

<b>Meeting:</b>	Cabinet
<b>Date:</b>	12 February 2009
<b>Subject:</b>	Revenue and Capital Monitoring 2008-09
<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 2008-09 at the end of December 2008.

### **Recommendations:**

- (a) Note the revenue and capital forecast outturn position for 2008-09 and request the Corporate Directors to continue to deliver the management action plan set out in paragraph 10 to manage the pressures and to ensure that there are compensating savings to bring the budget back into balance.;
- (b) Approve the virements set out in paragraph 13;
- (c) Approve the amendments to the Capital Programme as set out in appendix 3.

### **Reason**

To present the forecast financial position as at 31 December 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 December 2008 is £172.687m against a latest budget of £172.383m, which represents an over spend of £0.304m, which represents a variance of less than 0.2% of the net budget. This is a reduction in the forecast overspend of £1.550m since the position reported at the end of September 2008, which was an over spend of £1.854m. The total forecast overspend is made up of -£0.510m for the directorates and £0.814m of corporate pressures which are explained in the report.

The table below summarises the position:

Original Budget	Directorate	Latest Budget	Forecast Outturn	Variation		Para No.
		As at 31 Dec. 2008				
£000		£000	£000	£000	%	
	Corporate and Democratic	7,571	7,571	0	0.0	
19,435	Corporate Finance	13,502	13,502	0	0.0	
15,451	Chief Executive	3,787	3,637	-150	-4.0	6
1,225	Legal and Governance	2,275	2,484	209	9.2	6
57,634	Adults & Housing	61,479	60,893	-586	-1.0	3
29,462	Children's	34,033	34,483	450	1.3	4
44,090	Community and Environment	49,736	49,303	-433	-0.9	5
<b>167,297</b>	<b>Sub total Directorates</b>	<b>172,383</b>	<b>171,873</b>	<b>-510</b>	<b>-0.3</b>	
	Corporate Items		814	814	0.0	7
<b>167,297</b>		<b>172,383</b>	<b>172,687</b>	<b>304</b>	<b>0.2</b>	

### Revenue Budget

2. A spending protocol was issued as a result of the forecast over spend position of £1.854m reported at the end of quarter 2. This, along with other management actions, has reduced the projected over spend as at quarter 3 to £0.304m. The key changes to the forecast are explained below.
3. Adults and Housing are forecasting an under spend of £0.586m. The under spend forecast by Adults has increased by £0.519m since the second quarter. The forecast over spend on Learning Disability has reduced by £0.403m due to work to reduce the pressures by the intervention team and also increased income from the PCT in respect of day care services. The under spend on older people has increased by £0.170m to £0.630m because a provision for bad debts

which arose prior to 31.March 2008 which required write off will now be met corporately under plans to reduce uncollectible debt.

4. The potential shortfall in the savings target for Children's has decreased from £0.799m to £0.450m at quarter 3, an improvement of £0.349m. To achieve this reduction the department has undertaken a review across all areas in order to identify savings. The review identified expenditure within Integrated Early Years and Community Services and Achievement and Inclusion that can be met from grant. The Home Office has now confirmed the authority will receive a payment in respect of the 2007-08 asylum seeker's special circumstances grant claim submitted for over 18's amounting to £0.194m. As well as reducing the forecast over spend the department has identified savings to help contain budgetary pressures arising in quarter 3 on the placement budgets for looked after children and care leavers.
5. Community and Environment are reporting a net under spend of £0.433m compared to a balanced position at previous quarter. The under spend is mainly due to additional income of £1.2m from parking enforcement and over recovery of income amounting to £400k due to improved performance on TFL work. This has been offset by overspends totalling around £1.2m: £410k as a result of price increases on utilities; under recovery of car parking income (£0.100m); increased costs of the recycling contract (£0.360m); a shortfall on income of £0.130m from the rubbish tip; and a virement approved in quarter 2 of £0.200m to street lighting.
6. For Corporate areas: Legal and Governance is reporting a shortfall on land charges income of £0.209m due to the decrease in activity in the property market.; the Assistant Chief Executive is reporting a forecast under spend of £0.150m.
7. Corporate items are forecast to overspend by a potential £0.814m. This consists of: £0.200m shortfall on the Revenue Income Optimisation (RIO) project reported last time; £0.300m relates to pressures on corporate contracts; and the remainder mainly relates to a potential shortfall of around £0.484m on the Business Transformation Programme (BTP) target. However, there are BTP projects being worked on which may eradicate all of the shortfall this year. Some of this pressure may reduce as a result of management actions being taken. These pressures are partly offset by an additional net gain of £0.500m on the capital financing and investment income budget.
8. There is a lot of work going on to remedy the corporate pressures and it is hoped that the majority of these pressures can be resolved in year as well as addressing any ongoing effect.

