b>Amount £000</b>
Training Grant	223
Capital Financing	300
Community and Environment	86
Community and Culture projects	75
Adults transformation agenda (subject to business case)	200
Finance transformation agenda (subject to business case)	100
Special Projects and contingency	300
<b>Total</b>	<b>1,284</b>

12. The business cases from Adults and Finance will be reviewed by the leader. If the carry forward requests are agreed, the balance available will be £4.4 m.

## Liabilities and Contributions to Provisions

13. During the year the Council identified a number of risk areas including:

- Collection fund
- Redundancy and single status costs
- Insurance (council's self insurance fund and the relationship with the London Authorities Mutual Ltd)
- Bad debts including PCT
- Employee related liabilities
- Litigation

14. These areas were discussed with the External Auditor and, as a result, recognised as risks in the External Auditor's Opinion Plan for the 2007-08 accounts.
15. As part of the closure of account process the objective is to adequately address these risk areas.
- The estimated deficit on the Collection Fund of £1,736k was reported to the Cabinet in January 2008 and this was dealt with in full as part of the 2008-09 budget setting process. The outturn deficit on the Collection Fund at year end is £1,801k resulting in a variance of £65k of which £51k is Harrow's share.
  - The redundancy costs incurred in 2007-08 have been fully covered by the capitalisation direction mentioned above.
  - Full provision is being made for the final phase of implementing the Council's single status agreement (and payments were made via the payroll in April and May).
  - A significant additional contribution is being made to the Council's self insurance fund in line with actuarial advice
  - Full provision is being made for bad debts (as explained more fully below)
  - Provision is being made for known employee related liabilities and litigation
16. As a necessary part of good accounting practice all provisions are reviewed on a regular basis and the appropriate contributions to or from provisions are made at year end. As detailed below a total contribution to provisions of £3.7 m is recommended.

Description	Amount
	£000
Insurance Provision	2,300
Various Bad Debt Provisions	567
Various Litigation cases	650
Various Employees related matters	240
<b>Total</b>	<b>3,757</b>

If these contributions are agreed, the balance available after the deduction of £3.7m is £0.7m. It is proposed that the £0.7m is added to general balances to increase the total at 31.03.2008 to £3m.

### Reserves

17. The approved reserves policy is as follows:

“The Council intends to add £1m to reserves and provisions each year until such time as general balances exceed £5m.”

18. The Council fully complied with this policy in 2007-08.

19. The forecast position for reserves at the end of the year is set out below:

## Reserves

Opening balance as at 1 April 2007	£m
Planned contribution to reserves	1.3
Provisional Outturn variance	1.0
	0.7
<b>Provisional forecast balance at 31 March 2008</b>	<b>3.0</b>

## Debt Outstanding and Write Offs

20. The Council has a number of categories of debt including:

- Council Tax
- Business Rates
- Housing Rents and Service Charges
- Housing Benefit Overpayments
- Sundry Debtors

21. For each of these categories there is an agreed recovery policy and rate card for determining the appropriate bad debt provision. As part of the closure of accounts process, the position for each category is reviewed (as it is each quarter).

22. The Council Tax Collection rates continue to perform well and have met its target of 97.1%.

23. The total debt outstanding is £7.8m and the Bad Debt provision is £3.8m. The net increase of £481k on the provision has been made within the Collection Fund accounts.

24. The debt outstanding for business rates is £2.3m and a bad debt provision of £2.3m is provided for the outstanding debt.

25. The total debt outstanding in respect of Housing Rents and Service charges is £1.6m and provision of £0.8m has been made within the housing revenue accounts.

26. The total debt outstanding in relation to Housing benefit Overpayment is £4.1m and the provisional outturn includes a contribution to the bad debt provision of £0.2m, which will bring the balance to £1.2m as at 31.03.2008

## Sundry Debtors

27. The outturn position includes a recommended contribution of £361k to the provision for bad debt in relation to sundry debtors.

28. As at March 2008 the PCT owed the Council approximately £9.9m and the Council owed the PCT approximately £3m. This debt covered a four year period from 2004-05 to 2007-08. Following a long series of meetings and

correspondence, senior staff from the Council and the PCT (including the Chief Executives, Finance Directors and lead officers for Adults and Children) met in April to resolve the situation. An agreement was reached and payment has now been made.

