

Meeting:	Cabinet
Date:	18 December 2008
Subject:	Revenue and Capital Monitoring 2008-2009
Key Decision:	No
Responsible Officer:	Myfanwy Barrett: Corporate Director of Finance
Portfolio Holder:	David Ashton (Leader and Portfolio Holder for Strategy, Partnership and Finance)
Exempt:	No
Enclosures:	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 September 2008.

Recommendations:

- (a) Note the revenue and capital forecast outturn position for 2008-2009 and request the Corporate Directors to produce management action plans to manage the pressures and to ensure that there are compensating savings to bring the budget back into balance.;
- (b) In relation to the Housing Revenue Account, it is recommended that the current cessation of non urgent repairs continue to the end of the year in order to contain the forecast overspend within £0.650m, as set out in paragraphs 4-7;
- (c) Approve the write off of £0.383m of day care debt as set out at paragraph.17;
- (d) Approve the amendments to the Capital Programme as set out in appendix 3.

Reason

To present the forecast financial position as at 30 September 2008 and actions required to be taken.

Section 2: Report

Introduction

1. The forecast outturn for the total Directorate budgets estimated at the end of September 2008 is £170.552m against a latest budget of £168,698m, which represents an over spend of £1.854m, 1.0 % of the net budget. This is a movement of £2.437m since the position reported at the end of June 2008 which was an under spend of £0.583m. The table below summarises the position:

Original Budget	Directorate	Latest Budget at 30 Sept. 2008	Forecast Outturn at 30 Sept. 2008	Variation	% Variation
£000		£000	£000	£000	
57,634	Adults & Housing	60,763	60,695	-68	-0.1
29,462	Children's	33,765	34,564	799	2.4
44,090	Community and Environment	49,235	49,235	0	0
19,435	Corporate Finance	12,332	12,332	0	
15,451	Assistant Chief Executive	3,632	4,367	735	0
	Corporate and Democratic	3,411	3,411	0	0
1,225	Legal and Governance	2,017	2,205	188	9.0
	Corporate Items	3,543	3,743	200	3.7
167,297	Total Directorate	168,698	170,552	1,854	1.0

Revenue Budget

2. The first quarter revenue and capital monitoring report to the 18 September Cabinet forecast a total directorate revenue under spend of £0.583m compared to the over spend position of £1.854 m reported for the second quarter. The key changes to the forecast are explained below. It was highlighted in the first quarter that there were certain areas of risk not yet factored into the forecast. These are now included in the figures above and explained below.
3. Adults and Housing are forecasting a small under spend of £0.068m. The under spend forecast by Adults has decreased by £0.630m since the first quarter. This is due mainly to increased pressure on Learning Disability residential which has moved from a forecast over spend of £0.659m to an over spend of £1.346m in the second quarter, an increase of £0.687m. The forecast under spend for

Older People has reduced by £0.325m from £0.785m to £0.460m partly due to the potential write off of debt of £0.172m .

- The potential shortfall in the savings target for Children's of £0.651m reported last quarter has increased by £0.148m to £0.799m. This arises from the SEN transport saving of £0.880m failing to be realized and is exacerbated by a further rise in the cost of the service of £0.190m due to the increase earlier this year in fuel costs and increased demand. This is offset by some under spends elsewhere but this is mitigated partly by additional pressures on Young People's Services.
- Community and Environment are reporting additional pressures of £ 0.690 m since the first quarter which gives a balanced forecast outturn position compared to a forecast under spend of £0.690m in the previous quarter. The pressures offset the additional income of £1m from parking enforcement reported in the first quarter. The pressures mainly arise from increased costs of the recycling contract (£0.360m), a shortfall on income of £0.130m from the rubbish tip and estimated pressures on utilities contracts of £0.410m for the remainder of the year. The risk of utilities price increases was highlighted in the first quarter but was still unquantified.
- For Corporate areas: Legal and Governance is reporting an increased shortfall on land charges income of £0.188m due to the decrease in activity in the property market.; the Revenue Income Optimisation (RIO) Project is forecast to underachieve by around £0.200m this year as highlighted previously; and, the Business Transformation Programme (BTP) efficiency savings target has a potential shortfall of around £0.484m.

Housing Revenue Account

4. The Housing Revenue Account is included at Appendix 4. There is an overall forecast over spend of £0.380m which arises mainly from the forecast over spend on repairs of £0.650m. This assumes that all urgent repairs continue to be dealt with. The Housing Management team have put in place an action plan with effect from 1 October 2008:
 - Implementation of void repairs to minimum lettable standards;
 - a. Deferral of non urgent repairs which do not pose a health and safety risk to residents or affect structural integrity until 2009/10;
 - b. Non urgent works to be put in abeyance for reassessment by Property Services officers in 2009/10.
5. The approach outlined enables the Authority to fulfil its statutory obligations by delivering urgent repairs in accordance with Right to Repair legislation. Non urgent works account for approximately 24% of annual responsive repair spend and the anticipated financial impact of this measure helps reduce the maximum potential overspend of £1.250 m by £0.593m to the £0.650m overspend currently forecast.
6. The process for managing non urgent repairs involves pre-inspection by Property Services officers to assess if the repair would cause serious property damage if left unattended. The Authority's maintenance database is also checked to establish if any 'care flags' apply to the property where the repair has been requested. This is to ensure that the well being or lifestyle of residents who are vulnerable, disabled or have a medical condition, is not compromised or adversely

affected. Where special circumstances are considered to apply – there is an approval process with permission sought from Housing Resident Services and the works undertaken accordingly.

7. Work is currently underway to review the budget to be allocated for 2009/10 and ensure this is aligned with the scope of the service to be delivered and responsive repair demand. Options and recommendations arising from this exercise will be presented to February 2009 Cabinet as part of the budget and MTFS process. It is recommended that the current cessation of non urgent repairs continue to the end of the financial year.

Management Action being taken since the report at quarter 1:

8. It was reported last time that following their meeting on 20 August 2008 the Corporate Strategy Board (CSB) were taking the following actions:
 - 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 now fully reflected in the forecast outturn for 2008/09 as set out above;
 - The Director for Adults and Housing has set up a project team facilitated by Capita to produce a outline project plan and resources required to address HOST financial management issues;
 - The Director for Children's Services has identified some areas of under spend and savings and is pro-actively putting in measures to contain the SEN transport over spend. The savings found have been offset by additional pressures on Looked After Children and Care Leavers which are demand led. Further actions are being taken but these are unlikely to result in eliminating all of the over spend. The position has worsened and joint work with Capita to contain the SEN transport budget is unlikely to yield benefits this year;
 - There remain pressures on Legal & Governance and RIO for which offsetting savings are required;
 - The director for Corporate Finance has in consultation with directorates taken action to reduce or rephase the Capital Programme by £14.5m;
 - The directors for Adults and Housing and Environment and Community have taken action to prevent further over spending on housing repairs whilst maintaining the level of service on urgent repairs. The position is shown at Appendix 4 and referred to at paragraph 3.

CSB 19 November decisions

9. CSB discussed the latest financial position at its meeting on 19 November. Whilst it was acknowledged that much good practice is in place to contain spending and manage budgets, it was agreed that further management action is required to manage the pressures and that all spending should be restrained where it does not impact service delivery. A spending protocol has been issued to all managers by the Corporate Director for Finance. The management action should reduce the pressures and deliver compensating under spends so that the budget is in balance by the year end.

Savings Targets

10. The 2008/09 budget includes efficiency savings of £9.9m. The predicted shortfall is £2.310m which is already included in the directorate total forecast outturn. The main areas of shortfall are: £0.799m in Children's mainly on Special Needs Transport already highlighted; £0.150m on planning fee income due to the economic slowdown; £0.125m due to the delay on the fleet renewal - awaiting vehicle delivery schedules from Fraikins; the RIO shortfall of £0.200m already highlighted, and a potential risk that around £0.484m of the BTP efficiency target will not be made this year against the target of £1.5m. The shortfall is the remaining target to be delivered after allowing for around £0.200m of projects still to be signed off by managers and implemented this year. Any shortfall will be carried forward against next year's target. There is an additional shortfall which arises because an overachievement of £0.360m on the programme in 2007/08 was allocated as part of the outturn position and reduces the BTP target this year.