### **Housing Revenue Account**

9. The Housing Revenue Account is included at Appendix 4. There is an overall forecast over spend of £0.517m which arises mainly from the over spend on repairs of £0.748m, capital financing cost of £381k due to reduction in capital receipts, increase in utility costs and increase in provision for bad debts. This is partly offset by under spend on subsidy payable and increase in other income.

## Management Action being taken since the report at quarter 2:

10. At its meeting on 19 November 2008, the Corporate Strategy Board (CSB), agreed following actions :-

- A spending protocol was issued to reinforce the need to make essential purchases only and continue to exercise strict control over the use of agency staff and exercise a recruitment freeze in areas where there is no impact on frontline services;
- The revised carry forward policy on capital projects will help to reduce the cost of borrowing and an action plan is in place to try to mitigate the impact of further interest rate cuts on investment income returns;
- Each directorate to prepare robust action plans to deliver a balanced budget and wherever possible an under spend;
- Each directorate to review all sundry debts over 365 days and seek to maximise recovery;
- Each directorate to proactively engage with Capita to help deliver efficiency savings via the BTP.

## Savings Targets

11. The 2008-09 budget includes efficiency savings of £9.9m. The predicted shortfall is £2.385 m which is already included in the directorate total forecast outturn. The main areas of shortfall are: £1.2m in Children's mainly on Special Needs Transport and Family placement budgets; £0.150m on planning fee income due to the economic slowdown; £0.152m due to delays in setting up the leisure trust; and the RIO shortfall of £0.200m.

12. There is a potential risk that £484m of the BTP efficiency target will not be met this year against the target of £1.5m. However, there are a number of projects being worked on which may eradicate this.

## Virements

13. Approval is sought for the following virements.

	£000 from	£000 to
Older People underspend to Learning Disability overspend on placement budgets	630,000	630,000
Town Centre Facelift costs to be funded from provision (St Ann's Rent provision)	100,000	100,000

## Capital Financing and Investment Income

14. The measures taken to reduce or rephase the Capital Programme at quarter 2 have helped to mitigate the pressure on investment income due to interest rate cuts. The interest rate was reduced by a further 50 basis points bringing the base rate down to 1.5% on January 8. Further rate cuts are expected in the next couple of months. Due to changes in strategy in relation to borrowing and higher interest rates taken advantage of before the spate of rate cuts, there is an additional net gain of £0.500m on this budget.

## **General Balances**

15. General balances stand at £4.0m. The consolidated general balances position is forecast as £3.696m when taking into account the forecast revenue overspend of £0.304m. The spending protocol issued and the management actions required referred to at paragraph 10 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**

16. The Capital Programme is reported at Appendix 3. There is a current projected outturn of £112,936m. The programme has been increased by a net £7.7m as set out in Appendix 3. The additions are mostly grant funded except for £2.3m of BTP projects brought forward from 2009/10. There is reported slippage on the Housing Capital Programme of £1.5m (works fully committed but will not be completed in 2008-9), Harrow Arts Centre (LSC grant funded) £800k and £500k relating to Autistic Spectrum Disorder.

## **Debt Collection**

17. The latest position on Council Tax shows a surplus of £131k in respect of bad debt provision. It is anticipated that a deterioration in the collection rate may start to emerge this year due to the current economic climate. Therefore, the situation will be monitored closely
18. NNDR collection shows that collection rates on Business Rates are on track. As with all categories of debt it is expected that the problems in collecting the debts will start to emerge this year. However, the business rates are a call on the national non-domestic rate pool of central government; therefore there is no financial impact on the Council.
19. The arrears on Housing Benefits at the end of quarter 3 show a potential increase of £0.256m in bad debt provision required. The position is being closely monitored and will be reviewed in line with other bad debt provisions.
20. 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 provision has worsened by £0.561m due to more of the debt exceeding 365 days. This will be partly funded by various corporate provisions totalling £0,225m. This leaves a gap of £0.335m, the position will be monitored carefully during the year along with the Directorates increased efforts to manage older debt.