29. The PCT agreed to pay the Council £6.4m for Adults and £1.3m for Children, and the Council agreed to cancel invoices or raise credit notes to the value of £1.4m. Generally, this was because the Council agreed that the individual clients in question were not the PCT's responsibility. The sum of £0.8m remains in dispute, to be settled in 2008-09. The situation has been resolved within the provision that the Council made in 2005-06 of £370k and the Adult services budget for 2007-08. A new provision has been made in respect of the remaining disputed debt.
30. The Council paid the PCT £2.2m for Adults and £0.4m for Children and the PCT agreed to cancel (where the invoice was raised in error or already paid) the balance of £0.4m.
31. In addition some new parameters have been agreed for 2008-09 and beyond to ensure that the Council's financial relationship with the PCT runs smoothly in future.
32. The PCT position was a major area of concern for the External Auditor, given the high value of debt relative to the provision, and the settlement that has been reached is a major step forward.
33. A long standing dispute with the Consortium of North West London (CNWL) relating to unspent LPSA grant of £458k was resolved during 2007-08. Following a series of letters and meetings, led by the Corporate Director of Finance, CNWL agreed to repay £200k and the Council agreed to allow CNWL to retain £258k for other projects. The Council had already assumed that £200k would not be recoverable in 2006-07 and the remaining £58k has been addressed in the 2007-08 accounts.
34. Cabinet is asked to formally agree the settlement reached with both the PCT and CNWL.

Areas that are still being finalised and strategy for dealing with any further capacity that may emerge

35. Further work is required in relation to:

- Local Authority Business Growth Incentive (LABGI) funding of £249k to be confirmed (and not included in the figures). There is a request to utilise some of this money for one off economic development projects. If we allow £100k to be carried forward, there would be a net improvement in the position of £150k.
- Single status backdating costs (from April and May payroll) to be confirmed. It is possible that the costs will be lower than anticipated, which would improve the position.

36. As these matters are resolved further capacity may emerge, in which case the recommended strategy is as follows:

- If possible, make a new provision of £0.5m for special projects and contingencies
- Any further sums to be added to the insurance provision.
- If the capitalisation direction is secured for single status, transfer the entire single status provision to the insurance provision.

#### Implications of the outturn for 2008-09 and beyond

37. The outturn position has a number of implications for 2008-09 and beyond:

- Ongoing capacity
- Need to enhance budget monitoring
- Contributions to provisions and reserves

38. Further work is required to establish the extent to which the underspend in 2007-08 suggests there is ongoing capacity in 2008-09 and beyond. This will be captured as part of the first quarter monitoring to the Cabinet in September.

39. There is clearly a need to improve budget monitoring and the accuracy of forecasting in particular. The Council has just carried out a Financial Effectiveness Review (funded by Capital Ambition) and this includes a detailed analysis of the process, benchmarking, best practice and recommendations for the way forward.

40. The implementation of the recommendations will take place during 2008-09 and is a critical part of the Council's wider improvement programme. The carry forward request outlined above will help to make the necessary changes.

41. It is critical that the Council establishes or increases regular contributions to provisions for insurance, bad debts and litigation. The medium term financial strategy includes an additional annual contribution to the insurance provision of £100k in 2008-09 rising to £300k in 2009-10, and a new contribution for bad debts and litigation of £125k in 2008-09 rising to £250k in 2009-10.

#### Timetable for audit committee meetings and external audit review

42. The draft accounts will be ready by 13 June and Audit Committee will consider them on 24 June. The audit will commence in early July. The final accounts will be considered by the Audit Committee on 22 September and must be signed off by the Council and the Auditor by the end of September.

43. A summary of the draft accounts will be included in the Council's annual report, as part of the July edition of Harrow People.

44. Cabinet members will be aware that the work to produce the accounts is critical to achieving a good outcome on the Use of Resources.