Capital Financing and Investment Income

11. The measures taken to reduce or rephase the Capital Programme by £13.5m as set out in appendix 3 enable some savings to help offset the decrease in investment income as a result of the decrease in the Bank of England base rate. The rate has reduced from 5 to 4.5%, from 6 November by a further 1.5 to 3%, and from 4 December by a further 1 to 2%. A further decrease is anticipated next year. This influences the interest rates offered on lending and is further exacerbated by actions taken to restrict the lending counterparty list to minimise risk.

General Balances

12. General balances stand at £4.0m. The consolidated general balances position is forecast as £2.146m when taking into account the forecast revenue overspend of £1.854m. The spending protocol issued and the management actions required referred to at paragraph 9 must address the forecast overspend and ensure that the budget is in balance at year end as a minimum. This will ensure that balances are not eroded.

Capital Programme

13. The Capital Programme is reported at Appendix 3. There is a current projected outturn of £105,258m. No slippage is reported. The programme has been reduced or rephased by £13.5m in order to help reduce the costs of capital financing in 2008/09. This is mainly; £9.0m in relation to the leisure centres; £1.0m for the Town Centre; and, £2.8m in relation to BTP and IT projects. There are additions of £2.365m, of which the main addition to the Programme is £1.0m for Petts Hill funded by additional TFL grant.

Council Tax and NNDR collection and Housing Benefits

14. The latest position on Council Tax and NNDR collection shows that collection rates on Revenues are on track. There is evidence that the economic conditions are having an effect on NNDR although this trend is more apparent currently in other boroughs than Harrow. There is evidence that Housing Benefit claims are rising and it is expected that a fall in collection rates and escalated problems in collecting NNDR will start to emerge early next year.
15. The arrears on Housing Benefits at the end of quarter 1 show 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.
16. Procedures to maximize the efficiency for managing and collecting debt are now in place. However, it is more difficult to collect older debt. The position on general bad debt has worsened by £0.900m due to more of the debt exceeding 365 days. Under the policy for debt management this needs to be provided for at 100% in the bad debt provision although a lot of this debt is still being pursued. Directorates are asked to increase their efforts to manage older debt and will be required to plan for the additional cost of write offs and rising costs of the BDP.
17. We have reached agreement with the PCT over the settlement of £0.763m of historic disputed debt in relation to day care. The PCT has agreed to pay £0.380m leaving £0.383m to be written off. A specific provision was created of £0.370m against this risk and the remaining £0.013m can be met from within the LD figures reported. Member approval is sought to action the write off.

Current Economic Outlook

18. Evidence of the economic recession is increasing. Whilst the full effect of the recession has yet to impact on council services – it remains inevitable that as unemployment figures rise towards 2 million and the housing market continues to fall, there will be increased pressure on council services such as ; sundry debtors, housing rents and service charges, homelessness and potentially parking and other income. This is being closely monitored. CPI was 5.2% in September and fell to 4.5% in October with oil prices down to around \$50 a barrel. It is expected to fall sharply in December with the threat of undershooting its target of 2% next year with the real possibility of deflation. It is for this reason that the Bank of England has reduced base rate to 3% and 2% from 4 December, with a strong indication of a further decrease to come next year. The pre budget report on 24 November has announced a number of changes to fiscal policy to further boost the economy. This includes a reduction in VAT from 17.5 to 15%.
19. The Council has reviewed its fees and charges and has passed on the decrease in VAT where this is applicable and realistic in terms of cost and impact. This is applicable to Planning and Building Notice Applications for example but not areas where the impact is minimal.

Other Risks and opportunities

20. The pay award for 2008/09 is not yet finalized and is in arbitration. The Council has decided to award staff the 2.45% offer backdated to April in the December salary payment. Any adjustment to the final offer will be made once it is known.

Financial Effectiveness Review

21. There is a substantial increase in all directorates in the number of managers using the SAP system to forecast their outturn position. The position is summarised below. The next step will be to measure how robust the manager forecasts are, by measuring the variation each month and setting out the reasons. SAP refresher training is planned for January and February for all budget holders following the Management Development Programme Module on financial management. All budget holders are required to review and roll forward a balanced budget to 2009/10 to ensure there are no gaps in the budget build process. This process is supported by the finance managers. The finance function is reviewing the financial control environment with a view to strengthening key controls and reissuing the key procedures.

Managers using SAP to forecast	%
Ast Chief Executive	100
Legal	100
Corporate Finance	68
Community and Environment	98
Children's	90
Adult and Housing	59

Financial Implications

22. These are integral to the report.

Performance Issues

23. 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.

Risk Management Implications

24. There is a risk that the Council will over spend its budget in line with the second quarter forecast and therefore eradicate the level of balances it requires as a minimum. It is therefore necessary that management action is taken to ensure that the budget is brought back into balance.

Section 3: Statutory Officer Clearance

Name: Myfanwy Barrett	<input checked="" type="checkbox"/>	Chief Finance Officer
Date: 26 November 2008		
Name: Helen White	<input checked="" type="checkbox"/>	On behalf of Monitoring Officer
Date: 5 December 2008		

Section 4: Performance Officer Clearance

Name: Tom Whiting	<input checked="" type="checkbox"/>	On behalf of Divisional Director (Strategy & Improvement)
Date: 26 November 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 June 2008 Cabinet: provisional revenue outturn

CORPORATE

A lot of work is being done to strengthen the financial control environment. The monthly monitoring process is improving with more use of SAP by budget holders to forecast. Effective budget management continues to be critical.

There has been a significant shift in the budget managers input on the forecast outturn in Chief Executive and Legal & Governance, which is 100%.

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 Efficiencies that have been built into the budget as part of MTFS 2008-9 are also being closely monitored. These are being met with the exception of

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2			
	£000	£000	£000	%	£000	£000
Corporate & Democratic	3,411	3,411	0	0.0	0	102
Corporate Items	3,543	4,543	200	3.7	0	-252
Corporate Finance	12,332	12,332	0	0.0	0	-32
Legal & Governance	2,017	2,205	188	9.3	160	36
Chief Ex Department	3,632	3,567	735	-1.8	0	-363
Total	24,935	26,058	1123	4.5	160	-509

Corporate Items

Rio Project

There was an income target built into the budget of £ 400k and so far £ 119k worth of additional income has been identified. A further £150k received from LAGBI has been allocated to this budget to help towards mitigating the risk of not achieving the target this year. There are also PWC consultant's costs relating to this project and expenditure to date of £ 69k which needs to be offset against the identified income. Further work is ongoing to identify potential areas of income for 2009/10, at this stage there is projected variance of £200k for 2008/9.

Inflation Pressures

There are also significant pressures on fuel and energy costs due to market conditions. Some of this is already being felt – although fuel costs are now falling back. Energy contracts are due for renewal in at the end of November. Any increases will be confirmed with suppliers by the end of November. These are reported under Community and Environment. There also remains a risk around the outcome of pay inflation negotiations as the pay deal for 2008/09 is in arbitration.