## **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 in a table 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.

Managers using SAP to forecast	QTR 3 %	QTR 2 %
Ast Chief Executive	100	100
Legal	100	100
Corporate Finance	83	68
Community and Environment	97	98
Children's	89	90
Adult and Housing	82	59

22. SAP refresher training is planned in late January, February and March for all budget holders. This will be closely linked to 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.
23. The financial control environment has been reviewed with a view to strengthening key controls and issuing new procedures. Some of these are already in place. The rest of the procedures will be finalised and in place by the end of January.

### **Financial Implications**

24. These are integral to the report.

### **Performance Issues**

25. 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**

26. There is a risk that the Council will over spend its budget in line with the third quarter forecast and therefore erode the level of balances it requires as a minimum. It is therefore necessary that management actions are being implemented across the Council to ensure that the budget is brought back into balance.

### **Environmental Implications**

27. There are none directly related to this report.

### Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett



Chief Financial Officer

Date: 30 January 2009

Name: Helen White



on behalf of Huge Peart  
Monitoring Officer

Date: 3 February 2009

### Section 4 – Performance Officer Clearance

Name: Tom Whiting



Assistant Chief  
Executive

Date: 30 January 2009

### Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director  
(Environmental Services)

Date: 30 January 2009

### Section 6: Contact details and background papers

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

#### Background Papers:

- (a) Report to December 2008 Cabinet: Quarter 2 monitoring report

**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.

The efficiencies that have been built into the budget as part of MTFS 2008-09 are also being closely monitored and any variations are included in the forecast outturn position.

As reported previously there are significant pressures on fuel and energy costs due to market conditions and contract renewals due, these are included within the forecast outturn position.

**SUMMARY**

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance	
			QTR 3				QTR 2
			£000	%			£000
Corporate & Democratic	7,571	7,571	0	0.0	0	-150	
Corporate Finance	13,502	13,502	0	0.0	0	-32	
Chief Ex Department	3,787	3,637	-150	-4.0	735	-363	
Legal & Governance	2,275	2,484	209	9.2	188	36	
Corporate Items		814	814	N/A	200		
<b>Total</b>	<b>27,135</b>	<b>28,008</b>	<b>873</b>	<b>3.2</b>	<b>1,123</b>	<b>-509</b>	

**CORPORATE FINANCE**

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance	
			QTR 3				QTR 2
			£000	%			£000
Directorate & Corporate Finance Teams	385	385	0	0.0	0	-347	
Audit & Risk, Insurance & Procurement	-177	-177	0	0.0	0	140	
Hits	909	909	0	0.0	0	-202	
Revenues & Parking	1,487	1,487	0	0.0	0	7	
Assessments & Exchequer	10,307	10,307	0	0.0	0	24	
Shared Services	591	591	0	0.0	0	346	
Corporate & Democratic Services	7,571	7,571	0	0.0	0	0	
Corporate Items		814	814		0	0	
<b>Total</b>	<b>21,073</b>	<b>21,887</b>	<b>814</b>	<b>3.9</b>	<b>200</b>	<b>-32</b>	



**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.

**Procurement**

There is projected overspend of £50k which is mainly due to unachievable savings built into the Budget on Corporate Contracts - Eden Springs and Print Room.

**Printer/ Copier**

There is potential pressure amounting to £250k on the corporate Multi Functional Device (MFD) contract. This is mainly due to increased usage. Further work is going on with the supplier to help resolve this and the pressure may reduce.

**Other Pressures/Opportunities**

There are various other pressures which are subject to management action. These come to £0.814m which mainly relates to a potential shortfall of £0.484m against the BTP target of £1.5m. However there are currently projects in the pipeline awaiting implementation which could negate this shortfall. There is an offset of £0.500m from the capital financing and income investment budget explained in the main report.

**CHIEF EXECUTIVE DEPARTMENT**

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR 3	QTR 2		
	£000	£000	£000	%	£000	£000
Chief Executive	516	516	0	0.0	0	57
Management team-ACE	594	594	0	0.0	0	0
Customer Services & BTP	-980	-980	0	0.0	800	32
Human Resources	500	460	-40	8.0	0	-349
Strategy & performance	3,157	3,047	-110	3.5	-65	-103
<b>Total</b>	<b>3,787</b>	<b>3,637</b>	<b>-150</b>	<b>-4.0</b>	<b>735</b>	<b>-363</b>

**Human Resources**

There is forecast salaries under spend of £ 40k due to vacancies and expenditure controls as a result of introduction of the spending protocol.