## Capital Monitoring

45. Appendix 2 shows the capital monitoring position.
46. Actual capital spend in the year was £53.5m, compared with a budget of £73.1m. This is represented by an under spend of £3.5m and carry forward totalling £16.1m.
47. The underspend is mainly in respect of Transport for London schemes, which are grant funded and schemes funded by Transport Supplementary Grant. The TFL under spend mainly relates to Petts Hill project (£1.5m) rephasing which was formally agreed with TFL late in the year and (£0.287m) London Cycle Network schemes which was due to the priority of delivery of the schemes being given to other projects. The grant funding for both of these schemes is in addition to the TFL allocation for 2008/09. Ongoing improvements in the TFL programme in particular are intended to minimise a reoccurrence of this type of situation. £0.432m of the underspend relates to a Transport Supplementary Grant which is being held in the capital accounts for a number of areas. It is intended at this stage, that the budget will be utilised towards the Town Centre development, once the necessary criteria for the grant has been met.
48. The carry forward of £16.1m to 2008-2009 mainly relates to £7m of projects which are grant funded, £6.3m in respect of commitments and £1.5m for IT projects.
49. As agreed by the Cabinet in February the capital programme was increased by £1.3m, of which £1m was for grant funded services. £300k was allocated to Garden House and project management as part of the leisure site proposals approved by Cabinet in November 2007
50. A further increase of £5.8m is proposed in Quarter 4 as detailed in appendix 2. The proposed increases are funded by grants (£2.3m), the capitalisation direction outlined in Para. 6 (£1.7m) and advance funding from the 2008-2009 capital programme (£1.8m).
51. Expenditure during the year was funded from grants (19%), usable capital receipts (23%), borrowing (49%) and revenue contributions (9%).
52. The average borrowing cost was lower than anticipated generating a favourable variance of £0.8m. The main reasons are detailed below:
- Major debt restructuring was carried out in respect of the Council's Long-term borrowing. This resulted in an early repayment of debt of £38m and restructuring of a total debt of £80.8m.
  - Approximately £3.3m extra capital receipts were received during the year from future capital sales.
  - A total of £6m grant was received in advance from the Learning and Skills Council in relation to Whitmore High School.

The above resulted in lower borrowing by approximately £17m than anticipated.

### Housing Revenue Accounts

53. Appendix 3 shows the Housing Revenue Account forecast surplus for the year of £518k.

### Financial Implications

54. Financial matters are integral to the report.

### Performance Issues

55. There are no direct implications for individual performance indicators. The budget represents the financial resources approved to implement the Council's corporate priorities. Budget monitoring of the Council's revenue and capital budgets for 2007-2008 and future years is ongoing, particularly given the current low level of revenue reserves, and is essential for good financial management. If the budget monitoring process is not maintained the implementation of budget and corporate priorities will be less transparent and less robust, and may impact on performance indicators across directorates.

56. The outturn position has implications for the Use of Resources. Our current score on one of the themes of the Use of Resources, Financial Standing is 1 which is 'below minimum requirements – inadequate performance'

57. The proposed contributions to various provisions and increased contribution to the general reserve should substantially improve our score on Financial Standing.

### Risk Management Implications

58. The outturn position for 2007/08 has an impact on the deliverability of the 2008/09 budget and the Medium Term Financial Plan. The risk is minimised on account of the budget being well managed in year resulting in the outturn position for 2007/08 as reported.

## **Section 3: Statutory Officer Clearance**

Name: Myfanwy Barrett	<input checked="" type="checkbox"/>	Chief Finance Officer
Date: 30 May 2008		
Name: Helen White	<input checked="" type="checkbox"/>	On behalf of Monitoring Officer
Date: 28 May 2008		

## Section 4: Performance Officer Clearance

Name: Tom Whiting



Divisional Director (Strategy & Improvement)

Date: 28 May 2008

## Section 5: Contact details and background papers

**Contact:** Jennifer Hydari (Divisional Director of Finance and Procurement tel: 020-8424-1393)

### Background Papers:

- (a) Report to February 2007 Council: Approval to 2007-2008 Revenue budget and Capital Programme.
- (b) Report to February 2008 Cabinet: Quarter 3 budget monitoring report for 2007-2008

## Revenue Budget Monitoring 2007-2008: Commentary

### CORPORATE

The Corporate budgets and issues are of a strategic nature, the impact of which falls across all of Harrow's directorates.