Corporate Finance

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2		QTR1	
	£000	£000	£000	%	£000	£000
Directorate & Corporate Finance Teams	321	321	0	0.0	0	-347
Other Finance Services	-1,487	-1,487	0	0.0	0	
Audit & Risk Insurance, Health & Safety, Procurement	-298	-298	0	0.0	0	140
Hits	1,213	1,213	0	0.0	0	-202
Revenues & Parking	1,909	1,909	0	0.0	0	7
Assessments & Exchequer	10,150	10,150	0	0.0	0	24
Corporate Services	3,543	3,674	200	3.7	0	0
Shared Services	524	524	0	0.0	0	346
Democratic Services	3,411	3,411	0	0.0	0	0
Total	19,286	19,417	200	1.0	0	-32

There are number of pressures which are being managed within the overall department's budget. There is a planned under spend on the Financial Effectiveness Review of around £50,000 which is being used to support the transition to International Financial Reporting Standards in 2009.

Legal & Governance- Land Charges

The current projections and the trend show that the current position is projecting £188k under recovery of income an increase of £28k from the previously reported at Quarter1. This situation is not likely to improve with the difficult market conditions and the downturn in the housing market is going to put further pressure on this budget.

Chief Executive Department

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2	QTR1		
	£000	£000	£000	%	£000	£000
Chief Executive	509	509	0	0.0	0	57
Management team-ACE	624	624	0	0.0	0	0
Corporate Services	170	170	0	0.0	0	0
Customer Services	-1,133	-1,133	800	0.0	0	32
Policy, Performance & HR	1,153	1,153	0	0.0	0	-349
Corporate Strategy & Business Support	2,309	3,044	-65	-2.8	0	-103
Total	3,632	4,367	735	-1.8	0	-363

Communications

There is an expected under spend of £ 65k due to negotiation of performance targets.

Other Risks & Opportunities

The Web team is expected to under spend £36k pending transfer of budget £63k from Hits re licenses. Savings are also being delivered staff on secondment. This will contribute towards mitigating some of the salaries pressure across the department and to contain transfer of admin post budget to Adults & Housing.

BTP Savings

There is a potential shortfall of around £0.484m against the target of £1.5m this year. This figure includes around £0.200m of projects which are being worked on and are awaiting sign off by managers. There is additionally a shortfall of £0.360m because an overachievement against the BTP target in 2007/08 reduces the target this year, but was allocated as part of the 2007/08 outturn.

ADULTS AND HOUSING

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2		QTR1	
	£000	£000	£000	%	£000	£000
Community Care	39,135	39,705	570	1.5	-308	-779
Commissioning & Partnerships	9,429	9,083	-346	-3.7	-90	32
Modernisation & Integration	7,787	7,515	-272	-3.5	-280	231
Adults Total	56,351	56,303	-48	-0.1	-678	-516
Housing GF	4,412	4,392	-20	-0.5	-26	-104
Total	60,763	60,695	-68	-0.2	-704	-620

The quarter 2 position will be reported to Cabinet in December. The quarter 1 position reported to Cabinet an under spend of £704k. The year end position now being reported projects a minor under spend of £68k being reported across the division. It includes significant in year unplanned contribution to corporate savings.

The position now reported is a combination of budget holder forecasts and meetings held with the finance team. There has been an improvement in compliance with the monthly monitoring process for period 6, with 54 of the 91 [59%] cost centres detailing a completed forecast by the deadline date [this compares to 34 [26%] for pd 5].

Managing within budgets is important in ensuring that next year growth pressures are contained.

Key issues

- Extraction of financial data from HOST continues to be a significant problem to accurately project the outturn position for the purchasing budget. Capita have been commissioned to review processes and scope and action plan in this respect.
- Continued pressure on the Learning Disability service – an increased overspend position is reported. The full scale of this potential overspend has been clarified as part of the turnaround plan for this service.
- Continued pressure on the Homelessness service, whilst this can be contained at present it is unlikely that the full impact of the economic climate has been fully felt. There may also be pressures in meeting the CLG reduction in temporary accommodation targets, which could result in increased expenditure of £60k. This is under review to enable budget and outcomes to be maximised.
- 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 inherent in the figures reported.

- Improved financial assessment processes – clients not yet assessed have been identified with nominated officers working to ensure assessments are completed to enable amounts to be recovered in line with current charging policy. Additional income is expected, although the amount will be dependent upon the outcome of the individual financial assessments. The additional income will be included in later reports once this can be quantified.
- Potential overspend on CNWL managed s75 budget for Mental Health. Pressures of approx £320k were reported to the Executive Board, however this is not a robust forecast and a further meeting is to be arranged for December, at which CNWL colleagues will clarify the position and present an action plan detailing how any overspends can be mitigated. The s75 arrangement incorporates a risk share arrangement, which would impact the position currently being reported.
- Within the provision of LD residential accommodation managed by Support for Living, there is pressure from CSCI to agree an additional 'waking night service' at Bedford House at potential additional cost of £71.5k. This has yet to be agreed and the costs have not been included at this stage.
- Officers are working on improving the debt management position across the division. The above position assumes the write off of historic debts in relation to home care, Meals on Wheels and Free Nursing care of £198k (£114.5k in relation to deceased clients) – it may be possible to write some of these amounts against the increase in provision of £150k made as part of the 2007-08 accounts.
- A settlement has been reached with the PCT in relation to the historic disputed debt in relation to Day Care. The PCT have offered to pay £380k against the outstanding amount of £763k. Member approval is sought to agree a write off in the sum of £383k. A provision of £370k was made to cover this outstanding amount and the balance of £13k has been assumed to be written off within the LD figure reported.

Community care

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2			
	£000	£000	£000	%	£000	£000
Older People	20,151	19,691	-460	-2.3	-785	-1,382
Physical disability	6,632	6,584	-48	-0.7	42	23
Learning disability	9,747	11,093	1,346	13.8	659	2229
Self Directed support	1,188	1,251	63	5.3	29	8
Strategic Management	1,417	1,086	-331	-22.9	-253	-1,657
Total	39,135	39,705	570	1.5	-308	-779

- The key movements since quarter 1 are the increased costs in relation to both OP and LD services.
- Whilst an under spend for Older Peoples services is still anticipated this has been reduced, reflecting in the main the potential write off in relation to domiciliary care income no longer considered recoverable in relation to deceased clients of £102k and £70k re historic Free Nursing Care income from Brent, for which the PCT do not consider the clients to be Brent residents. Whilst officers continue to chase this outstanding debt, it has been assumed for the purposes of this report that these amounts will be written off against the revenue budget
- The continued pressures within Learning Disability services have significantly increased the anticipated outturn projection, increasing the overspend to £1.3m. An intervention team has been set up, a multi disciplinary team comprising officers across Finance, IT, Commissioning and Social Work for three months to reduce the reported position and where possible bring back into balance for 2009-10.

Commissioning & Partnerships

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2			
	£000	£000	£000	%	£000	£000
Contracts	1,001	1,035	34	3.4	5	43
Supporting People	289	283	-6	-2.1	-29	-24
Partnership Development	1,262	1,236	-26	-2.1	-5	21
Mental Health	4,519	4,516	-3	-0.1	-11	215
Catering	711	649	-62	-8.7	-50	-89
Frameworki	1,521	1,521	0	0	0	-21
Training	126	-157	-283	-224.6	0	-113
Total	9,429	9,083	-346	-3.7	-90	32

- The key movement from the position reported at quarter 1 is a potential under spend on the training budget funded by grant. The under spend includes the approved carry forward of £113k from 2007-08, representing the unspent grant amount. In addition, the Learning & Development plan was not published until October. This together with the capacity of the service areas to release staff for training results in the reported under spend. An option currently being explored is whether this under spend can be utilised to fund the HOST developments in relation to the change programme. This will be reported in subsequent reports as appropriate.
- The Mental Health position excludes any pressures in relation to the pooled budget pending provision of a robust position statement.
- There are under spends within the department in relation to salary vacancies, however, it is anticipated at this stage that these will be required to manage the restructure and engage additional staff to assist in progressing key projects such as the recommissioning of Support for Living residential provision.
- A carry forward, subject to grant conditions, of £837k is anticipated in relation to the SP grant. It may be required for other purposes within the directorate in 2009/10 to manage growth pressures.