### Strategy and Performance

The total forecast under spend is £110k. This is due to £ 50k on communication as a result of negotiation of performance targets partly offset by costs relating to Disabled Go campaign. Further £50k due to vacancies and under spends on training budget of £24k.

### LEGAL AND GOVERNANCE SERVICES

The current projections and the trend show that the current position is projecting £209k under recovery of income, an increase of £21k from previously reported at Quarter 2. 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. For 2009-10 the pressure will continue and currently there is a growth item built into the MTFS.

### ADULTS AND HOUSING

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR 3			
	£000	£000	£000	%	£000	£000
Community Care	39,425	39,686	261	0.7	570	-779
Commissioning & Partnerships	9,506	9,031	-475	-5.0	-346	32
Modernisation & Integration	8,024	7,723	-301	-3.8	-272	231
<b>Adults Total</b>	<b>56,955</b>	<b>56,440</b>	<b>-515</b>	<b>-0.9</b>	<b>-48</b>	<b>-516</b>
Housing GF	4,524	4,453	-71	-1.6	-20	-104
<b>Total</b>	<b>61,479</b>	<b>60,893</b>	<b>-586</b>	<b>-1.0</b>	<b>-68</b>	<b>-620</b>

Managing within budgets is critical in respect of the overall council position and to ensure that the 2009-10 budget saving reflecting the in year capacity can be achieved and a balanced budget agreed. .

#### Key issues

- Continued pressures in relation to the robustness of financial data from HOST 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. It has been assumed that this exercise will be funded by capital.
- A lower level of expenditure in relation to community care, reflecting additional income from the Primary Care Trust [PCT], reduced expenditure reflecting the impact of the intervention team and historic debt now assumed to be written off against the corporate provision rather than current year revenue.
- 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. Whilst there are currently no households in Bed & Breakfast [B&B] it is likely that the

impact of the 'credit crunch' has not yet reached its peak, which will impact these figures.

- 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 as part of the January billing run. 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.
- Within the provision of Learning Disability [LD] residential accommodation managed by Support for Living, there is pressure from Commission for Social Care Inspectorate [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. Pressures on salaries of £63k are included pending further work by officers to verify the anticipated outturn position.
- Employee provisions - £100k provision exists to cover the costs anticipated with employee tribunals. It is assumed at this stage that this provision will be fully utilized and with no revenue implications.
- Need to earmark approx £60k for transition costs of moving to retail model for community equipment during 2009-10.
- The corporate carry forward policy will allow grants to be carried forward if the Council as a whole under spend. Need to ensure that grant expenditure is maximized in the current year in this respect.

### Community care

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR 3		QTR 2	
	£000	£000	£000	%	£000	£000
Older People	20,177	19,547	-630	-3.1	-460	-1,382
Physical disability	6,653	6,726	73	1.1	-48	23
Learning disability	9,990	10,933	943	9.4	1,346	2,229
Self Directed support	1,268	1,349	81	6.4	63	8
Strategic Management	1,337	1,131	-206	-15.4	-331	-1,657
<b>Total</b>	<b>39,425</b>	<b>39,686</b>	<b>261</b>	<b>0.7</b>	<b>570</b>	<b>-779</b>

- The increased under spend in Older Peoples services results from historic debt of £170k, previously assumed to be written off against revenue, now being provided corporately.
- The increased expenditure in Physical Disability [PD] services reflects an increase in placement costs, and the transfer of salary budget to LD services. The purchasing budget assumes the transfer of a terminally ill client to the PCT and increased Independent Living Fund [ILF] funding, if this does not materialise the overspend will increase.

