

<b>Meeting:</b>	Cabinet
<b>Date:</b>	18 September 2008
<b>Subject:</b>	Revenue and Capital Monitoring 2008-2009
<b>Key Decision:</b>	No
<b>Responsible Officer:</b>	Myfanwy Barrett: Corporate Director of Finance
<b>Portfolio Holder:</b>	David Ashton (Leader and Portfolio Holder for Strategy, Partnership and Finance)
<b>Exempt:</b>	No
<b>Enclosures:</b>	Appendix 1 - Revenue commentary Appendix 2 - Revenue Budget Directorate Forecasts Appendix 3 - Capital Monitoring Appendix 4 - Housing Revenue Account Appendix 5 – Debt management

## Section 1: Summary and Recommendations

This report sets out the Council's revenue and capital forecast position for 2008-2009 at the end of June 2008.

### **Recommendations:**

- (a) Note the revenue and capital forecast outturn position for 2008-2009 and the management actions to manage the pressures;
- (b) Approve the virements requested for the revenue budget;
- (c) Approve the additions to the Capital Programme as set out in appendix 3;
- (d) Approve £3.6m of capital funding to achieve the Council's ambition for decent homes is rephased from 2009/10 into 2008/09;
- (e) Approve the allocation of the special projects fund as set out at paragraph 10.

### **Reason**

To confirm the forecast financial position as at 30 June 2008

## Section 2: Report

### Introduction

1. The forecast outturn for the Council estimated at the end of June 2008 is £167,739m against a budget of £168,322m, which represents an under spend of £0.583m, -0.35 % of the net budget. The position is an early indication of known areas of variance. There are a number of areas of uncertainty which are not yet accounted for which may adversely impact the position and these are set out below.
2. The table below summarises the position:

Original Budget	Directorate	Latest Budget at 30 June 2008	Forecast Outturn at 30 June 2008	Variation	% Variation
£000		£000	£000	£000	
57,634	Adults & Housing	60,702	59,998	-704	-1.2
29,462	Children's	33,791	34,442	651	1.9
44,090	Community and Environment	49,657	48,967	-690	-1.4
19,677	Corporate Finance	18,917	18,917	0	0
15,210	Assistant Chief Executive	3,423	3,423	0	0
1,224	Legal and Governance	1,997	2,157	160	8.0
167,297	Total	168,487	167,904	-583	-0.35

### Revenue Budget

3. A number of large virements have been actioned since the budget was approved by the Council on 21 February 2008. These relate to Support Services Recharges which have been updated in order to reflect a more accurate distribution of costs. This is crucial to being able to represent our costs fairly and provide a comparison with other London Boroughs as part of the CPA process to measure value for money. There remains a small amount of refinement of the figures to be completed this year, but the major part of the exercise is done.
4. The provisional revenue and capital outturn report to 24 June Cabinet reported total directorate revenue under spend of £1.6m. The revenue outturn was after adjustments for corporate savings and in some areas one off contributions to

reserves and balances and carry forwards. The forecast position at the end of June 2008 takes account of any underlying areas of under spend and the impact on the 2008/09 budget forecast. The position will become clearer in the next quarter which is reported to the December Cabinet. There are also other areas of risk not yet factored into the forecast which are outlined below.

5. The key variances reported by directorates for quarter 1 are summarised below and set out more fully in the individual directorate commentaries at Appendix 1 with detailed figures in Appendix 2.
  - The Adults service had an outturn position of -£0.500m after some one off adjustments to reserves and carry forward. The service has identified some critical investment in additional capacity to improve services and the star rating. There remains some flexibility which arises mainly from the underlying under spend on: (i) community care budgets for older people and strategic management offset by pressures on learning disability; and; (ii) on Learning Disability Residential.
  - There is a potential shortfall in the savings target for Children's of £0.651m arising from the 2008/09 savings target of £0.880m on Special Needs transport and pressures on Leaving Care and Youth Services;
  - Community and Environment are reporting additional income from parking enforcement which is forecast as up to £1.0m dependent upon external factors. This is offset by £0.200m of additional costs identified to implement the street lighting PFI.
  - Corporate Health (comprises Corporate Finance, Assistant Chief Executive and Legal and Governance) is reporting an expected shortfall on land charges income of £0.160m due to the decrease in activity in the property market.

### **Housing Revenue Account**

6. There is a small forecast variation on the Housing Revenue Account of £0.073m which is included at Appendix 4. There is a forecast variance on repairs and income which is being investigated.

### **Management Action**

7. CSB at their meeting on 20 August 2008 agreed to:
  - Ensure that the implications of the 2007/08 outturn allowing for any one off adjustments and in the context of the changes to the 2008/09 budgets is fully reflected in the forecast outturn for 2008/09;
  - Ask the director for Adults and Housing to report back with a outline project plan and identified resource to address HOST financial management issues;
  - Request the director for children's services to come up with an action plan to mitigate the risk of not achieving all of the SEN efficiency saving;
  - Request the directors for Corporate Health to come up with an action plan to contain the pressures on Legal & Governance;
  - Request the director for Corporate Finance to come back with an action plan to reduce the capital programme by £10m;
  - Request the directors for Adults and Housing and Environment and Community to investigate and report back position on housing repairs.

8. The directors for Adults and Housing and Environment and Community are conducting a review of housing repairs and the position will be updated in the quarter 2 monitoring report.

### Savings Targets

9. The 2008/09 budget includes efficiency savings of £9.9m. Directorates' savings targets are subject to detailed monitoring. With the exception of the Children's directorate no other major areas of concern have emerged. Some areas require further work and this is noted.

### Virements

10. A number of specific virements other than those required to action the required changes to the Support Services Charges are set out below for approval:

(a) A provision of £0.300m was earmarked for special projects and contingency as part of the outturn position. Approval is sought to allocate funding to the projects shown in the table below. This leaves £28,480 still to allocate;

(b) The revenues and benefits team have appointed additional trainees to replace temporary agency staff. This will be met by the additional council tax raised. A virement is requested to increase both salaries and income budgets by £0.300m.

	£000 from	£000 to
Special Contingency	271,520	
Various projects:		
Flash Musical		15,000
Black History Month		5,000
Town Centre Improvements		37,500
Free Summer Swimming Programme		20,000
Project Denver Social Inclusion		50,000
St Georges Day		2,000
Olympic Flag celebration		1,500
Weed killing operatives		60,000
Perennial bedding programme		8,500
Late cleaning of high profile areas		35,000
Late litter bin emptying runs		35,000
Weeks of Action		2,020
Revenues and Benefits		
Income	300,000	
Salaries		300,000

### General Balances

11. General balances stood at £2.3m at 31 March 2008 as planned in the MTFs. An additional £0.700m was added as part of the 2007/08 outturn bringing the total to £3.0 m. The approved MTFs allocates £1m in 2008/09 making the position £4.0m at 1 April 2008. The consolidated general balances position is forecast as £4.6m when taking into account the forecast revenue position.

## **Capital Programme**

12. The capital programme is reported at Appendix 3. There is £20.700m of rephasing on Children's. There is an addition of £0.300m for the parking system replacement CIVCA which was previously agreed and should have been carried forward from the previous year. The Director for Adults and Housing is requesting that in order to achieve the Council's ambition to complete its decent homes programme early, the 2009/10 decent homes funding of £3.6m be rephased into 2008/09 to enable contracts to be committed.
13. No other slippage in the programme has yet been reported but it is unlikely that all of the programme would be delivered in year, partly due to the economic conditions. There is likely to be a significant impact on the amount of capital receipts receivable which will have implications for the delivery of the capital programme.
14. The Corporate Director for Finance is looking in conjunction with the Head of Property to reduce the programme by £10m in order to reduce capital financing costs by around £1m in 2008/09. The position will be updated in the quarter 2 report.

## **Council Tax and NNDR collection and Housing Benefits**

15. The latest position on Council Tax and NNDR collection shows that collection rates on Revenues are on track although NNDR is slightly down as appears to be a trend in other boroughs, possibly indicating current economic conditions. Council tax yield is rising and it will be clearer by quarter 2 if there is any benefit to the collection fund, after taking into account adequate provision for bad debt.
16. The debt management tables at Appendix 5 show that council tax debt over 12 months old has risen at the end of quarter 1. This is currently adequately covered in the 2009/10 budget but requires careful monitoring.
17. The arrears on Housing Benefits at the end of quarter 1 shows a potential increase of £0.300m in bad debt provision required. The position is being closely monitored. No allowance for any increase has been built into the forecast so far and it will need to be reviewed in line with other bad debt provisions.