Modernisation & Integration

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2			
	£000	£000	£000	%	£000	£000
LD Residential	4,970	4,680	-290	-5.8	-221	167
Economic Wellbeing	1,779	1,773	-6	-0.3	-4	94
Discrimination & Harassment	1,038	1,062	24	2.3	-55	-30
Total	7,787	7,515	-272	-3.5	-280	231

- Within the LD residential service there is an under spend in relation to the delay in opening the new 12 bed facility at 79 Bessborough Road.
- The Support for Living budget has now been agreed and outstanding amounts in relation to 2007-08 have now been paid. There are pressures on the salary budgets of approximately £63k included in this projection and work is underway to review the position to ensure action taken to bring this back in line with the budget. The position excludes the potential pressure for the additional services at Bedford House.
- Economic wellbeing is anticipated to come in broadly on target. The salary under spend in relation to Helpline enables a contribution back to the HRA in relation to the Community Alarm Officers. The position of salaries is being reviewed as part of the budget setting process.

Housing GF Services

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2			
	£000	£000	£000	%	£000	£000
Housing Need	2,756	2,756	0	0.0	0	-42
Housing Partnership	551	551	0	0.0	-13	-40
Other GF Services	340	339	-1	-0.3	-3	-23
Travellers Site	31	23	-8	-25.81	-1	4
Complaints	304	294	-10	-3.3	-8	-9
Resident Services – Watkins	430	429	-1	-0.2	-1	6
Total	4,412	4,392	-20	-0.5	-26	-104

- Housing Need is projected to be on target at year end, however, there is significant pressure on this budget resulting from the state of the economy and the need to achieve the reduction in the temporary accommodation target by 50%

from December 2004 to December 2010. There are currently 8 families in B&B; however it is likely that the impact of the 'credit crunch' has not yet reached its peak, which may impact these figures.

- The target is for 811 households in TA by March 2009 – the figure at the end of period 6 was 884. Additional grant of £40k has been secured to assist in achieving this target, although this presents potential pressures. A review is underway to ensure maximisation of budget and to achieve these targets.
- Housing Partnership – staff vacancies will be covered by using agency staff to enable delivery of service plan objectives.

CHILDREN'S SERVICES

The Children's Services revenue budget and expenditure forecast for the second quarter of the year is summarised below. The report also gives the equivalent first quarter figures as reported to Cabinet together with a commentary on the main changes that have occurred over the last quarter. The current position is a forecast overspend of £799k, compared to £651k in the first quarter. This overspend largely relates to Special Needs home to school transport, where savings of £880k were taken from the budget in 2008/09. A review of home to school transport is currently being reviewed by Capita but realistically it's unlikely to reap substantial savings in this financial year. The department is currently undertaking a detailed review across all services to identify compensating savings. Measures are being undertaken, for example reallocating grant funding and reviewing agency staff and recruitment, in order to substantially reduce the forecast overspend

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2			
	£000	£000	£000	%	£000	£000
School Development	3,743	3,743	0	0.0	0	-84
Children's Services Management	1,549	1,449	-100	-6.5	0	56
Early Years Service	4,291	4,091	-200	-4.7	0	245
Safeguarding, Family Placement and Support	13,268	13,096	-172	-1.3	-60	-48
Special Needs Service	14,650	15,470	820	5.6	599	451
Young People's Service	5,346	5,797	451	8.4	112	-362
Schools	-9,082	-9,082	0	0	0	85
Dedicated Schools Grant (DSG) element of variance	-	-	-	-	-	-237
Total	33,765	34,564	799	2.4	651	106

Schools Development

These services are largely grant funded and are expected to outturn on budget.

Management and Other Services

This service includes a relatively small contingency fund of £162,000 (less than 0.5% of the total Departmental budget), which is held by the Corporate Director to cover unforeseen events. £100k of the fund was uncommitted at the end of the second quarter. It is proposed to use this remaining contingency to partially offset the overspends that have been identified in the Special Needs and Young Peoples services.

Integrated Early Years and Community Services (IEYCS)

Like much of Children's Services the IEYCS is largely dependent on Government Grants, which total £7.7m, compared to £1.1m of Council funding. The use of grants has been reviewed over the last quarter and in the current year it is estimated that a further £0.2m of expenditure can be met from grant, thus further reducing the Council's contribution.

Safeguarding, Family Placement and Support

This service includes the placements budget for looked after children which is highly demand led and volatile. (For example the annual cost of just one child placed in secure accommodation can be as high as £200k). Based on placements made to the end of the second quarter the placements budget is forecast to overspend by £168k. This is an improvement on the first quarter forecast when the placements budget was showing an overspend of £238k. To offset the placements overspend and also to allow for further volatility the Safeguarding, Family Placement and Support Service has deliberately held back from spending other budgets wherever possible, leaving a current net forecast of £172k under spend for the service as a whole. The service will continue to be carefully monitored over the remainder of the year.

Special Needs Service

In addition to the £880k home to school transport pressure discussed above the transport service is forecasting an additional £190k overspend due to rising fuel costs in the first half of the year, and increasing demand. Efforts will be made in the second half of the year to manage these costs down wherever possible, and £250k of under spend in the rest of the Special Needs service is also being held to offset the transport pressures. This leaves a net position of £820k overspend on the Special Needs service as a whole.

Young People's Service

The key budget issues for the Young People's Service are as follows. The Asylum Service is now forecast to break-even whereas in the first quarter an under spend of £200k had been forecast. A detailed case by case review of the grant that we can expect the Home Office to pay for each unaccompanied asylum seeking child has been conducted in the second quarter, which has led us to revise down the forecast of grant. When asylum seekers reach their sixteenth birthday, and again when they turn eighteen, the Home Office reduces the amount of grant that it will pay. As our asylum seeker population gets older we are expecting less grant to be due in 2008/09 compared to 2007/08. We can also expect the grant to reduce further in 2009/10. It should be noted that the Home Office has recently invited Councils to submit a further bid for grant in respect of expenditure on over-eighteens that was incurred in 2007/08. Bids are due in by 31st October, and at this stage we do not

know how much additional grant we can expect to receive. Any extra grant received as a result of the bidding process will improve the position reported here. Elsewhere in Young People's Services the placements budget for Care Leavers is forecasting an overspend of £326k, which is consistent with the first quarter position. This budget is closely linked to placements for looked after children (see Safeguarding, Family Placement and Support above), and costs are largely driven by the numbers of looked after children who turn sixteen. It is significant that the areas of overspend in the Children's Services budget overall are the demand driven services – looked after children, care leavers, and special needs. Finally in Young People's Services there are pressures on the Youth Service staffing budget of £137k. Budget savings of £169k were taken at the start of the year in respect of anticipated vacancies arising in the course of the year. To date there have been fewer vacancies than anticipated. The position will continue to be carefully monitored and compensating savings identified where possible.

Schools

The schools budget is entirely funded by grant, except for capital charges and asset rentals. No variance is expected.

COMMUNITY AND ENVIRONMENT 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.

The management team has contributed significantly towards building a strong financial culture across the department with the support of the finance team. There has been a major shift in budget holders input forecast outturn from 28% at Q1 to 98% at Q2, which is marked improvement on the previous period. Robust financial management has had impact on the forecasting for the Q2 position and has identified a few potential risks and opportunities across the departments, which are detailed below.

The Budgeted forecast outturn only deals with the first half of the trading year and although we have successfully implemented the corporate savings at this stage, the position is being monitored very closely.