Service	Approved Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Corporate & Democratic	3,576	3,678	102
Corporate Savings – parking & essential car user	-100	0	100
Pension Augmentation	2,896	2,962	66
Corporate Single Status	340	40	-300
Rates rebate	0	-118	-118
<b>Total</b>	<b>6,712</b>	<b>6,562</b>	<b>-150</b>

- **Corporate & Democratic (£102k)** - The variation is as a result of reduction in charges to the HRA.
- **Corporate Savings (£100k)** – The £100k saving in relation to parking remained unachieved as this plan of action was discontinued.
- **Pension Augmentation (£66k)** – This reflects insufficient budget, which will be addressed as part of the next budget review cycle.
- **Rates Rebates (-£118k)** – This is a one off receipt from rebates on rates in respect of council properties.

### CORPORATE STRATEGY AND CORPORATE FINANCE

Service	Approved Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Chief Executive's Office	789	846	57
Strategy/Finance Directorate services	462	455	-7
Legal and Governance Services	856	892	36
Customer Services	18,098	18,130	32
People Performance and Policy	3,429	3,303	-349
Corporate Strategy & Business Unit	2,257	1,938	-319
Corporate Finance	3,571	3,539	-32
<b>Total</b>	<b>29,462</b>	<b>29,103</b>	<b>-359</b>

- **People Performance and Policy** – The savings are mainly made up of savings of £119k as a result of vacancy management in Strategy and

Performance in anticipation of MTFs 2008/09 savings and there is an underspend of £196k in respect of training grant.

- **Corporate Strategy & Business Unit** - The underspend is mainly attributable to overachievement of the BTP savings target (£-390k). In addition to the Organisation Review savings gap of £58k there were other minor over spends.
- **Corporate Finance** – There is an under spend on HITS staff (£170K) offset by carry forward and various other over and under spends.

## ADULTS AND HOUSING

The budget has been managed well in year as demonstrated by the number of variations across Adults and Housing that have been managed within the directorate, including the allocation of a number of corporate reductions, including the organisation review savings which total approximately £810k.

It has been difficult to predict the placement budgets, given the difficulty in extracting data in relation to the committed costs in this respect, and until very recently, the unknown outturn position in relation to the outstanding debts with the PCT. This has been carefully managed to ensure budget difficulties did not arise.

### Summary

Service	Approved Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Adults	51,657	51,257	-400
Housing GF	3,769	3,666	-103
<b>Total</b>	<b>55,426</b>	<b>54,923</b>	<b>-503</b>

### Adult Services

Service	Approved Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Commissioning & Partnerships	8,251	8,202	-49
Community Care	33,647	33,481	-166
Modernisation & Integration	6,026	5,857	-169
Other Services	3,733	3,717	-16
<b>Total</b>	<b>51,657</b>	<b>51,257</b>	<b>-400</b>

### Commissioning & Partnerships

- The outturn reflects a number of variations across the division in relation to vacant posts and other variations
- An underspend of £88k in relation to catering services, reflecting the costs of transport, meals and salaries.
- With regard to Mental Health services, a minor underspend of £15k is in relation to the pooled budget arrangement with Central North West London. This is offset by an overspend of £34k on Wiseworks, which reflects the MTFs reduction of £50k which was not achieved given lower than anticipated levels

of income. A further overspend of £197k on costs associated with S117 expenditure with the PCT reflecting the recently negotiated settlement.

- Carers Grant of £188k and SP Grant of £1,154k are carried forward into 2008/09 in accordance with grant conditions

### **Community Care**

- This reflects expenditure across each of the client groups. Grant funding of £1.226m and growth of £415k were held to ensure that the outturn would be contained within the existing budget provision. The amounts held have been reduced by contributions to Corporate Reductions
- The care management budget of £4.5m was underspent by £290k reflecting the delay in recruiting to vacant posts and other variations across a wide number of budget heads
- The budget for expenditure associated with the management of the in-house establishments of £3.3m was overspent by £135k representing salary costs not funded by the PCT, and the shortfall in income as a result of the delay in the introduction of charges for day care services
- The purchasing budget of £25.6m was overspent by £1.045m. This resulted in the main from the pressures on LD services, the settlement of the historic disputed debts with the PCT and an increase in the contribution to the bad debt provision in relation to domiciliary care services

### **Modernisation & Integration –**

- A number of variations exist within this service area, the majority of which are offsetting in relation to salary variations.
- An overspend in relation to the ICES for both pooled and non-pooled activities following the failed transfer to Medequip of £288k
- An underspend of £229k on the residual budget in relation to 79 Bessborough Rd, reflecting the delay in opening the new 12 bed facility.
- An underspend on Helpline of £66k, representing underspends on salaries offset by lower levels of income
- An underspend on Support for Living of £43k, representing overspends on salaries following late notification of costs offset by additional income not anticipated in relation to a placement occupied by a non Harrow resident
- Telecare grant of £133k carried forward into 2008/09 in accordance with grant conditions

**Other Services** – this line reflects historic People First budgets in relation to Cross Service, Senior Management and Strategy budgets.