## **Current Economic Outlook**

18. The current economic downturn will impact on the financial position of the Council in a number of ways which needs to be managed. There is a possibility that there could be an adverse effect on budgets such as homelessness and related services. Other areas which could be impacted are; sundry debtors, housing rents and service charges, and parking income. This will be closely monitored.
19. There are pressures on fuel and energy budgets. Some of these are already being felt. On fuel, Public Realm are reporting a £0.040m pressure which is being contained and Children's transport and catering services are reporting pressures of £0.050m which is part of their reported overall pressure. A number

of energy contracts are due for renewal in December 2009 with an immediate impact for the last quarter and 2009/10.

20. The impact on the capital financing and investment income budgets is being closely monitored. No significant variance is currently forecast. Further work is being done for 2008/09 and the new MTFS in these areas.

### **Other Risks and opportunities**

21. The pay award for 2008/09 is not yet finalised. The offer remains at 2.45% and the government is expected to maintain its position on the need to contain public sector pay at around 2%. The risk of a higher offer for 2008/09 is not assessed as high. However, there remains the prospect that the 2009/10 pay award may be under pressure. The 2009/10 budget and MTFS allows for 2.5% inflation on pay and 2% on non pay budgets. CPI remains well above its target level of 2%, currently over 4%.
22. The Council has built in an additional £0.400m in relation to the Revenue Income Optimisation (RIO) project which is being supported by PWC. To date additional income of £0.119m has been identified and other projects are being pursued. PWC are carrying out further work on comparing fees and charges and income targets with other comparable London Boroughs to pinpoint where the potential for additional income lies.
23. A late allocation of LABGI of £0.250m was received in June 2008. £0.100m has been allocated to the Environment directorate to promote economic growth and the remaining £0.150m is allocated to the RIO project to help mitigate against the risk of not achieving the target in the short term.

### **Financial Effectiveness Review**

24. The Financial Effectiveness Review carried out by PWC reported in June and an action plan was presented to CSB in August. The Review set out to improve the robustness of budget monitoring and reduce reporting surprises. There are planned improvements to the monitoring report, some of which are implemented this time. The additional appendices at 2a to 2e reconcile the budget figures back to the SAP system and give a full audit trail for all figures summarised in the main report and set out in the directorate commentaries.
25. A new format budget book will be available in early September which combines financial and non financial data so that there is a clear link between budgets and what the planned outputs are. It is planned to review actual activity levels and unit costs where appropriate as part of the quarterly monitoring report. CSB will receive a monthly exception report which will help towards minimising reporting surprises.
26. There will be refresher training on SAP for all budget holders as part of the Management Development Programme scheduled in December. In the meantime budget monitoring processes are being improved and standardised and support to budget holders is on-going in order to maintain momentum. Compliance in forecasting on SAP will be reported to the Improvement Boards.

## Options Considered

27. Options have been considered. The recommendations are considered to be in the best interests of the Council's financial position.

## Financial Implications

28. These are integral to the report.

## Performance Issues

29. Financial management and financial performance are scored as part of the Use of Resources (UoR) which feeds into the overall CPA score. It is essential that the Council is able to demonstrate good financial management and continues to improve its score in this area. The Council is currently forecasting to spend within budget and there are a number of improvements in processes set out in paragraphs 22-24 of this report.

## Risk Management Implications

30. There is a risk assessment of the budget by the 151 Officer as legally required when it is agreed. All risks to achieving the budget are reviewed and updated as part of the monthly monitoring process and are highlighted in this report where appropriate.

## Section 3: Statutory Officer Clearance

Name: Myfanwy Barrett	<input checked="" type="checkbox"/>	Chief Finance Officer
Date: 21 August 2008		
Name: Hugh Peart	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 2008		

## Section 4: Performance Officer Clearance

Name: Tom Whiting	<input checked="" type="checkbox"/>	Assistant Chief Executive
Date: 27 August 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 2008 Council: Approval to 2008/2009 Revenue budget and capital programme.
- (b) Report to June 2008 Cabinet: provisional revenue outturn



## CORPORATE

The 2007-8 outturn has been a significant achievement corporately and marks a huge step in helping towards Council Finances.

The Councils general reserves currently stand at £4.0m compared to £1.3 m last year. There is a plan to make a further £ 1m contribution during 2008-9 towards a target of £ 5m.

It is vital that we continue to manage spending effectively and stay within budget this year, and we are working hard to improve the information available to managers to enable this to happen.

The PWC financial effectiveness review has now completed and its recommendations discussed at CSB on 6<sup>th</sup> August. The implementation of the recommendations of this will take place during 2008-09 and it is critical part of the Council wider improvement programme.

As part of the 2008-9 budget, the SSC review has been implemented and all known corporate savings relating to the printer/copier contract, Corporate Contracts for agency staff and Benefit Cards have been allocated and built into the budget. These items will be carefully monitored and any variances will be included in future reports. A lot work is being done in strengthening the financial control environment by stepping up the monthly monitoring process during the year as effective budget management continues to be critical.

The efficiencies that been built into the budget as part of MTFS 2008-9 are also being closely monitored and any variations will also be reported in future reports.

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
			£000	%	
	£000	£000	£000	%	£000
Corporate & Democratic	4,188	4,188	0	0	0
Corporate Items	3,411	3,411	0	0	0
Corporate Finance	9,973	9,973	0	0	0
Legal & Governance	1,997	2,157	160	8	40
Assistant Chief Ex Department	4,598	4,598	0	0	0
<b>Total</b>	<b>24,167</b>	<b>24,327</b>	<b>160</b>	<b>8</b>	<b>0</b>

### Rio Project

There was a saving built into the £ 400k and so far £ 119k worth of additional income has been identified. A further £ 150k received from LAGBI has also helped towards mitigating the risk. Further work needs to be done to identify potential areas of income.

## **Inflation Pressures**

There are also significant pressures on fuel and energy costs due to market conditions and it is difficult to project at this stage.

There is also a risk on the outcome of pay inflation negotiations.

## **CORPORATE FINANCE**

As part of the 2007/8 outturn a carry forward was agreed for £ 100k to help support the implementation of the Financial Effectiveness Review. An action plan is being worked on and is referred to in the main report. There has also been a recruitment drive to fill some of the key vacancies. The appointment process is underway.

## **Revenues**

Over the past few years Revenues have deliberately had a policy of “invest to save” and have taken on additional temporary staff resources to cater for the increased activities which are being carried out to ensure income maximisation and an increased tax base. 2008/09 has to date been no different and additional salary costs are being incurred. We also have this year additional pressures of salary costs for up to 7 Revenues Trainees recruited under the recruitment and retention project currently in place.

## **ASSISTANT CHIEF EXECUTIVE**

### **HR Strategy**

The under spend of £ 223k in 2007-8 related to the Children’s & Adults training grant not fully utilised and has been carried forward into 2008-9 as per the grant instructions. The management of this has now been handed over Children’s & Adult & Housing.

### **Strategy and Performance**

The under spend of £119k is largely as a result of vacancy management in Strategy and Performance in anticipation of MTFs savings build into the 2008/09 budget.

**BTP and Customer Services** - The under spend is mainly attributable to overachievement of the BTP savings target (£-390k). There are projects being worked on currently and any flexibility above the target will be reported later in the year.

The impact of Organisation Review gap £ 58k in 2007-8 of the previous restructuring will not be a pressure in 2008-09.

## LEGAL AND GOVERNANCE

Although a growth item was built into the budget for £ 210k to take account of the impact of new legislation, due to the difficult market conditions there has been slow down in the housing market and this is having a further impact on the land charges income. Current forecast suggest an under recovery and the problem is likely to become significant over the coming months especially summer months which historically has been poor. The under recovery could be between £150k to £170k.

## ADULTS & HOUSING

2007-2008 was a challenging financial year both within the Directorate and Corporately. Despite these challenges, in particular the pressure from rising demand for services and difficulties with management information, the position was managed within budget for the first time in a number of years with an under spend of £500k across the division. This was a substantial achievement, especially given that this reflected the settlement of the historic debt with the PCT and the delivery of substantial efficiency savings and unplanned in-year corporate savings [totaling £810k and continuing into 2008-2009].

Robust financial management has however had an impact on some performance indicators that focus on volume and intensity of home care. The limited opportunity for investment and the need to achieve corporate and efficiency savings restricted the ability to build the capacity of the service, and was reflected in the CSCI rating of 1\* with uncertain capacity to improve.