Summary

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2		QTR1	
	£000	£000	£000	%	£000	£000
Community & Culture	10,380	10,380	0	0	60	156
Directorate Support & Performance	1,219	1,219	0	0	0	0
Environment	33,942	33,942	0	0	-750	-803
Planning	3,356	3,356	0	0	0	-10
Corporate & Democratic Services	338	338	0	0	0	0
Total	49,235	49,235	0	0	-690	-657

Community & Cultural Services

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2		QTR1	
	£000	£000	£000	%	£000	£000
Community & Development	1,865	1,865	0	0	0	-78
Cultural Services	2,375	2,488	0	0	60	71
Libraries & Museum	5,467	5,467	0	0	0	-56
Lifelong Learning	147	147	0	0	0	0
Strategic Mgmt	526	526	0	0	0	219
Total	10,380	10,380	0	0	60	156

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 £88k which is an increase of £ 28k from the previously estimated figure at quarter 1 due to further delays. This is due to legal protracted discussions between the Council Legal Team and the Leisure Trust Legal Team. There have also been legal costs incurred to secure this agreement which amounted to £ 25k which were not built into the budget.

Expenditure controls have been brought in across all budget heads to help mitigate this risk and will be able to report on the outcome of these measures once the position becomes clearer.

Environment Services

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2	QTR1		
	£000	£000	£000	%	£000	£000
Community Safety	614	-89	-703	-110.9	-950	-368
Property & Infrastructure	12,503	12,716	213	3.3	200	-345
Public Realm Services	20,825	21,315	490	2.4	0	-90
Total	33,942	33,942	0	0	-750	-803

Community Safety

Parking Enforcement -Income on parking enforcement is currently forecasting to meet £1m as per previously reported surplus at Quarter 1; however there are a number of risks with the service on maintenance of the CCTV camera system to meet the standard required by the Traffic Management Act which are currently forecast at £47k overspend which need to be offset.

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.

Crime Reduction – An efficiency saving of £ 50k was built into the budget to make more efficient use of the LAA grant but this saving will not be achieved as the anticipated grant has not been allocated to the authority. This has already been reported as part of Q1 monitoring.

Property & Infrastructure

Energy Pressures- Recent increases in energy costs is putting severe pressure on energy costs on the facilities budgets. Currently the projection is looking at an overspend of approx £300k on the Civic Centre and Central Depot energy budgets. Figures from the buying consortium will be available by the end of November and a full position will be available. The biggest use of energy is Street lighting which is currently projected to overspend approx £110k.

There are various other offsetting pressures

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. Virement was approved at quarter 1 to cover £200k from parking enforcement income. Work on the scheme has currently been put on hold pending discussions with DfT of a proposal from the Council to defer the scheme for a year. Any savings on the procurement budget in the current year will be reported at quarter 3.

Income- Improved performance in respect of the TFL work programme will result in additional project fees being received in year and this is estimated to be up to £400k.

Public Realm Services

MRF (Material recycling facility) (£ 360k additional costs)

Additional recycling costs and waste disposal costs have been identified as a result of embedding new recycling contract. This variance is likely to continue in 2009/10 and has been incorporated into the budget planning process.

Rubbish Tip (Civic Amenity Site) £ 130k Income Risk

There has been a reduction in use of the Rubbish Tip Site by commercial operators, which has impacted on income. Closer monitoring is being carried out to determine if this trend is likely to continue.

Cemeteries Income

To cover lack of burial space with the Borough we have entered into a joint arrangement with Brent Council for Carpenders Park Cemetery. This will have an impact on our cemetery income. However, closer monitoring is being carried to fully understand the impact.

Other Risks and Opportunities

There are a number of other minor risks and opportunities identified which is going to be managed within the department's budgets.

Planning Service

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR2			
	£000	£000	£000	%	£000	£000
Building Control	144	144	0	0.0	0	76
Community Property Development	395	395	0	0.0	0	-63
Development Control	1,459	1,459	0	0.0	0	92
Economic Development & LDF	1,148	1,148	0	0.0	0	-120
Projects	471	471	0	0.0	0	66
Property & Valuation	-563	-563	0	0.0	0	-181
Planning Admin	302	302	0	0.0	0	120
Total	3,356	3,356	0	0.0	0	-10

At the beginning of the year activity in Planning income and Building Control income remained buoyant, however this has started to tail off and action has been taken in response to this by releasing agency staff.

Pressures that have been identified across this division are: -

Property & Valuation staff salaries charge to capital receipts- £120k

Property & Valuation Capitalisation -£215k

Rental Income on commercial properties-£80k

At this stage managers consider that the total income anticipated coupled with tight control on expenditure will ensure that the overall outturn target is secured. The picture for 2009/10 is less certain and the economy is not anticipated to recover which is likely to have a significant impact on the amount of building work undertaken, including major developments and the amount of Capital receipts generated. The final implications are being modelled at the moment and will be dealt with as part of the budget planning process.

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)
Corporate Finance									
Gross Expenditure	143,782	100	4,820	148,702	149,202	500	75,506	30,254	-45,252
Gross Income	-124,347		-5,069	-129,416	-129,716	-300	-64,915	-65,606	-691
Net Expenditure	19,435	100	-249	19,286	19,486	200	10,591	-35,352	-45,943
Assistant Chief Executive									
Gross Expenditure	22,183		926	23,109	23,044	735	11,966	11,217	-749
Gross Income	-6,732		-12,745	-19,477	-19,477		-10,481	-10,094	387
Net Expenditure	15,451		-11,819	3,632	3,567	735	1,485	1,123	-362
Legal Services									
Gross Expenditure	5,506		1,038	6,544	6,544		3,280	2,908	-372
Gross Income	-4,281		-246	-4,527	-4,339	188	-2,261	-1,220	1,041
Net Expenditure	1,225		792	2,017	2,205	188	1,019	1,688	669
Adults & Housing									
Gross Expenditure	86,087	313	2,445	88,845	91,251	2,406	45,021	36,500	-8,521
Gross Income	-28,453		371	-28,082	-30,556	-2,474	-14,625	-15,583	-958
Net Expenditure	57,634	313	2,816	60,763	60,695	-68	30,396	20,917	-9,479
Childrens									
Gross Expenditure	202,025	160	2,496	204,682	205,481	799	102,344	242,129	139,785
Gross Income	-172,564		1,647	-170,917	-170,917		-85,459	-239,419	-153,961
Net Expenditure	29,462	160	4,143	33,765	34,564	799	16,885	2,710	-14,175
Community & Environment									
Gross Expenditure	79,873	480	3,792	84,145	85,212	1,067	42,227	39,364	-2,863
Gross Income	-35,783	-102	975	-34,910	-35,977	-1,067	-17,955	-24,503	-6,548
Net Expenditure	44,090	378	4,767	49,235	49,235		24,272	14,861	-9,411
Expenditure Total	539,456	1,053	15,517	556,027	560,734	5,507	280,344	362,372	82,028
Income Total	-372,160	-102	-15,067	-387,329	-390,982	-3,653	-195,696	-356,425	-160,730
Total Net	167,297	951	450	168,698	169,752	1,854	84,648	5,947	-78,701
Housing Revenue Account									
Gross Expenditure	17,974		154	18,128	18,908	780	7,670	7,519	-151
Gross Income	-17,183		-154	-17,337	-17,738	-401	-7,670	-7,001	669
In year Deficit	791			791	1,170	379	0	518	518