## Housing GF Services

Service	Approved Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Housing Need	2,450	2,399	-51
Housing Partnership	558	516	-42
Other GF Services	175	167	-8
Travellers Site	31	34	3
Complaints	245	236	-9
Resident Services - Watkins	310	314	4
<b>Total</b>	<b>3,769</b>	<b>3,666</b>	<b>-103</b>

### Housing Need

- An overspend of £101k reflecting the increase in the number of families requiring emergency bed and breakfast accommodation and the limited availability of rented accommodation from private landlords. There were 71 families in bed and breakfast at 31<sup>st</sup> March 2007, compared to the budgeted figure of 32 families
- An increase in the cost of legal services of £41k and a provision made of £50k for the anticipated future costs in relation to a case which will progress to the European Courts in 2010.
- Underspends across a number of budget heads including salaries, void penalty payments and nomination fees totaling approximately £250k

### Housing Partnership

- A net under spend of £26k arising from underspends in relation to salary costs, offsetting an overspend in consultancy costs.
- An underspend of £19k in relation to resident surveys

### Travelers' Site

- Minor variations. The earmarked provision of £20k in relation to future anticipated maintenance costs remains.

## CHILDREN'S SERVICES

Children Services are reporting an overall overspend of £100k.

Service	Approved Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Management and Placements	8,062	8,088	27
Young People's Services	4,481	4,119	-362
Safeguarding & Family Sup	3,929	3,919	-10
Schools	-8,152	-8,087	65
Special Needs Service	14,254	14,730	477
Early Years	3,951	3,860	-91
Schools Development	3,506	3,501	-5
<b>Children Services Total</b>	<b>30,031</b>	<b>30,130</b>	<b>101</b>

**Strategy and Placements** – Adoption, placements and fostering budgets are overspent by about £100k but other areas are underspent resulting in a net overspend of £27k.

**Young People’s Services** – Overall, the service is underspent by approximately £362k, Asylum Seekers has reported an underspend of £544k mainly arising from lower spend on accommodation compared to budget. Youth Services shows an overspend of £183k out of which about £105k arises from Cays Central Unit and remainder being under and overspends across the board.

**Safeguarding & Family Support** - This service is almost breaking even and the overspends in administration section is mitigated by underspends on the operational budgets

**Special Needs Service:** This can be analysed between

- Operational Transport: Overall £45k overspent. Adults operational is overspent by £125k whilst the children’s section is £80k underspent.
- Special Needs Service: £437k overspent mainly on educational services and children with disabilities services

**Early Years** – There are small underspends across the board.

## COMMUNITY AND ENVIRONMENT SERVICES

Service	Approved Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Director & Performance	1,238	1,238	0
Planning Service	2,881	2,871	-10
Community & Culture	25,139	25,295	156
Environmental Services	29,868	29,065	-803
<b>Total</b>	<b>59,126</b>	<b>58,469</b>	<b>-657</b>

**Planning Service** - various minor over and underspends

**Community and Culture** - late allocation of corporate savings to strategic management could not be achieved, and other minor over and underspends

**Environmental Services** – the main reason for the underspends which have occurred are:

**Community Safety**- The under spend is predominantly due to a significant over achievement of Parking Enforcement income (£346k) which is not sustainable year on year. There has also been over achievement of income in Licensing Services, Pest Control and Highways Enforcement, which coupled with significant vacancies within the Environmental Health services has served to achieve the stated under spend and offset areas of minor overspend in operational services;

**Property & Infrastructure** - The variation is attributable mainly to additional income on carriage crossings (£70k), Traffic Management (£62k) and Utilities (£85k). In



addition, there was an under spend on emergency services and responsive maintenance (£168k) as a result of lower demand compared to previous year.