The priorities for 2008-2009 are to build on the positive achievements of the last financial year:

- The management team is strengthening the financial culture of the division, supported by finance representation within the team. This will be further developed to reflect the recommendations of the financial effectiveness review once discussed at CSB - for period 3, budget holders input forecast outturns on 40 of the 90 cost centres, an improvement on the previous period.
- Improvements in technology to deliver improved management
- There is significant investment for change including Learning Disabilities, SDS, project management and user involvement supported by new government grants to improve outcomes for service users.
- A strong focus on efficiency and VFM through procurement, use of technology and reablement

There are a number of variations emerging across the division, however, at present it is expected that these will be contained within the service. Managing within budget now allows revenue to be released to build capacity, subject to CSB discussions around the wider Council financial position and priorities.

The potential variations are examined in more detail in the paragraphs below.

## Summary

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
			£000	%	
	£000	£000	£000	%	£000
Adults	56,290	55,612	-678	-1.2	-516
Housing GF	4,412	4,386	-26	-0.6	-104
<b>Total</b>	<b>60,702</b>	<b>59,998</b>	<b>-704</b>	<b>-1.2</b>	<b>-620</b>

Further Corporate budget reductions of £371k have been reflected in the budgets detailed. These reductions represent a number of corporate changes from a demanding process. It is clear moving forward that there is a need for transparency in these processes to ensure that future budget adjustments are agreed with Directorates in a timely manner.

The impact of these budget movements will continue to be monitored and reported as part of the final outturn.

## Community care

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
			£000	%	
	£000	£000	£000	%	£000
Older People	20,090	19,305	-785	-3.9	-1,382
Physical Disability	6,632	6,674	42	0.6	23
Learning Disability	9,774	10,433	659	6.7	2,229
Self Directed Support	1,196	1,225	29	2.4	8
Strategic Management	1,379	1,126	-253	-18.0	-1,657
<b>Total</b>	<b>39,071</b>	<b>38,763</b>	<b>-308</b>	<b>-0.8</b>	<b>-779</b>

- extraction of financial data from HOST continues to be a significant problem to accurately project the outturn position for the purchasing budgets across all client groups. This will be addressed and an action plan agreed at the forthcoming joint management team meeting between Adults & Housing and Corporate Finance, and following discussions with Capita.
- following the overspend on the purchasing budget for 2007-2008 [a significant proportion related to non-recurring costs as a consequence of the resolution of historic debt] pressure continues to exist within Learning Disability services, however at this stage it is anticipated that this can be managed within the overall Community Care budget offsetting under spends in other areas [subject to the clarity around accurate projections across the purchasing budgets to confirm the projected position on OP services]
- Across the board, the staffing position is anticipated to be contained, which together with the carry forward of £200k enables capacity to be strengthened to meet regulatory requirements.

- The budget assumes income of £152k in relation to the recovery of charges for day care as previously agreed by Cabinet. These charges have yet to be implemented pending further analysis of the ability to generate this level of income under the current charging policy. Variations are reflected within the individual service area and it is anticipated that this income shortfall can be contained within the division.
- Following the successful negotiations with the PCT at the end of the 2007-2008 financial year, only a small element of debt outstanding totaling £763k in relation to Day Care remains. Negotiations are ongoing and a bad debt provision of £370k exists in this respect. In addition, it has come to light that an element of the agreed payment of £2.2m to the PCT was not accrued. This is reflected in the LD position reported above, unless this can be offset against any remaining provision following settlement of the disputed debt detailed above.
- Self Directed Support - The Resource Allocation System has been developed for stage 1 of the implementation of self directed support targeting 30 clients by the end of August to be in receipt of Individual Budgets. This will be clearly evaluated to ensure that the roll out of this programme is achieved within budget and to highlight any potential future risks where appropriate. Projected overspend reflects in the main a shortfall in income in relation to day care charges and clients purchasing meals [which should be considered alongside the catering variation detailed under Commissioning & Partnerships]
- Carry forward of Telecare grant £113k plus £90k new Stroke Grant – plan under review to ensure expenditure can be fully utilised to meet priorities
- Strategic Management - the new Social care transformation grant of £336k, together with the Cabinet agreed carry forward provides the capacity to address the transformation agenda.
- In line with the outturn position for 2007-2008, it is assumed that the legal budget will under spend by approximately £93k although as no costs have yet been incurred further work is required to establish a realistic outturn
- The remaining variation of £160k needs further review with the Adults & Housing Management team; however, at this stage it would appear that there may be further flexibility in this budget.

**Commissioning & Partnerships**

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
			£000	%	
	£000	£000	£000	%	£000
Contracts	1,001	1,006	5	0.5	43
Supporting People	289	260	-29	-10.0	-24
Partnership Development	1,262	1,257	-5	-0.4	21
Mental Health	4,519	4,508	-11	-0.2	215
Catering	722	672	-50	-6.9	-89
Framework	1,521	1,521	0	0	-21
Training	126	126	0	0	-113

<b>Total</b>	<b>9,440</b>	<b>9,350</b>	<b>-90</b>	<b>-1.0</b>	<b>32</b>
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- Contracts - broadly on target, although pressures exist in relation to the efficiencies savings assumed in relation to HOST and more recently the impact of increased spot PO's in relation to the domiciliary care contracts
- Supporting People – under spend in current financial years represents staffing vacancies. The SP grant carried forward from 2007-2008 totals £1.154k – this reflects prudent management of risk of potential cuts to the programme since 2003. The SP team has developed a number of proposals for short term pilot schemes which aims to reduce the unallocated funding by £537k by March 2009.
- Partnership Development – broadly on target. The Carer's grant carry forward of £188k reflects in the main additional resources received midway through 2007-2008 for emergency support and for which a strategy is now in place to allocate the funding accordingly. Special Schools PFI included here – anticipated to be on target however, further review required given under spend 2007-2008 £50k.
- Mental Health - there are no indications of any overspends on the CNWL managed Mental Health pooled budget which accounts for £4.1m of this budget. Balance relates to residual MH services and Wise works, where a minor variation anticipated at this stage. As part of the negotiations with the PCT it was agreed to review the S117 expenditure, and any pressures identified as a consequence will be detailed in future reports.
- Catering – variation represents lower number of meals provided, whilst any potential impact of increased fuel costs not yet quantifiable
- Frameworki – anticipated to be on target at this stage.
- Training – assumed to be on target at this stage, although given the carry forward of £113k from 2007-2008 this results in a gross expenditure budget of £654k. Plan currently being developed and will incorporate Workforce Strategy development under Adults Transformation Programme.

### Modernisation & Integration

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
			£000	%	
	£000	£000	£000	%	£000
LD Residential	4,970	4,749	-221	-4.4	167
Economic Wellbeing	1,771	1,767	-4	-0.2	94
Discrimination & Harassment	1,038	983	-55	-5.3	-30
<b>Total</b>	<b>7,779</b>	<b>7,499</b>	<b>-280</b>	<b>-3.6</b>	<b>231</b>

- LD Residential – reflects Support for Living budget £4.4m currently in process of being agreed with SFL. There is debt outstanding totaling £1.1m in relation to quarter 4 07/08, which following the Cabinet decision not to proceed to transfer staff to SFL suggest that this may be an area of risk. Otherwise, anticipated broadly on target, assuming that MTFs saving of £105k and other

minor adjustments can be contained within the budget of £170k originally provided in relation to the TUPE costs which will no longer be required.

- Variation reported relates to the residual budget for 79 Bessborough Road, arising as a consequence in the delay in opening the new 12 bed facility.
- Economic Wellbeing – a number of under spends in 2007-2008 mainly in relation to salaries in Helpline and OT services, offset by an overspend on the ICES pooled budget of £273k [non-recurring].
- Increased use of temp staff to fill vacancies in 2008-2009 eliminate salary under spends. Potential overspend of £35k staffing re non-pooled ICES currently being investigated
- Anticipated under spend of £48k in relation to Helpline reflecting salary under spends offset by lower levels of income which is consistent with the position for the last financial year. Potential pressure of £80k reflecting the need to upgrade IT hardware and software [non-recurring], although this needs to be considered alongside the future of the service and the ability to fund the additional expenditure.
- ICES pooled budget – a significant overspend in 2007-2008 following the failed transfer to Medequip of £273k. Anticipated to be on target at this stage although further work is required to analyse ongoing equipment costs to determine any impact in the current financial year.
- Discrimination & Harassment – net under spend in 2007-2008 related to staffing vacancies. Under spend anticipated in the current year in relation to continued vacancies, although this is lower than last financial year reflecting the increased use of temp staff to fill vacancies.