CORPORATE FINANCE

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)
Directorate and Corporate Finance Teams									
Gross Expenditure	2834	100	197	3131	3131	0	1373	1514	141
Gross Income	-1635	0	-1175	-2810	-2810	0	-1405	-1559	-154
Net Expenditure	1199	100	-978	321	321	0	-32	-45	-13
Other Finance Services									
Gross Expenditure	-1119	0	-94	-1213	-1213	0	2927	92	-2835
Gross Income	-100	0	-174	-274	-274	0	-900	0	900
Net Expenditure	-1219	0	-268	-1487	-1487	0	2027	92	-1935
Audit, Risk, Insurance, Health and Safety & Procurement									
Gross Expenditure	15477	0	301	15778	15778	0	7890	10777	2887
Gross Income	-15452	0	-624	-16076	-16076	0	-8038	-5792	2246
Net Expenditure	25	0	-323	-298	-298	0	-148	4985	5133
HITS									
Gross Expenditure	5427	0	1519	6946	6946	0	3616	3866	250
Gross Income	-2674	0	-3059	-5733	-5733	0	-3019	-2707	312
Net Expenditure	2753	0	-1540	1213	1213	0	597	1159	562
Revenues & Parking									
Gross Expenditure	2011	0	831	2842	3142	300	1421	1339	-82
Gross Income	-925	0	-8	-933	-1233	-300	-466	-9	457
Net Expenditure	1086	0	823	1909	1909	0	955	1330	375
Assessments & Exchequer									
Gross Expenditure	107652	0	1553	109205	109205	0	54657	7817	-46840
Gross Income	-99272	0	217	-99055	-99055	0	-49527	-57944	-8417
Net Expenditure	8380	0	1770	10150	10150	0	5130	-50127	-55257
Corporate Services									
Gross Expenditure	5435	0	27	5462	5662	200	200	2688	2488
Gross Income	-1472	0	-447	-1919	-1919	0	-87	3727	3814
Net Expenditure	3963	0	-420	3543	3743	200	113	6415	6302
Shared Services									
Gross Expenditure	2429	0	543	2972	2972	0	1633	1668	35
Gross Income	-2273	0	-175	-2448	-2448	0	-1389	-1238	151
Net Expenditure	156	0	368	524	524	0	244	430	186
Democratic Services									
Gross Expenditure	3636	0	-57	3579	3579	0	1789	493	-1296
Gross Income	-544	0	376	-168	-168	0	-84	-84	0
Net Expenditure	3092	0	319	3411	3411	0	1705	409	-1296
Total	19435	100	-249	19286	19486	200	10591	-35352	-45943
Directorate Expenditure Total	143782	100	4820	148702	149202	500	75506	30254	-45252
Directorate Income Total	-124347	0	-5069	-129416	-129716	-300	-64915	-65606	-691
Directorate Net Total	19435	100	-249	19286	19486	200	10591	-35352	-45943

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)
Chief Executive's Office									
Gross Expenditure	798		-289	509	509	0	254	260	6
Gross Income	0		0	0	0	0	0	-3	-3
Net Expenditure	798	0	-289	509	509	0	254	257	3
Assitant Chief Department									
Gross Expenditure	473		229	702	702	0	351	485	134
Gross Income	0		-78	-78	-78	0	-39	-39	0
Net Expenditure	473	0	151	624	624	0	312	446	134
Policy , Performance & HR									
Gross Expenditure	2785		790	3575	3575	0	1787	1651	-136
Gross Income	-1203		-1218	-2421	-2421	0	-1210	-1429	-219
Net Expenditure	1582	0	-428	1154	1154	0	577	222	-355
Corporate Strategy & Business Support									
Gross Expenditure	5288		-31	5257	5192	-65	2629	2383	-246
Gross Income	-1946		-833	-2779	-2779	0	-1390	-2060	-670
Net Expenditure	3342	0	-864	2478	2413	-65	1239	323	-916
Customer Services Total									
Gross Expenditure	12839		227	13066	13866	800	6945	6438	-507
Gross Income	-3583		-10616	-14199	-14199	0	-7842	-6563	1279
Net Expenditure	9256		-10389	-1133	-333	-800	-897	-125	772
Directorate Expenditure Total	22183	0	926	23109	23044	735	11966	11217	-749
Directorate Income Total	-6732	0	-12745	-19477	-19477	0	-10481	-10094	387
Directorate Net Total	15451	0	-11819	3632	3567	735	1485	1123	-362

LEGAL SERVICES

Legal Services									
Gross Expenditure	5506	0	1038	6544	6544	0	3280	2908	-372
Gross Income	-4281	0	-246	-4527	-4339	188	-2261	-1220	1041
Net Expenditure	1225	0	792	2017	2205	188	1019	1688	669

ADULTS & HOUSING

Directorate (1)	Budget 2008/09				Outturn Position		Quarter 2 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)
ADULTS									
Community Care									
Gross Expenditure	50,002	200	-547	49,655	50,990	1,335	24,850	21,232	-3,618
Gross Income	-10,261	0	-259	-10,520	-11,285	-765	-5,260	-5,754	-494
Net Expenditure	39,741	200	-806	39,135	39,705	570	19,590	15,478	-4,112
Commissioning & Partnerships									
Gross Expenditure	19,745	113	1,002	20,860	21,580	720	11,008	8,795	-2,213
Gross Income	-11,690	0	259	-11,431	-12,497	-1,066	-5,702	-7,538	-1,836
Net Expenditure	8,055	113	1,261	9,429	9,083	-346	5,306	1,257	-4,049
Modernisation & Integration									
Gross Expenditure	11,948	0	1,313	13,261	13,458	197	6,636	3,935	-2,701
Gross Income	-5,553	0	79	-5,474	-5,943	-469	-2,746	-1,650	1,096
Net Expenditure	6,395	0	1,392	7,787	7,515	-272	3,890	2,285	-1,605
Strategic Management									
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
Adults Total	53,892	313	2,146	56,351	56,303	-48	28,786	19,020	-9,766
HOUSING									
Housing Partnerships									
Gross Expenditure	471	0	80	551	552	1	275	210	-65
Gross Income	0	0	0	0	0	0	0	0	0
Net Expenditure	471	0	80	551	552	1	275	210	-65
Housing Needs									
Gross Expenditure	2,988	0	320	3,308	3,472	164	1,654	1,802	148
Gross Income	-556	0	4	-552	-716	-164	-276	-574	-298
Net Expenditure	2,432	0	324	2,756	2,756	0	1,378	1,228	-150
Travellers Site									
Gross Expenditure	34	0	-1	33	25	-8	16	5	-11
Gross Income	-3	0	0	-3	-3	0	-1	0	1
Net Expenditure	31	0	-1	30	22	-8	15	5	-10
Other									
Gross Expenditure	254	0	98	352	340	-12	170	125	-45
Gross Income	0	0	-11	-11	0	11	0	0	0
Net Expenditure	254	0	87	341	340	-1	170	125	-45
Resident Services (Watkins House)									
Gross Expenditure	399	0	122	521	531	10	260	259	-1
Gross Income	-91	0	0	-91	-102	-11	-45	-51	-6
Net Expenditure	308	0	122	430	429	-1	215	208	-7
Complaints									
Gross Expenditure	246	0	58	304	303	-1	152	137	-15
Gross Income	0	0	0	0	-10	-10	-595	-16	579
Net Expenditure	246	0	58	304	293	-11	-443	121	564
Housing Total	3,742	0	670	4,412	4,392	-20	1,610	1,897	287
Adults & Housing Total	57,634	313	2,816	60,763	60,695	-68	30,396	20,917	-9,479
Directorate Expenditure Total	86,087	313	2,445	88,845	91,251	2,406	45,021	36,500	-8,521
Directorate Income Total	-28,453	0	371	-28,082	-30,556	-2,474	-14,625	-15,583	-958
Directorate Net Total	57,634	313	2,816	60,763	60,695	-68	30,396	20,917	-9,479
Housing Revenue Account									
Gross Expenditure	17,974	0	154	18,128	18,908	780	7,670	7,519	-151
Gross Income	-17,183	0	-154	-17,337	-17,738	-401	-7,670	-7,001	669
In year Deficit	791	0	0	791	1,170	379	0	518	518