- The reduction in the reported outturn position for Learning Disability services represents increased income from the PCT for a contribution towards the day care costs for s28a clients, and reduction in the purchasing budget expenditure arising from the work of the intervention team. The position reported is a prudent position and it is expected that further savings will be achieved by year end.
- Within LD services Harrow Adult Placement Service [HAPS] assumes an outturn on budget – further work is required to ensure the Supporting People [SP] grant is spent to maximise placements, which in turn reduce the overspend on the purchasing budget.
- A shortfall in income in relation to day care charges of £152k given that the current proposal is unlikely to generate the required level of income and as agreed with the Portfolio Holder.
- An overspend on transport costs of £232k, inherent in the above figures for each of the client groups
- Strategic management – Social Care reform grant now fully committed. £50k for the Watling Farm Communities for Local Government [CLG] bid has been transferred to Housing Services. At this stage it is assumed the legal budget will under spend by £184k.

### Commissioning & Partnerships

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR 3		QTR 2	
	£000	£000	£000	%	£000	£000
Contracts	1,018	1,018	0	0	34	43
Supporting People	295	247	-48	-16.3	-6	-24
Partnership Development	1,273	1,215	-58	-4.6	-26	21
Mental Health	4,527	4,573	46	1.0	-3	215
Catering	737	649	-88	-11.9	-62	-89
Frameworkki	1,527	1,527	0	0	0	-21
Training	129	-198	-327	-253.5	-283	-113
<b>Total</b>	<b>9,506</b>	<b>9,031</b>	<b>-475</b>	<b>-5.0</b>	<b>-346</b>	<b>32</b>

- Across the division, commitments of £50k have been made to manage the restructure, engage additional staff to assist in progressing key projects such as the recommissioning of Support for Living [SFL] residential provision and redundancy costs.
- A carry forward, subject to grant conditions, of £806k is anticipated in relation to the SP grant. The Commissioning Body approved a commitment of £130k in relation to the grant carried forward to support the Extra Care Housing Scheme. If the grant is not approved for carry forward by Corporate Leadership Group [CLG] or corporately within Harrow, this will increase the pressures in the 2009-10 budgets.

- Within the Partnership Development team an under spend of £58k in relation to the Carers grant is anticipated – this will contribute towards carer costs currently being reported within community care
- The under spend on Mental Health represents the charging of salaries against the Integrated Mental Capacity Act [IMCA] grant, and a balance carried forward [subject to Council policy] of £45k. Potential pressures of £100k in relation to Mental Health placements have been included.
- There is an under spend of £88k within the catering division, however, civic centre catering is expected to make a net loss of £76k at the year end. In addition, historic debt of £25k previously assumed to be written off against revenue will be provided corporately.
- Training within Adults has been offset against the training grant to maximize grant funding. Of the under spend reported £113k represents the approved carry forward of £113k from 2007-08.

### Modernisation & Integration

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR 3	QTR 2		
	£000	£000	£000	%	£000	£000
LD Residential	5,072	4,806	-266	-5.2	-290	167
Economic Wellbeing	1,866	1,825	-41	-2.2	-6	94
Discrimination & Harassment	1,086	1,092	6	0.6	24	-30
<b>Total</b>	<b>8,024</b>	<b>7,723</b>	<b>-301</b>	<b>-3.75</b>	<b>-272</b>	<b>231</b>

- Within the LD residential service there is an under spend of £240k in relation to the delay in opening the new 12 bed facility at 79 Bessborough Road. In addition, there are a number of variations including salary overspends of £79k in the SFL provision, and £26k in relation to the ill health retirement of a Council employee. These overspends are offset by anticipated income from a Brent client of £75k and the balance of the growth no longer required in relation to the Transfer of Undertakings for Protected Employment [TUPE] of staff to SFL of £65k. Further work is underway to clarify the salary position.
- Economic wellbeing - this reflects in the main variations in relation to staffing. The pooled budget anticipates an under spend of £17k in the current year which will be carried forward to support the identified transition costs in transferring to the retail model once agreed – a further amount will need to be earmarked by both the Council and the PCT in this respect. Helpline assumes a contribution back to the Housing Revenue Account [HRA] in relation to the Community Alarm Officers of £63k.
- The early appointment of staff within the Discrimination & Harassment area has reduced agency costs from that previously reported.