### Housing General Fund

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
	£000	£000	£000	%	£000
Housing Need	2,756	2,756	0	0	-42
Housing Partnership	551	538	-13	-2.4	-40
Other GF Services	340	337	-3	-0.9	-23
Travellers Site	31	30	-1	-3.2	4
Complaints	304	296	-8	-0.2	-9
Resident Services - Watkins	430	429	-1	0	6
<b>Total</b>	<b>4,412</b>	<b>4,386</b>	<b>-26</b>	<b>-0.6</b>	<b>-104</b>

- Housing Needs - The budget for 2008-2009 included growth of £132k and assumed 50 families in Bed & Breakfast for a full year, although the growth was to be contained within the service. There is however, significant pressure on this budget as at its highest point there were 85 families in B&B, although this has since dropped to 45 families at the end of quarter 1 and 29 by the end of July.
- The homelessness strategy aims to reduce these costs, by re-launching the 'Lets Start' programme. In managing the overall Needs budget, this puts

pressure on the ability to reduce the number of families in temporary accommodation in accordance with CLG targets. The target set by CLG is 645 families by March 2010 – at the end of quarter 1 there were 989 families in temporary accommodation. This will continue to be closely monitored and reported accordingly.

- It is not possible at this stage to quantify potential pressures in the current year in relation to legal costs. A provision of £50k was made in relation to a specific case to be referred to the European Court in 2009-2010.
- Pressures on staffing costs in relation to agency cover for a member of staff on long term sickness.
- Housing Partnership - broadly on target, possible under spend in relation to salaries although this will be minor.
- Other GF Services – broadly on target, possible under spend in relation to salaries although this will be minor.
- Travellers Site – broadly on target. Historical pressures around utility and maintenance costs, with earmarked provision of £20k in relation to maintenance held in reserves
- Complaints – position consistent with last financial year reflecting lower level of complaints proceeding to stage 2.
- Resident Services Watkins – broadly on target.

### CHILDREN'S SERVICES

The quarter 1 report for Children's Services focuses on achievement of efficiency savings and on the implications of the 2007/08 outturn.

The efficiency savings programme for 2008/09 is £2.67m of which over £2.0m is currently forecast to be achieved by year end, against a background of continued increased demand for services. The most challenging single item within the efficiencies programme is £880k for Special Needs Transport. The Department is working with Capita to identify what savings are possible in the current year and in future years. However, it is unlikely that all predicted savings will be achievable on the Special Needs Transport budget in the current year. The background of increased fuel prices and demands for services adds to the challenge of achieving efficiencies in this area. Wherever possible under spends in other budgets are being held to mitigate against underachievement of this saving.

The 2007/08 outturn has been reviewed in order to address the implications of both overspends and under spends on individual service budgets. Further details are provided below.

A summary of forecast variances from budget is given below, together with the 2007/08 outturn variance.



## Appendix 1

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
			£000	%	
	£000	£000	£000	%	£000
School Development	3,743	3,743	0	0.0	-84
Children's Services Management	1,557	1,557	0	0.0	56
Early Years Service	4,291	4,291	0	0.0	245
Safeguarding, Family Placement and Support	13,263	13,203	-60	-0.4	-48
Special Needs Service	14,649	15,248	599	4.1	451
Young People's Service	5,343	5,454	112	2.1	-362
Schools	-9,055	-9,055	0	0.0	85
Dedicated Schools Grant (DSG) element of variance	-	-	-	-	-237
<b>Total</b>	<b>33,791</b>	<b>34,442</b>	<b>651</b>	<b>1.9</b>	<b>106</b>

### School Development

The service is forecasting a break-even position for the current year. This includes an efficiency saving of £476k from more efficient use of grant. It should be noted that while the saving is achievable in 2008/09 the level of grant will not be sufficient to sustain this position in future years.

### Children's Services Management

The service is forecasting a break-even position for the current year.

### Early Years Service

The overspend in 2007/08 related to demand for places in Private, Voluntary and Independent (PVI) sector settings. Additional funding has been made available from DSG to cover this position in 2008/09. The service will also achieve a £255k efficiency by more efficient use of grant, and £100k through reduction in extended schools support.

### Safeguarding, Family Placement and Support

The service was very close to break-even in 2007/08.

In 2008/09 there is an efficiency saving target of £200k on placements for Children Looked After. Currently this is proving difficult to achieve due to continuing requirements for placements and there is consequently a forecast overspend on the placements budget of £237k. This is being managed by freezing uncommitted budgets elsewhere in the service wherever possible.

Overall the service is forecasting a break-even position again for 2008/09. The demands on the placements budget should also be seen in the context of pressures of £212k on the Leaving Care budget (see Young People's services below). In total demand-led pressures on placements for high risk cases for both Children Looked

After and Care Leavers are a significant challenge. Measures are being developed to manage placements across the whole department in order to continue to achieve value for money improvements.

The Safeguarding, Family Placement and Support service also has an efficiency target of £295k to achieve through holding a general vacancy factor, and £75k to be met from the Education Welfare salary budget. The current forecast is that these amounts will be achieved in total, but it should be noted that achievement is partly dependent on the rate of staff turnover which is not directly controllable.

### **Special Needs Service**

Special Needs services were under significant pressure in 2007/08 and were over budget by £451k. In addition to these underlying pressures the service has a savings target of £880k on transport which will not be achieved in 2008/09. Work is underway with Capita to identify the scope for savings on Special Needs transport, but the actual amount achievable in 2008/09 is not expected to be significant. The forecast of £598k overspend therefore reflects considerable efforts to manage down expenditure across the budget as a whole. Expenditure at this relatively early stage of the year is potentially quite volatile. Some 2007/08 invoices for out-borough recoupment and hospital tuition are still to be received, and although provision has been made in the accounts the final figures will not be known until later in the year.

### **Young People's Service**

In 2007/08 the service achieved an under spend of £453k on Asylum Services. This was largely due to success in claiming grants of £300k related to prior years. The 2008/09 Asylum forecast assumes a lower level of under spend at £200k, as the prior year grants are not recurring. The 2007/08 Asylum under spend was partly offset by pressures on Leaving Care services and Youth Service budgets. These pressures continue in 2008/09 leaving a net overspend of £111k across the service as a whole. The service also has a vacancy factor saving of £169k which is currently forecast to be achieved, but will need to be monitored carefully throughout the year as it is partly dependent on staff turnover and therefore not directly controllable.

### **Schools**

Schools costs are met in full from Dedicated Schools Grant, and other specific grants.

### **Cross-cutting issues**

Departmental budgets have also been reduced in respect of corporate efficiency savings. While these are currently forecast to be achieved, there are some risks around delivery which will need to be monitored throughout the year.

## COMMUNITY AND ENVIRONMENT SERVICES

During 2007-8 there were a number of pressures that were identified and managed within the department to contain spending and uncommitted growth and as a result achieved an excellent outturn of £817k under spend. The department absorbed substantial Efficiency and Corporate Savings have been built into 2008-9 budgets. The RIO project identified £ 119k of potential income which have also been built into the budget

The under spend across the Council provided the capacity to deal effectively with risks and liabilities and strengthen the Council's balance sheet. As a consequence Cabinet agreed as part of the outturn report a number of carry forwards which included £161k in Environment & Cultural Services.

The 2008-9 financial year remains challenging with the economic climate having an impact on the amount of capital receipts generated and the resources to deliver some of the major projects.

The focus for 2008-9 is on delivering services more efficiently and to continue to manage budgets more effectively to build capacity and to deliver the efficiencies set out in the MTFs.

There have been a few potential risks and opportunities identified across the department which at present can be managed and are detailed below.

Although all the corporate savings have been built into the budget, these will be monitored very closely and will be reported as part of the monitoring process in future reports.

### Summary

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
	£000	£000	£000	%	£000
Community & Culture	10,380	10,440	60	0.6	81
Directorate Support & Performance	604	604	0	0	0
Environment	34,367	33,617	-750	2.18	-889
Planning	3,782	3,782	0	0	-9
Democratic Services	524	524	0	0	0
<b>Total</b>	<b>49,657</b>	<b>48,967</b>	<b>-690</b>	<b>1.39</b>	<b>-817</b>

### Community & Cultural Development

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
			£000	%	
	£000	£000	£000	%	£000
Libraries	5,445	5,445	0	0	-56
Community & Family	1,324	1,324	0	0	144
Sports & Leisure	2,484	2,544	60	2.4	71
Grants & Lettings	1,127	1,127	0	0	-78
<b>Total</b>	<b>10,380</b>	<b>10,440</b>	<b>60</b>	<b>0.6</b>	<b>81</b>

**Leisure Centre NNDR**- The anticipated NNDR rate relief saving built into the budget as part of the MTFS for the Leisure Trust Status is projected a shortfall of approx £ 60k. This is due to legal protracted discussions between the Council Legal Team and the Leisure Trust Legal Team.