CHILDRENS

Directorate (1)	Budget 2008/09				Outturn Position		Quarter 2 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)
School Development									
Gross Expenditure	8,256		464	8,720	8,720	0	4,361	6,306	1,945
Gross Income	-5,301		324	-4,977	-4,977	0	-2,489	7,612	10,101
Net Expenditure	2,955	0	788	3,743	3,743	0	1,872	13,918	12,046
Children's Services Management									
Gross Expenditure	1,480	160	362	2,002	1,902	-100	1,003	615	-388
Gross Income	-257		-196	-453	-453	0	-227	-221	6
Net Expenditure	1,223	160	166	1,549	1,449	-100	776	394	-382
Early Years Service									
Gross Expenditure	11,018		-2,097	8,922	8,722	-200	4,461	4,560	99
Gross Income	-7,650		3,019	-4,630	-4,630	0	-2,315	-2,449	-134
Net Expenditure	3,369	0	923	4,291	4,091	-200	2,146	2,111	-35
Safeguarding, Family Placement and Support									
Gross Expenditure	13,214		1,197	14,411	14,239	-172	7,205	7,243	38
Gross Income	-1,031		-112	-1,143	-1,143	0	-572	-1,024	-452
Net Expenditure	12,182	0	1,085	13,268	13,096	-172	6,634	6,219	-414
Special Needs Service									
Gross Expenditure	22,380		1,000	23,380	24,200	820	11,690	8,631	-3,059
Gross Income	-8,708		-22	-8,730	-8,730	0	-4,365	-9,637	-5,272
Net Expenditure	13,672	0	978	14,650	15,470	820	7,325	-1,006	-8,331
Young People's Services									
Gross Expenditure	9,545		1,346	10,891	11,342	451	5,446	4,425	-1,021
Gross Income	-5,368		-177	-5,545	-5,545	0	-2,772	-2,553	219
Net Expenditure	4,178	0	1,169	5,346	5,797	451	2,673	1,872	-801
Schools									
Gross Expenditure	136,133		223	136,357	136,357	0	68,178	210,349	142,171
Gross Income	-144,249		-1,189	-145,438	-145,438	0	-72,719	-231,148	-158,429
Net Expenditure	-8,116	0	-966	-9,082	-9,082	0	-4,541	-20,799	-16,258
Directorate Expenditure Total	202,025	160	2,496	204,682	205,481	799	102,344	242,129	139,785
Directorate Income Total	-172,564	0	1,647	-170,917	-170,917	0	-85,459	-239,419	-153,961
Directorate Net Total	29,462	160	4,143	33,765	34,564	799	16,885	2,710	-14,175

COMMUNITY & 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)
Directorate & Support									
Gross Expenditure	951	0	-82	869	869	0	434	873	439
Gross Income	-234	0	163	-71	-71	0	-36	-2000	-1964
Net Expenditure	717	0	81	798	798	0	398	-1,127	-1,525
Community & Cultural Services									
Gross Expenditure	12,321	119	1,601	14,041	14,041	0	7,051	6604	-447
Gross Income	-3,603	0	-58	-3,661	-3,661	0	-1,830	-2739	-909
Net Expenditure	8,718	119	1,543	10,380	10,380	0	5,221	3,865	-1,356
Environment Services									
Gross Expenditure	59,023	361	1,530	60,914	61,981	1,067	30,582	27848	-2734
Gross Income	-26,893	-102	23	-26,972	-28,039	-1,067	-13,986	-13487	499
Net Expenditure	32,130	259	1,553	33,942	33,942	0	16,596	14,361	-2,235
Major Projects									
Gross Expenditure	2,106		-1,068	1,038	1,038	0	519	395	-124
Gross Income	-1,828		1,682	-146	-146	0	-73	-8	65
Net Expenditure	278	0	614	892	892	0	446	387	-59
Planning Operations									
Gross Expenditure	4,927		2,019	6,946	6,946	0	3,473	3491	18
Gross Income	-2,513		-1,547	-4,060	-4,060	0	-2,030	-6269	-4239
Net Expenditure	2,414	0	472	2,886	2,886	0	1,443	-2,778	-4221
Democratic Services									
Gross Expenditure	545		-208	337	337	0	168	153	-15
Gross Income	-712		712	0	0	0	0	0	0
Net Expenditure	-167	0	504	337	337		168	153	-15
Directorate Expenditure Total	79,873	480	3,792	84,145	85,212	1,067	42,227	39,364	-2,863
Directorate Income Total	-35,783	-102	975	-34,910	-35,977	-1,067	-17,955	-24,503	-6,548
Directorate Net Total	44,090	378	4,767	49,235	49,235	0	24,272	14,861	-9,411

CAPITAL PROGRAMME MONITORING AS AT 30 SEPTEMBER 2008

	Original Capital Prog. £000	Changes approve d in QTR 1 £000	Revised Capital Prog. £000	New Schemes/ Addition/R eduction £000	Changes due to current climate £000	Forecast Outturn £000	Variation £000
Corporate Finance and Corporate Strategy	9,209	7,428	16,637		-2,830	13,807	0
Adults and Housing	16,268	7,852	24,120	108	-750	23,478	0
Children's Services	26,458	11,916	38,374	913		39,287	0
Community and Environment	30,650	5,942	36,592	1,343	-10,000	27,686	-249
Capitalisation	1,000		1,000			1,000	0
Total	83,585	33,138	116,723	2,364	-13,580	105,258	-249

NEW SCHEMES, ADDITIONS AND REDUCTIONS**Corporate Finance & Corporate Strategy**

Description	£000
Small Schemes Pot - Access Harrow Building Works	350
Small Schemes Pot – NNDR collection software	20
Small Schemes Pot – Cashiers System (ICON) upgrade	52
Small Schemes Pot – Online DSE equipment	6
Small Schemes Pot – Insurance system (LACHS) upgrade	12
Small Schemes provisions	-440
Total	0

Adults and Housing

Description	£000
Addition to existing Host Programme Extension – funded from Department of Health	61
Decent homes programme brought forward from 09/10 – minor adjustment	-17
Empty Properties Grant (Funded by GLA)	64
Total	108

Children's Services

Description	£000
Supporting Young People – funded from Department for Children, Schools and Families	25
Catering – to build new kitchens in schools, funded by DFES	888
Total	913

Community & Environment

Description	£000
Cannons Park development – funded by Big Lottery Fund	85
Virement from Planning to support costs for new Parking Enforcement software	-85
Purchase hand held machines to support new Parking Enforcement software	85
Planning Development Grant – Actual grant is slightly lower than previous Estimate	-8
Safer Stronger Community fund – Grant funded by Home Office	68
Rights of Way – grant allocation from City of London	4
Petts Hill – additional TFL grant allocation	1,000
Non LCN Scheme, Cycling LCN+ and Freight Scheme Hill – additional TFL grant allocation	194
Total	1,343

CHANGES DUE TO CURRENT CLIMATE**Corporate Finance & Corporate Strategy**

Description	£000
BTP – Adult Transformation (under spend)	-1,440
BTP – Other Projects (Rephasing to 2009-10)	-890
IT – Various Projects (Under spend)	-500
Total	-2,830

Adults and Housing

Description	£000
Byron Park Residential Home (Rephasing to 2009-10)	-750
Total	-750

Community & Environment

Description	£000
Leisure Sites	-9,000
Town centre (Rephasing to 2009-10)	-1,000
Total	-10,000

VARIATION**Community & Environment**

TFL 2007-8 final settlement difference.	-499
Schools Landlord Works additional costs due to Boiler Replacements and remedial works	250
Total	-249