### Capital Outturn 2007-2008

Total expenditure in 2007-2008 was £53.5m against a revised budget of £73.1m, which represents a variation of £19.6m. This is represented by carry forward requests for the last quarter amounting to £16.1m and spending variation of £3.5m as detailed below.

	A	B	C	D	E	F
	Approved Budget as at qtr 3	New Schemes/ Transfers	Revised Budget as at 31.03.08	Outturn	Carry Forward Requests	Variation
			A+B			
	£000	£000	£000	£000	£000	£000
Corporate Finance and Corporate Strategy	8,998	3,421	12,419	10,764	-1,560	-95
Adults and Housing	21,067	493	21,560	16,841	-4,543	-176
Children's Services	14,634	1,664	16,298	10,522	-5,776	
Community and Environment	21,585	211	21,796	14,844	-4,234	-2,718
Capitalisation	1,100		1,100	550		-550
<b>Total</b>	<b>67,384</b>	<b>5,789</b>	<b>73,173</b>	<b>53,521</b>	<b>-16,113</b>	<b>-3,539</b>

### New Schemes and Transfers

<b>Corporate Finance and Corporate Strategy</b>	
BTP-Advance funding required from 2008-9	1,582
Lift Subordinated Project	139
Redundancy Costs – capitalisation direction	1,700
	<b>3,421</b>
<b>Adults and Housing</b>	
Adult Learning Skill Centre-Virement from Education Modernisation	100
Empty Properties Grant (Funded by GLA)	393
	<b>493</b>
<b>Children's Services</b>	
Centenary Park (Grant Funded)	35
Shaftesbury Special School (Grant Funded)	100
Supporting Young People (Grant Funded)	15
Education Modernisation- Virement to Adult Learning Skills Centre	-100
High School No1- Advance funding required from 2008-9 (Grant Funded)	1,614
	<b>1,664</b>

<b>Community and Environment</b>	
Planning Development Grant	83
Land Acquisition (Wiseworks)	25
Big Lottery Fund projects	1
Wealdstone High Street-Advance Funding from 2008-9	102
	<b>211</b>
<b>Total New Schemes and Transfers</b>	<b>5,789</b>

### Carry Forward Requests

<b>Corporate Finance and Corporate Strategy</b>	
Carry Forwards on several projects as already committed	-392
Air Con./UPS Upgrade	-65
Civic Centre Network	-116
Desktop Refresh	-13
Disaster Recovery	-116
ERP Misc. Projects	-67
ERP/MI/CRM Improvements	-19
Internet Protocol	-437
Library Management	-272
Server Refresh	-57
Web Refresh	-6
	<b>-1,560</b>
<b>Adults and Housing</b>	
Carry Forwards on several projects as already committed	-2,773
HRA Schemes	-6
Empty Properties (Grant Funded)	-123
Harrow Adult Learning Centre (50% funded from LSC and 50% from Harrow's Capital)	-181
HOST Programme (Grant Funded)	-140
Bessborough House Replacement	-22
Supported Housing (Grant Funded)	-1,157
Occupational Therapy	-141
	<b>-4,543</b>
<b>Children's Services</b>	
Carry Forwards on several projects as already committed	-2,163
Children's Centre (Grant Funded)	-1,036
Post 16 (Grant Funded)	-2,352
Shaftesbury Special (Grant Funded)	-2
Supporting Young People (Grant Funded)	-2
Education Modernisation Schemes	-83
Grange F&M Schools:	-6
Rooks Heath High 14/16	-28
School Amalgamation	-95
Shaftesbury Kitchen	-2
Weald First and Middle	-7
	<b>-5,776</b>

<b>Community and Environment</b>	
Carry Forwards on several projects as already committed	-1,435
Big Lottery Fund Projects (Grant Funded)	-6
Planning Development Grant	-128
TFL (Grant Funded)	-1,233
Prince Edward Playing Field (Section 106 monies)	-708
Breakspear Crematorium	-22
Heritage Projects	-257
Leisure Schemes	-200
Pay & Display Machines	-8
Petts Hill	-30
Prosperity Action Team	-167
Transport Schemes-Misc Schemes	-17
Vehicle Road Incursion	-23
	<b>-4,234</b>
<b>Total Carry Forward Requests</b>	<b>-16,113</b>