### Environment Services

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
			£000	%	
	£000	£000	£000	%	£000
Community Safety	2,397	1447	-950	39.6	-454
Property & Infrastructure	10,680	10,880	200	1.87	-345
Public Realm Services	21,290	21,290	0	0	-90
<b>Total</b>	<b>34,367</b>	<b>34,217</b>	<b>-750</b>	<b>2.18</b>	<b>-889</b>

**Parking Enforcement** -Income on parking enforcement is looking healthy and the trend to date suggest £1m surplus against the budget based on income to date -£ 1m.

However there is always risk associated with this income, which is subject to very significant fluctuations through seasonal factors such as inclement weather and this can easily change this positive value to a similar negative value.

In the longer term the reliance on this income stream must be reduced as it is inevitable that with improved enforcement compliance will proportionately improve. This is the key objective for the service, with a directly proportionate reduction in income.

As part of the replacement of Civica parking processing system there will be a requirement to purchase new handheld devices at the cost of £ 80k. A virement is being currently sought to charge these costs to Capital.

**Crime Reduction** – An efficiency saving £ 50k was built into the budget to make more efficient use of the LAA grant but this saving will not be achieved due to loss of grant.

**Inflation Pressures**- There are also significant pressures on fuel and energy costs due to market conditions and although it is difficult to project accurately at this stage detailed work is being carried out to identify potential risk.

**Street Lighting PFI** -In order to meet the requirements of the Treasury's programme review group (PRG) it has been necessary to increase the contingency within the procurement budget for the Street Lighting PFI by a further £400k in addition to the £250k reported to Cabinet in May 2008. £200k of this additional procurement budget is in 2008-2009.

**Emergency Services & Responsive Mtce**- The repeat of 2007-8 under spend £ 168k is difficult to predict at this stage as it is a demand led service and dependent on the level of responsive maintenance and emergency call outs. Any flexibility in this budget will be reported in future reports.

**Utilities Income**- The additional income of £ 85k reported in 2007-8 has been built into the income target in 2008-9 budget as part of the RIO project.

### Planning Service

Service	Approved Budget	Forecast Outturn	Forecast Variance		2007/2008 actual full year Variance
			£000	%	
	£000	£000	£000	%	£000
Historic Building Grant	15	15	0	0	0
Planning Operations	1,916	1,916	0	0	355
Development & Enterprise LDF	1,180	1,180	0	0	-120
Major Projects	671	671	0	0	-244
Total	3,782	3,782	0	0	-9

**Planning Income**- Due to economic downturn it is likely to put pressure on the achievement of income targets for both Development and Building Regulations. The efficiency saving built into the MTFS to achieve additional income of £ 150k could potentially be at risk. Income is being carefully monitored and any pressures will be highlighted in future reports.

**Development Enterprise & LDF**- There has been a recruitment drive in this area and some of the vacancies are in the process of being a repeat of 2007-8 under spend is not likely to occur.

**Major Projects-** The 2007-08 outturn was due to staff vacancies and additional income received due to backdated rent as a result of rent reviews. Both of which are not ongoing into 2008-9.

## CONSOLIDATED

Directorate (1)	Budget 2008/09				Outturn Position		Quarter 1 Position		
	Original Budget £000 (2)	Brought Forward From 2007/08 £000 (3)	Virements to Date £000 (4)	Latest Estimate £000 (5)	Outturn Forecast £000 (6)	Projected Year End Variation £000 (7)	Profiled Budget £000 (8)	Actuals £000 (9)	Variation to Budget £000 (10)
<b>Corporate Finance</b>									
Gross Expenditure	143,782	100	3,935	147,817	148,117	300	2,248	-21,214	-23,462
Gross Income	-124,105		-4,795	-128,900	-129,200	-300	2,494	2,430	-64
<b>Net Expenditure</b>	19,677	100	-860	18,917	18,917		4,742	-18,784	-23,526
<b>Assistant Chief Executive</b>									
Gross Expenditure	22,184		1,624	23,808	23,808		5,951	5,639	-312
Gross Income	-6,974		-13,411	-20,385	-20,385		-5,096	-1,339	3,757
<b>Net Expenditure</b>	15,210		-11,787	3,423	3,423		855	4,300	3,445
<b>Legal Services</b>									
Gross Expenditure	5,506		985	6,491	6,491		1,623	1,003	-620
Gross Income	-4,282		-212	-4,494	-4,334	160	-1,123	-340	783
<b>Net Expenditure</b>	1,224		773	1,997	2,157	160	500	663	163
<b>Adults &amp; Housing</b>									
Gross Expenditure	86,087	313	2,384	88,784	88,080	-704	22,153	11,740	-10,413
Gross Income	-28,453		371	-28,082	-28,082		-7,021	-4,973	2,048
<b>Net Expenditure</b>	57,634	313	2,755	60,702	59,998	-704	15,132	6,767	-8,365
<b>Childrens</b>									
Gross Expenditure	202,025	160	2,522	204,708	205,358	651	51,166	185,687	134,521
Gross Income	-172,564		1,647	-170,917	-170,917		-42,729	-175,440	-132,711
<b>Net Expenditure</b>	29,462	160	4,169	33,791	34,441	651	8,437	10,247	1,810
<b>Community &amp; Environment</b>									
Gross Expenditure	79,873	480	4,405	84,758	85,068	310	21,133	14,774	-6,359
Gross Income	-35,783	-102	784	-35,101	-36,101	-1,000	-8,754	-11,915	-3,161
<b>Net Expenditure</b>	44,090	378	5,189	49,657	48,967	-690	12,379	2,859	-9,520
<b>Expenditure Total</b>	539,457	1,053	15,855	556,366	556,922	557	104,274	197,629	93,355
<b>Income Total</b>	-372,161	-102	-15,616	-387,879	-389,019	-1,140	-62,229	-191,577	-129,348
<b>Total Net</b>	167,297	951	239	168,487	167,903	-583	42,045	6,052	-35,993
<b>Housing Revenue Account</b>									
Gross Expenditure	17,974			17,974	18,462	488	4,609	1,713	-2,896
Gross Income	-17,183			-17,183	-17,598	-415	-4,602	-2,323	2,279
In year Deficit	791			791	864	73	7	-610	-617

## CORPORATE FINANCE

<b>Directorate and Corporate Finance Teams</b>									
Gross Expenditure	2834	100	147	3081	3081	0	605	426	-179
Gross Income	-1635	0	-1175	-2810	-2810	0	-524	-8	516
Net Expenditure	1199	100	-1028	271	271	0	81	418	337
<b>Other Finance Services</b>									
Gross Expenditure	-1119	0	-94	-1213	-1213	0	-61	1107	1168
Gross Income	-100	0	-174	-274	-274	0	-311	222	533
Net Expenditure	-1219	0	-268	-1487	-1487	0	-372	1329	1701
<b>Audit, Risk, Insurance, Health and Safety &amp; Procurement</b>									
Gross Expenditure	15477	0	301	15778	15778	0	-194	5151	5345
Gross Income	-15452	0	-624	-16076	-16076	0	120	795	675
Net Expenditure	25	0	-323	-298	-298	0	-74	5946	6020
<b>HITS</b>									
Gross Expenditure	5427	0	1519	6946	6946	0	1271	1009	-262
Gross Income	-2674	0	-3068	-5742	-5742	0	-970	-3	967
Net Expenditure	2753	0	-1549	1204	1204	0	301	1006	705
<b>Revenues &amp; Parking</b>									
Gross Expenditure	2011	0	831	2842	3142	300	692	267	-425
Gross Income	-925	0	-8	-933	-1233	-300	-215	0	215
Net Expenditure	1086	0	823	1909	1909	0	477	267	-210
<b>Assessments &amp; Exchequer</b>									
Gross Expenditure	107652	0	825	108477	108477	0	-2350	-29244	-26894
Gross Income	-99030	0	242	-98788	-98788	0	4772	1443	-3329
Net Expenditure	8622	0	1067	9689	9689	0	2422	-27801	-30223
<b>Corporate Services</b>									
Gross Expenditure	5435	0	9	5444	5444	0	1073	-605	-1678
Gross Income	-1472	0	219	-1253	-1253	0	-26	0	26
Net Expenditure	3963	0	228	4191	4191	0	1047	-605	-1652
<b>HRES</b>									
Gross Expenditure	2429	0	454	2883	2883	0	397	675	278
Gross Income	-2273	0	-583	-2856	-2856	0	-390	-19	371
Net Expenditure	156	0	-129	27	27	0	7	656	649
<b>Democratic Services</b>									
Gross Expenditure	3636	0	-57	3579	3579	0	815	0	-815
Gross Income	-544	0	376	-168	-168	0	38	0	-38
Net Expenditure	3092	0	319	3411	3411	0	853	0	-853
<b>Total</b>	19677	100	-860	18917	18917	0	4742	-18784	-23526
<b>Directorate Expenditure Total</b>	143782	100	3935	147817	148117	300	2248	-21214	-23462
<b>Directorate Income Total</b>	-124105	0	-4795	-128900	-129200	-300	2494	2430	-64
<b>Directorate Net Total</b>	19677	100	-860	18917	18917	0	4742	-18784	-23526