Housing Revenue Account

	Approved Budget	Forecast	Variance		Comments
	2008-09 £000	Outturn 2008-09 £000	£000	%	
Expenditure					
Employee Costs	1,893	1,795	-98	-5%	Training budgets fully spent in line with contract with Richmond College. Pay award reflected at 2.45%. Under spend in respect of various vacant post which is in part being used to fund 2 additional caretakers which can be recovered by way of service charges
Supplies & Services	458	457	-1	0%	Minor variations across a wide range of budget heads
Utility cost	410	416	6	2%	Communal electricity and water rates recovered through facility charges below.
Estate & Sheltered Services	1,970	1,902	-68	-3%	Increased salary costs funded by vacant posts detailed in employee costs above, £110k increased staffing costs in respect of sheltered wardens offset by anticipated contribution of £73k from Adults services, under spend on gas costs £123k
Central Recharges	1,664	1,664	0	0%	
Home Ownership Service	162	203	41	25%	Net cost of service not funded by service charge admin. Half post extra plus higher cost of agency cover for managers post
Operating Expenditure	6,557	6,437	-120	-2%	
Contingency - general	197	115	-82	-42%	£115k committed to date re deep clean on estates 65k and redundancy cost £50k, 2.5k HFTRA
Charges for Capital	5,520	5,814	294	5%	Assumes full spend on Decent Homes capital programme including rephasing from 2009-10 £3.6m, together with impact of increase in interest rates which will be offset in part by lower levels of subsidy payable
Contribution to Repairs Account	4,752	5,402	650	14%	Anticipated outturn, reflecting corrective action discussed with Corporate Director and Portfolio Holder
RCCO	1,000	1,000	0	0%	Contribution to Decent Homes expenditure.
Bad or Doubtful Debts	100	140	40	40%	Assumed level of right offs and arrears position requires an increase of £140k to ensure the provision is maintained at the appropriate levels.
Total Expenditure	18,126	18,908	782	4%	

	Approved Budget	Forecast	Variance		Comments
	2008-09 £000	Outturn 2008-09 £000	£000	%	
Income					
Rent Income – Dwellings	-21,160	-21,345	-185	1%	Income budget not appropriately reflecting anticipated income for the year.
Rent Income – Non Dwellings	-990	-830	160	-16%	Lower levels of garage income (£77k), shops leases (£86k) when compared with approved budget.
Service Charges - Tenants	-1,079	-1,088	-9	1%	
Service Charges - Leaseholders	-364	-383	-19	5%	Reflects billing 2008-09 on account invoices. Excludes adjustments re 2007-08 outturn which have yet to be invoiced.
Facility Charges	-470	-470	0	0%	
Interest	-19	-17	2	-11%	Mortgage Interest receivable.
Other Income	-8	-28	-20	250%	Mainly court cost and recovered
Transfer from General Fund	-83	-83	0	0%	Contribution from the HGF.
HRA Subsidy	6,837	6,506	-331	-5%	Reduction in HRA Subsidy payable following completion of second advance claim form. Combination of factors including increase in interest rate for capital charges from 4.50% to 5.15% (£423k) and adjustment anticipated in relation to final subsidy claim for 2007-08 of £91k
Total Income	-17,336	-17,738	-402	2%	
In Year Deficit / (Surplus)	790	1,170	380	48%	
BALANCE	-5,451	-5,070			HRA Business Plan assumes surplus carried forward into 2009-2010 of £5,685K. This shortfall of £615k is likely to affect the viability of the HRA.

Key Issues

- Budgets to be reviewed and compared to GOL agreed HRA Business Plan as part of budget setting process
- Review of de-pooling of rent and service charges, including those billed to leaseholders
- Significant overspend on repairs budget predicted. Action taken to mitigate costs between October and March 2009, result in bringing down the overspend to an estimated figure of £650k.
- Increased in year deficit of £339k. There is limited flexibility in the HRA and the increased outturn position will result in a reduction in the balance carried forward at the end of the financial year. The impact of the lower level of balances will significantly shorten the period during which the Council has a viable HRA. Assuming income and expenditure assumptions remain in line with the business plan, in year 11 [2017-2018] the impact of the reduction in balances will reduce balances to below the recommended level of £750k. By this point, the Council will have considered the options around the future of housing in this respect.

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 £3.197m exist [£3.83m - £0.633m w/offs 1/4/08-30/09/08] for Council Tax against a potential BDP of £3.28m before the 2008/09 contribution, for debts accrued to 31 March 2008.

COUNCIL TAX	Net Arrears outstanding as @ 31.03.08	Net Arrears outstanding as @ 30.09.08	BDP rate as per approved rate card	BDP Required As at 30.09.08
	£	£	%	£
1994-1995 to 2004-2005 system balance	600,240	811,369	100	811,639
2005-2006 system balance	487,767	689,708	86	593,147
2006-2007 system balance	869,480	1,029,310	73	751,396
2007-2008 system balance	1,371,749	2,090,274	54	1,128,747
Total Council Tax Debt over 12 months old	3,329,236	4,620,661		3,284,929

National Non Domestic Rates (NNDR)

Currently, bad debt provisions of £2.196m [£2.298m - £0.102m w/offs 1/4/08-30/09/08] exist for business rates (NNDR) against a potential BDP of £1.63m. But as the business rates are a call on the national non-domestic rate pool of central government there is no financial affect to this Authority.

NATIONAL NON DOMESTIC RATES (NNDR)	Net Arrears outstanding as @ 31.03.08	Net Arrears outstanding as @ 30.09.08	BDP rate as per approved rate card	BDP Required As at 30.09.08
	£	£	%	£
1993-2004 to 2006-2007 system balance	720,661	1,044,148	100	1,044,148
2007-2008 system balance	457,956	1,175,204	50	587,602
Total Business Rates Debt over 12 months old	1,178,617	2,219,352		1,631,750

General Debtors

A provision of £1,408k exists 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 not to be written off against the provision, which is reviewed for adequacy annually.

Housing Benefits

Currently, bad debt provisions of £1,178k exist for Housing Benefit overpayment debt against a potential BDP of £1,478. 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 30.09.08	Bad Debt requirement	
	£000	£000	%	£000
<u>HOUSING BENEFIT OVERPAYMENTS</u>				
Housing Benefit arrears currently being collected from future payments, therefore no BDP required	1,476	1,473	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	447	100%	447
2005-2006	449	424	100%	424
2006-2007	536	420	40%	168
2007-2008	1,151	713	30%	214
2008-2009 (to Date)	0	749	30%	225
TOTAL	2,628	2,753		1,478
BDP 31.03.08				1,178

Housing Revenue Account

- This provision is for Service Charges and Current and Former tenants rent arrears and adjusted to reflect write off of uncollectible debt. Within the HRA an annual contribution to provision of £100k is budgeted to support write offs and any changes in the required level of provision.
- Current provision of £739k exists, after allowing for the write off of debts no longer considered recoverable, against an estimated requirement of £879k, requiring an increase of £140k.

	Outstanding Debt as at 31.03.08	Outstanding Debt as at 30.09.08	Bad Debt requirement	
<u>HOUSING – LEASEHOLDERS</u>				
Less than 30 days	16	222	0.0%	0
30 to 60 days	0	0	7.5%	0
60 to 90 days	0	0	15.0%	0
90 to 180 days	80	54	50.0%	27
181 to 365 days	55	76	75.0%	57
> 365 days	151	138	100.0%	138
TOTAL	302	490		222
BDP 31.03.08	187			
Less: write offs	0			
BDP at 30.09.08	187			
<u>HOUSING – CURRENT TENANT ARREARS</u>				
Less than 30 days	128	153	0.0%	0
30 to 60 days	117	141	7.5%	10
60 to 90 days	106	98	15.0%	15
90 to 180 days	165	176	50.0%	88
181 to 365 days	142	149	75.0%	112
> 365 days	33	75	100.0%	75
TOTAL	691	792		300
BDP 31.03.08	269			
Less: write offs	0			
BDP at 30.09.08	269			
<u>HOUSING – FORMER TENANT ARREARS</u>				
Less than 30 days	17	17	0.0%	0
30 to 60 days	32	33	7.5%	2
60 to 90 days	34	34	15.0%	5
90 to 180 days	85	88	50.0%	44
181 to 365 days	147	170	75.0%	128
> 365 days	149	178	100.0%	178
TOTAL	464	520		357
BDP 31.03.08	352			
Less: write offs	69			
BDP at 30.09.08	283			