### Financing Capital Expenditure 2007-2008

The table below sets out how expenditure was financed in 2007-2008

	£000
Capital Expenditure	53,521
Less : Accruals	139
<b>Total Expenditure to be financed</b>	<b>53,382</b>
<b>Funded by</b>	
Borrowings:	
Supported	5,390
Unsupported	20,711
<b>Total Borrowing</b>	<b>26,101</b>
<b>Capital Receipts</b>	<b>12,374</b>
<b>HRA Major Repairs Allowance</b>	<b>3,597</b>
<b>Contribution from Housing Revenue</b>	<b>1,000</b>
Grants:	
Canons park Lottery Fund	110
DEFRA	79
Disabilities Facilities Grant	684
Education Standard Fund	576
Learning Skills Centre	299

LPSA Reward Grant	759
Others	351
LAA Grant	315
HIV Capital Grant	693
Social Services Information Tech	124
Sure Start Grant	611
Transport for London	2,306
Empty Properties Grant	270
Targeted Capital Fund (High School Build 1)	2,075
Misc. Capital Grants - Schools	1,058
<b>Total Grants</b>	<b>10,310</b>
<b>Total</b>	<b>53,382</b>

## HOUSING REVENUE ACCOUNT (HRA): PROVISIONAL OUTTURN 2007-2008

	Approved Budget	Forecast Outturn	Variance		Comments
	£000	£000	£000	%	
<b>Expenditure</b>					
Employee Costs	2,934	3,023	89	3	Various Salary overspends compensated for by under spends in other areas
Supplies & Services	1,705	1,935	229	13	Higher cost mainly attributable to large price increases in gas and electricity supplies
Central Recharges	1,215	1,220	5	0	Revised internal service support charges
Employee Costs - Needs / Strategy	354	405	51	14	Revision and update of salary allocation
Recharge to other services	-503	-503	0	0	Supporting People Grant.
Home Ownership Service	274	64	-210	-77	Income includes recovery of more than one years leasehold service charges in year
Baseline expenditure	5,980	6,144	164	3	
Contingency -general	200	145	-55	-28	On cost on DLO back pay £144k not provided for in prior years.
<b>Operating Expenditure</b>	<b>6,180</b>	<b>6,288</b>	<b>109</b>	<b>2</b>	
Charges for Capital	5,338	5,410	72	1	Reflects higher borrowing cost coupled with lower levels of useable capital receipts from right to buy sales.
Contribution to Repairs Account	4,842	5,343	500	10	Increased cost of £500k includes £172k one off non recurring cost relating to contract termination, £80k provision for disrepair claims and £250k additional spend on the in year repairs service
RCCO	1,000	1,000	0	0	Contribution to Decent Homes expenditure.
Bad or Doubtful Debts	100	164	64	65	Increase in provision for tenant rent and service charge arrears
<b>Total Expenditure</b>	<b>17,460</b>	<b>18,206</b>	<b>746</b>	<b>4</b>	

	Approved Budget	Forecast Outturn	Variance		Comments
	£000	£000	£000	%	
<b>Income</b>					
Rent Income – Dwellings	-19,980	-20,578	-600	3	Higher rental income resulting from lower right to buy sales and improved efficiency in voids
Rent Income – Non Dwellings	-912	-872	39	-4	
Service Charges Tenants	-1,119	-1,062	56	-5	Variance compensated by dwelling income above
Service Charges	-255	-203	53	-21	Leaseholders service charge income
Facility Charges	-336	-355	-18	6	Income from heating & water charges
Interest	-17	-15	2	-14	Mortgage Interest receivable.
Other Income	-8	-23	-15	198	Represents recovery of court cost from tenant rent arrears court cases
Transfer from General Fund	-83	-88	-5	6	
HRA Subsidy	5,030	4,472	-558	-11	Negative subsidy payable to Government less defective dwelling grant
<b>Total Income</b>	<b>-17,679</b>	<b>-18,724</b>	<b>-1,046</b>	<b>6</b>	
<b>In Year Deficit / (Surplus)</b>	<b>-219</b>	<b>-518</b>	<b>-299</b>	<b>-137</b>	
<b>BALANCE</b>	<b>-5,946</b>	<b>-6,245</b>			