## ASSISTANT CHIEF EXECUTIVE

Directorate (1)	Budget 2008/09				Outturn Position		Quarter 1 Position		
	Original Budget £000 (2)	Brought Forward From 2007/08 £000 (3)	Virements to Date £000 (4)	Latest Estimate £000 (5)	Outturn Forecast £000 (6)	Projected Year End Variation £000 (7)	Profiled Budget £000 (8)	Actuals £000 (9)	Variation to Budget £000 (10)
<b>Chief Executive's Office</b>									
Gross Expenditure	798		-289	509	509	0	127	75	-52
Gross Income	0		0	0	0	0	0	-3	-3
Net Expenditure	798	0	-289	509	509	0	127	72	-55
<b>Assitant Chief Department</b>									
Gross Expenditure	473		223	696	696	0	174	2246	2072
Gross Income	0		-78	-78	-78	0	-20	0	20
Net Expenditure	473	0	145	618	618	0	154	2246	2092
<b>Policy , Performance &amp; HR</b>									
Gross Expenditure	7597		949	8546	8546	0	2136	1325	-811
Gross Income	-3160		-2040	-5200	-5200	0	-1300	-1295	5
Net Expenditure	4437	0	-1091	3346	3346	0	836	30	-806
<b>Corporate Strategy &amp; Business Support</b>									
Gross Expenditure	477		-644	-167	-167	0	-42	545	587
Gross Income	-3315		2306	-1009	-1009	0	-252	-41	211
Net Expenditure	-2838	0	1662	-1176	-1176	0	-294	504	798
<b>Customer Services Total</b>									
Gross Expenditure	12839		1385	14224	14224	0	3556	1448	-2108
Gross Income	-499		-13599	-14098	-14098	0	-3524	0	3524
Net Expenditure	12340		-12214	126	126	0	32	1448	1416
<b>Customer Services Total</b>	15210	0	-11787	3423	3423	0	855	4300	3445
<b>CED Total</b>									
<b>Directorate Expenditure Total</b>	22184	0	1624	23808	23808	0	5951	5639	-312
<b>Directorate Income Total</b>	-6974	0	-13411	-20385	-20385	0	-5096	-1339	3757
<b>Directorate Net Total</b>	15210	0	-11787	3423	3423	0	855	4300	3445

## LEGAL SERVICES

<b>Legal Services</b>									
Gross Expenditure	5506	0	985	6491	6491	0	1623	1003	-620
Gross Income	-4282	0	-212	-4494	-4334	160	-1123	-340	783
Net Expenditure	1224	0	773	1997	2157	160	500	663	163

## ADULTS &amp; HOUSING

Directorate (1)	Budget 2008/09				Outturn Position		Quarter 1 Position		
	Original Budget £000 (2)	Brought Forward From 2007/08 £000 (3)	Virements to Date £000 (4)	Latest Estimate £000 (5)	Outturn Forecast £000 (6)	Projected Year End Variation £000 (7)	Profiled Budget £000 (8)	Actuals £000 (9)	Variation to Budget £000 (10)
<b>ADULTS</b>									
<b>Community Care</b>									
Gross Expenditure	50,002	200	-611	49,591	49,283	-308	12,282	6,300	-5,982
Gross Income	-10,261	0	-259	-10,520	-10,520	0	-2,630	-904	1,726
Net Expenditure	39,741	200	-870	39,071	38,763	-308	9,652	5,396	-4,256
<b>Commissioning &amp; Partnerships</b>									
Gross Expenditure	19,745	113	1,013	20,871	20,781	-90	5,263	2,943	-2,320
Gross Income	-11,690	0	259	-11,431	-11,431	0	-2,858	-3,480	-622
Net Expenditure	8,055	113	1,272	9,440	9,350	-90	2,405	-537	-2,942
<b>Modernisation &amp; Integration</b>									
Gross Expenditure	11,948	0	1,305	13,253	12,973	-280	3,340	1,398	-1,942
Gross Income	-5,553	0	79	-5,474	-5,474	0	-1,368	-393	975
Net Expenditure	6,395	0	1,384	7,779	7,499	-280	1,972	1,005	-967
<b>Strategic Management</b>									
Gross Expenditure	0	0	0	0	0	0	0	0	0
Gross Income	-299	0	299	0	0	0	0	0	0
Net Expenditure	-299	0	299	0	0	0	0	0	0
<b>Adults Total</b>	<b>53,892</b>	<b>313</b>	<b>2,085</b>	<b>56,290</b>	<b>55,612</b>	<b>-678</b>	<b>14,029</b>	<b>5,864</b>	<b>-8,165</b>
<b>HOUSING</b>									
<b>Housing Partnerships</b>									
Gross Expenditure	471	0	80	551	538	-13	138	123	-15
Gross Income	0	0	0	0	0	0	0	0	0
Net Expenditure	471	0	80	551	538	-13	138	123	-15
<b>Housing Needs</b>									
Gross Expenditure	2,988	0	320	3,308	3,308	0	828	796	-32
Gross Income	-556	0	4	-552	-552	0	-138	-181	-43
Net Expenditure	2,432	0	324	2,756	2,756	0	690	615	-75
<b>Travellers Site</b>									
Gross Expenditure	34	0	-1	33	32	-1	8	-22	-30
Gross Income	-3	0	0	-3	-3	0	-1	3	4
Net Expenditure	31	0	-1	30	29	-1	7	-19	-26
<b>Other</b>									
Gross Expenditure	254	0	98	352	349	-3	88	48	-40
Gross Income	0	0	-11	-11	-11	0	-3	0	3
Net Expenditure	254	0	87	341	338	-3	85	48	-37
<b>Resident Services (Watkins House)</b>									
Gross Expenditure	399	0	122	521	520	-1	130	111	-19
Gross Income	-91	0	0	-91	-91	0	-23	-7	16
Net Expenditure	308	0	122	430	429	-1	107	104	-3
<b>Complaints</b>									
Gross Expenditure	246	0	58	304	296	-8	76	43	-33
Gross Income	0	0	0	0	0	0	0	-11	-11
Net Expenditure	246	0	58	304	296	-8	76	32	-44
<b>Housing Total</b>	<b>3,742</b>	<b>0</b>	<b>670</b>	<b>4,412</b>	<b>4,386</b>	<b>-26</b>	<b>1,103</b>	<b>903</b>	<b>-200</b>
<b>Adults &amp; Housing Total</b>	<b>57,634</b>	<b>313</b>	<b>2,755</b>	<b>60,702</b>	<b>59,998</b>	<b>-704</b>	<b>15,132</b>	<b>6,767</b>	<b>-8,365</b>
<b>Directorate Expenditure Total</b>	<b>86,087</b>	<b>313</b>	<b>2,384</b>	<b>88,784</b>	<b>88,080</b>	<b>-704</b>	<b>22,153</b>	<b>11,740</b>	<b>-10,413</b>
<b>Directorate Income Total</b>	<b>-28,453</b>	<b>0</b>	<b>371</b>	<b>-28,082</b>	<b>-28,082</b>	<b>0</b>	<b>-7,021</b>	<b>-4,973</b>	<b>2,048</b>
<b>Directorate Net Total</b>	<b>57,634</b>	<b>313</b>	<b>2,755</b>	<b>60,702</b>	<b>59,998</b>	<b>-704</b>	<b>15,132</b>	<b>6,767</b>	<b>-8,365</b>
<b>Housing Revenue Account</b>									
Gross Expenditure	17,974	0	0	17,974	18,462	488	4,609	1,713	-2,896
Gross Income	-17,183	0	0	-17,183	-17,598	-415	-4,602	-2,323	2,279
In year Deficit	791	0	0	791	864	73	7	-610	-617

## CHILDRENS

Directorate (1)	Budget 2008/09				Outturn Position		Quarter 1 Position		
	Original Budget £000 (2)	Brought Forward From 2007/08 £000 (3)	Virements to Date £000 (4)	Latest Estimate £000 (5)	Outturn Forecast £000 (6)	Projected Year End Variation £000 (7)	Profiled Budget £000 (8)	Actuals £000 (9)	Variation to Budget £000 (10)
<b>School Development</b>									
Gross Expenditure	8,256		464	8,720	8,720	0	2,180	3,141	961
Gross Income	-5,301		324	-4,977	-4,977	0	-1,244	9,847	11,092
Net Expenditure	2,955	0	788	3,743	3,743	0	936	12,988	12,052
<b>Children's Services Management</b>									
Gross Expenditure	1,480	160	370	2,010	2,010	0	490	91	-399
Gross Income	-257		-196	-453	-453	0	-113	-174	-60
Net Expenditure	1,223	160	174	1,557	1,557	0	377	-83	-459
<b>Early Years Service</b>									
Gross Expenditure	11,018		-2,097	8,922	8,922	0	2,230	3,012	782
Gross Income	-7,650		3,019	-4,630	-4,630	0	-1,158	-650	508
Net Expenditure	3,369	0	923	4,291	4,291	0	1,073	2,363	1,290
<b>Safeguarding, Family Placement and Support</b>									
Gross Expenditure	13,214		1,192	14,406	14,346	-60	3,603	3,263	-340
Gross Income	-1,031		-112	-1,143	-1,143	0	-286	-334	-48
Net Expenditure	12,182	0	1,080	13,263	13,203	-60	3,317	2,929	-388
<b>Special Needs Service</b>									
Gross Expenditure	22,380		1,000	23,380	23,978	599	5,845	3,448	-2,397
Gross Income	-8,708		-22	-8,730	-8,730	0	-2,183	-834	1,348
Net Expenditure	13,672	0	978	14,650	15,248	599	3,663	2,614	-1,049
<b>Young People's Services</b>									
Gross Expenditure	9,545		1,343	10,888	11,000	112	2,722	1,358	-1,364
Gross Income	-5,368		-177	-5,545	-5,545	0	-1,386	212	1,598
Net Expenditure	4,178	0	1,166	5,343	5,455	112	1,336	1,570	234
<b>Schools</b>									
Gross Expenditure	136,133		249	136,383	136,383	0	34,096	171,373	137,278
Gross Income	-144,249		-1,189	-145,438	-145,438	0	-36,360	-183,508	-147,148
Net Expenditure	-8,116	0	-939	-9,055	-9,055	0	-2,264	-12,134	-12,134
<b>Directorate Expenditure Total</b>	202,025	160	2,522	204,708	205,358	651	51,166	185,687	134,521
<b>Directorate Income Total</b>	-172,564	0	1,647	-170,917	-170,917	0	-42,729	-175,440	-132,711
<b>Directorate Net Total</b>	29,462	160	4,169	33,791	34,441	651	8,437	10,247	1,810

## COMMUNITY &amp; ENVIRONMENT

Directorate (1)	Budget 2008/09				Outturn Position		Quarter 1 Position		
	Original Budget £000 (2)	Brought Forward From 2007/08 £000 (3)	Virements to Date £000 (4)	Latest Estimate £000 (5)	Outturn Forecast £000 (6)	Projected Year End Variation £000 (7)	Profiled Budget £000 (8)	Actuals £000 (9)	Variation to Budget £000 (10)
<b>Directorate &amp; Support</b>									
Gross Expenditure	951	0	-43	908	908	0	225	-184	-409
Gross Income	-234	0	-70	-304	-304	0	-76	0	76
Net Expenditure	717	0	-113	604	604		149	-184	-333
<b>Community &amp; Cultural Services</b>									
Gross Expenditure	12,321	119	1,615	14,055	14,115	60	3,514	2770	-744
Gross Income	-3,603	0	-72	-3,675	-3,675	0	-919	-1669	-750
Net Expenditure	8,718	119	1,543	10,380	10,440	60	2,595	1,101	-1,494
<b>Environment Services</b>									
Gross Expenditure	59,023	361	1,965	61,349	61,599	250	15,279	10349	-4930
Gross Income	-26,893	-102	13	-26,982	-27,982	-1,000	-6,724	-3899	2825
Net Expenditure	32,130	259	1,978	34,367	33,617	-750	8,555	6,450	-2,105
<b>Major Projects</b>									
Gross Expenditure	2,106		167	2,273	2,273	0	569	316	-253
Gross Income	-1,828		227	-1,601	-1,601	0	-400	-375	25
Net Expenditure	278	0	394	672	672	0	169	-59	-228
<b>Planning Operations</b>									
Gross Expenditure	4,927		722	5,649	5,649	0	1,414	1522	108
Gross Income	-2,513		-26	-2,539	-2,539	0	-635	-5972	-5337
Net Expenditure	2,414	0	696	3,110	3,110	0	779	-4,450	-5229
<b>Democratic Services</b>									
Gross Expenditure	545		-21	524	524	0	132	1	-131
Gross Income	-712		712	0	0	0	0	0	0
Net Expenditure	-167	0	691	524	524		132	1	-131
<b>Directorate Expenditure Total</b>	<b>79,873</b>	<b>480</b>	<b>4,405</b>	<b>84,758</b>	<b>85,068</b>	<b>310</b>	<b>21,133</b>	<b>14,774</b>	<b>-6,359</b>
<b>Directorate Income Total</b>	<b>-35,783</b>	<b>-102</b>	<b>784</b>	<b>-35,101</b>	<b>-36,101</b>	<b>-1,000</b>	<b>-8,754</b>	<b>-11,915</b>	<b>-3,161</b>
<b>Directorate Net Total</b>	<b>44,090</b>	<b>378</b>	<b>5,189</b>	<b>49,657</b>	<b>48,967</b>	<b>-690</b>	<b>12,379</b>	<b>2,859</b>	<b>-9,520</b>

## CAPITAL PROGRAMME MONITORING AS AT 30th June 2008

	Approved £000	Brought forward, commitments from 2007/08 £000	New Schemes/Transfers /Rephasings £000	Forecast Outturn 2008/09 £000	Variation £000
Corporate Finance & Corporate Strategy	9,209	7,528	-100	16,637	0
Adults & Housing	16,268	4,543	3,310	20,521	0
Children Services	26,458	31,162	-19,247	38,373	0
Community & Environment	30,650	6,025	-83	36,592	0
Capitalisation	1,000			1,000	0
<b>Total</b>	<b>83,585</b>	<b>49,258</b>	<b>-19,720</b>	<b>113,123</b>	<b>0</b>

## NEW SCHEMES, TRANSFERS AND REPHASING

Corporate Finance & Corporate Strategy

Description	£000
Parking System Replacement – To replace the current CIVCA system	300
Disaster Recovery	-400
<b>Total</b>	<b>-100</b>

Adults and Housing

Description	£000
Occupational Therapy – Budget no longer required	-290
Decent homes programme brought forward from 09/10	3,600
<b>Total</b>	<b>3,310</b>

Children Services

Description	£000
Post 16 – additional grant funding	136
High School No. 1 – additional grant funding	1,492
Youth Community Fund	25
Catering- Budget saving due to Grant Funding	-200
Future Whitmore- Rephase to 2010	-700
Post 16- Rephase in line with the programmed works	-10,000
High Schools No 1- Rephase in line with the programmed works	-10,000
<b>Total</b>	<b>-19,247</b>

## Community &amp; Environment

Description	£000
Rights of Way – New transportation grant funded project	23
TFL Schemes Revised Allocation for 2008-9 to the previously estimated allocation.	-457
Harrow Art Centre – New Build extension (grant funded)	800
Planning Development Grant – additional grant funding	51
Petts Hill- Harrow Funding	-500
<b>Total</b>	<b>-83</b>

## Housing Revenue Account (HRA) – Forecast Outturn 2008-2009

## PERIOD 3 : June 2008

	Approved Budget 2008-09	Forecast Outturn 2008-09	Variance £000	Variance (%)	Comments
<b>Expenditure</b>					
Employee Costs	2,795,705	2,810,274	14,569	1%	Assumed all training budgets will be fully spent, Salary overspends in Sheltered services 100k resident services (75k)
Supplies & Services	2,008,890	2,059,697	50,807	3%	under occupation scheme projecting overspend of £30k, printing £10k, council tax £13k plus various other variations
Central Recharges	1,664,020	1,664,022	2	0%	
Employee Costs - Needs / Strategy	427,425	431,000	3,575	1%	HRA contribution to HGFsalary costs
Recharge to other services	-502,530	-502,530	0	0%	Supporting People Grant.
Home Ownership Service	8,100	23,544	15,444	191%	Salaries cost overspend 7k, Debt recovery £2k, grounds maintenance £2k
Baseline expenditure	6,401,610	6,486,007	84,397	1%	
Contingency - general	199,400	115,000	-84,400	-42%	Deep clean on estates 65k and redundancy cost £50k. Balance held for unforeseen cost.
<b>Operating Expenditure</b>	<b>6,601,010</b>	<b>6,601,007</b>	<b>-3</b>	<b>0%</b>	
Charges for Capital	5,520,640	5,520,640	0	0%	Assumes full spend on Decent Homes capital programme plus carry forward from 2007/08
Contribution to Repairs Account	4,752,170	5,240,533	488,363	10%	Assumes a full external decorations programme, additional cost expected for electrical testing on sheltered blocks £100k and overspend on landlord repairs of 400k
RCCO	1,000,000	1,000,000	0	0%	Contribution to Decent Homes expenditure.
Bad or Doubtful Debts	100,000	100,000	0	0%	Assumed level of right offs and arrears position requires a top of £100k
<b>Total Expenditure</b>	<b>17,973,820</b>	<b>18,462,180</b>	<b>488,360</b>	<b>3%</b>	

## Appendix 4

<b>Income</b>					
Rent Income – Dwellings	-21,160,320	-21,357,606	-197,286	1%	Higher rent income resulting from lower RTB sales and voids levels lower than assumed in budget
Rent Income – Non Dwellings	-990,810	-924,675	66,135	-7%	Higher level of void garages
Service Charges - Tenants	-1,079,420	-1,088,419	-8,999	1%	
Service Charges - Leaseholders	-210,000	-210,000	0	0%	Leaseholders service charge income assumed to be on budget
Facility Charges	-469,980	-466,980	3,000	-1%	Income from Heating & Water charges.
Interest	-19,000	-14,250	4,750	-25%	Mortgage Interest receivable.
Other Income	-8,010	-9,450	-1,440	18%	Mainly court cost recovered
Transfer from General Fund	-83,000	-83,000	0	0%	Contribution from the HGF.
HRA Subsidy	6,837,600	6,555,933	-281,667	-4%	Interest rate for capital charges has increased from 4.50% to 5.15% these are allowable cost reducing the net subsidy payable
<b>Total Income</b>	<b>-17,182,940</b>	<b>-17,598,447</b>	<b>-415,507</b>	<b>2%</b>	
<b>In Year Deficit / (Surplus)</b>	<b>790,880</b>	<b>863,733</b>	<b>72,853</b>	<b>9%</b>	
<b>BALANCE</b>	<b>-5,468,048</b>	<b>-4,862,750</b>			

### Housing Revenue Account

- Budgets to be reviewed and compared to GOL agreed HRA Business Plan
- Review of depooling of rent and service charges, including those billed to leaseholders
- Impact of pressures on repairs to be established, including the need to review management information requirements to enable the budget to be effectively managed. There is limited flexibility in the HRA and therefore, increased expenditure on repairs will either increase borrowing as a consequence of reducing RCCO or delaying the Decent Homes Programme. Early indications suggest that this may be offset by reduced subsidy payable to CLG.
- Impact of SSC review

**Debt Management**

Tables, showing the aged debt analysis for various categories of debtors, together with the required amounts for BDP according to the rate cards adopted, [but revised in 2007-2008 for Council Tax], are set out below.

**Council Tax**

Currently, bad debt provisions (BDP) of £3.558m exist [£3.83m - £0.272m w/off 1/4/08-30/06/08] for Council Tax against a potential BDP of £3.90m before the 2008/09 contribution, for debts accrued to 31 March 2008.

<b>COUNCIL TAX</b>	Net Arrears outstanding as @ 31.03.08	Net Arrears outstanding as @ 30.06.08	BDP rate as per approved rate card	BDP Required As at 30.06.08
	£	£	%	£
1994-1995 to 2004-2005 system balance	600,240	968,554	100	968,554
2005-2006 system balance	487,767	778,815	86	669,780
2006-2007 system balance	869,480	1,188,793	73	867,818
2007-2008 system balance	1,371,749	2,592,713	54	1,400,065
<b>Total Council Tax Debt over 12 months old</b>	<b>3,329,236</b>	<b>3,906,219</b>		<b>3,906,217</b>

**National Non Domestic Rates (NNDR)**

Currently, bad debt provisions of £2.272m [£2.298m - £0.026m w/off 1/4/08-30/06/08] exist for business rates (NNDR) against a potential BDP of £1.955m. But as the business rates are a call on the national non-domestic rate pool of central government there is no financial affect to this Authority.

<b>NATIONAL NON DOMESTIC RATES (NNDR)</b>	Net Arrears outstanding as @ 31.03.08	Net Arrears outstanding as @ 30.06.08	BDP rate as per approved rate card	BDP Required As at 30.06.08
	£	£	%	£
1993-2004 to 2006-2007 system balance	720,661	1,245,526	100	1,245,526
2007-2008 system balance	457,956	1,420,119	50	710,059
<b>Total Business Rates Debt over 12 months old</b>	<b>1,178,617</b>	<b>2,665,645</b>		<b>1,955,585</b>

**General Debtors**

A provision of £1,408k exist in respect of general debt raised before 31 March 2006, Harrow Primary Care Trust and Consortium of North West London. Since 1 April 2006 the revised Financial Regulations provide for write-offs to be made against the originating service directorate budget.



Housing Benefits

Currently, bad debt provisions of £1,178k exist for Housing Benefit overpayment debt against a potential BDP of £1,481. There is a potential short fall of £0.3m, the position is being closely monitored. No allowance for any increase has been built into the forecast so far and it will need to be reviewed in line with other bad debt provisions .

	Outstanding Debt as at 31.03.08	Outstanding Debt as at 30.06.08	Bad Debt requirement	
	£000	£000	%	£000
<b>HOUSING BENEFIT OVERPAYMENTS</b>				
Housing Benefit arrears currently being collected from future payments, therefore no BDP required	1,476	1,435	0.0	0.0
BDP 31.03.08	0	0	0.0	0.0
<u>Housing Benefit arrears in debtor system</u>				
Prior to 2004-2005	492	468	100%	468
2005-2006	449	437	100%	437
2006-2007	536	510	40%	204
2007-2008	1,151	817	30%	245
2008-2009 (to Date)	0	422	30%	127
<b>TOTAL</b>	<b>2,628</b>	<b>2,654</b>		<b>1,481</b>
BDP 31.03.08				<b>1,178</b>

Housing Revenue Account

Housing Revenue Account current provision of £808k exist against an estimated requirement of £823k. This provision is for Service Charges and Current and Former tenants rent arrears and adjusted to reflect write off of uncollectible debt. There is a potential shortfall of £15k, which will be closely monitored. Any shortfall at year end will be funded from Housing Revenue Account.

	Outstanding Debt as at 31.03.08	Outstanding Debt as at 30.06.08	Bad Debt requirement	
<b><u>HOUSING – LEASEHOLDERS</u></b>				
Less than 30 days	16	35	0.0%	0
30 to 60 days	0	70	7.5%	5
60 to 90 days	0	0	15.0%	0
90 to 180 days	80	98	50.0%	49
181 to 365 days	55	0	75.0%	0
> 365 days	151	148	100.0%	148
<b>TOTAL</b>	<b>302</b>	<b>351</b>		<b>202</b>
BDP 31.03.08				187
<b><u>HOUSING – FORMER TENANT ARREARS</u></b>				
Less than 30 days	17	17	0.0%	0
30 to 60 days	32	36	7.5%	3
60 to 90 days	34	33	15.0%	5
90 to 180 days	85	80	50.0%	40
181 to 365 days	147	172	75.0%	129
> 365 days	149	179	100.0%	179
<b>TOTAL</b>	<b>464</b>	<b>517</b>		<b>356</b>
BDP 31.03.08				352
<b><u>HOUSING – CURRENT TENANT ARREARS</u></b>				
Less than 30 days	128	222	0.0%	0
30 to 60 days	117	131	7.5%	9
60 to 90 days	106	90	15.0%	13
90 to 180 days	165	183	50.0%	92
181 to 365 days	142	119	75.0%	89
> 365 days	33	62	100.0%	62
<b>TOTAL</b>	<b>691</b>	<b>807</b>		<b>265</b>
BDP 31.03.08				269