**Housing GF Services**

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR 3		QTR 2	
	£000	£000	£000	%	£000	£000
Housing Need	2,791	2,791	0	0.0	0	-42
Housing Partnership	560	506	-54	-9.6	0	-40
Other GF Services	344	347	3	0.9	-1	-23
Travellers Site	81	76	-5	-6.2	-8	4
Complaints	308	294	-14	-4.5	-10	-9
Resident Services – Watkins	440	439	-1	-0.2	-1	6
<b>Total</b>	<b>4,524</b>	<b>4,453</b>	<b>-71</b>	<b>-1.6</b>	<b>-20</b>	<b>-104</b>

- Housing Need is projected to be on target at year end, however, there is significant pressure on this budget resulting from the current economic climate and the need to achieve the reduction in the temporary accommodation target by 50% from December 2004 to December 2010. There are currently no households 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 temporary accommodation [TA] by March 2009 – the figure at the end of period 8 was 839.
- Committed costs of £81k in relation to Anmer Lodge are included in the forecast. The final payment in relation to these costs is currently being negotiated, given that the original lease has lapsed, and until this has been finalised it is not possible to advise any saving in this respect.
- Housing Partnership – an under spend of £39k representing staff vacancies to the end of December has been realised. It has been assumed that agency staff will cover some vacant posts for the period January to March 2009, with a further commitment of £10k to enable delivery of service plan objectives.
- Travellers Site – budget of £50k has been transferred from Adults to cover the costs of the CLG bid costs in relation to Watling Farm

**CHILDREN’S SERVICES**

The current position is a forecast overspend of £450k, compared to £799k in the second quarter.

In order to rectify the quarter 2 overspend a review of all service areas was undertaken to identify compensating savings. By maximising the use of grant income and implementing expenditure restrictions the over spend was reduced to only £140k as at month 7. However, unsurprisingly given recent events nationally the demand for looked after children’s placements has increased resulting in a projected overspend.

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance	
			QTR 3				QTR 2
			£000	£000			£000
School Development	1,327	1,043	-284	-21.4	0	-84	
Children's Services Management	1,575	1,501	-74	-4.7	-100	56	
Early Years Service	1,200	824	-376	-31.3	-200	245	
Safeguarding, Family Placement and Support	13,290	13,510	220	1.7	-172	-48	
Special Needs Service	7,705	8,256	551	7.2	820	451	
Young People's Service	5,414	5,827	413	7.6	451	-362	
Schools	3,522	3,522	0	0	0	85	
Dedicated Schools Grant (DSG) element of variance	-	-				-237	
<b>Total</b>	<b>34,033</b>	<b>34,483</b>	<b>450</b>	<b>1.3</b>	<b>799</b>	<b>106</b>	

### Schools Development

These services are largely grant funded. A review of grant funding identified expenditure that could be funded from grant rather than the council contribution. In addition revenue saving of £65k in respect of salaries has been identified.

### Management and Other Services

This service includes a relatively small contingency fund of £162k (less than 0.5% of the total Departmental budget), which is held by the Corporate Director to cover unforeseen events. The £74k remaining has been assigned to partially offset the over spends 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. In addition to the £0.2m identified in quarter 2 it is estimated that further expenditure can be met from grant, thus further reducing the Council's contribution. In addition there is an estimated savings of £100k on PVI providers. This is based on 2 terms worth of data and the final amount will only be finalised following the spring term numbers.

### Safeguarding, Family Placement and Support

This service includes the placements budget for looked after children which is highly demand led and volatile. As detailed above there has been an increase in the number of looked after children placements. Based on placements made to the end of the third quarter the placements budget is forecast to overspend by £446k, which is an increase of £278k on the forecast of £168k at the end of quarter 2. In addition there is a projected overspend of £89k in respect of Honey Pot Lane. The management arrangements of Honey Pot Lane have been revised and strengthened to ensure there are no further increases in the overspend. 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. This has generated compensating savings of £314k thereby reducing the over spend to £220k.

### Special Needs Service

The over spend largely relates to Special Needs home to school transport, where savings of £880k were taken from the budget in 2008-09. In addition the transport service is forecasting an additional £118k overspend due to rising fuel costs in the first half of the year, and increasing demand. Home to school transport is currently being reviewed by Capita but realistically it's unlikely to reap substantial savings in this financial year. Efforts were made to manage these costs down wherever possible, and £447k of under spend in the rest of the Special Needs service is being held to offset the transport pressures. This leaves a net position of £551k overspend on the Special Needs service as a whole.

### Young People's Service

The placements budget for Care Leavers is forecasting an over spend of £552k which is an increase of £226k on quarter 2. 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. The asylum service position is now forecasting an under spend of £194k as the Home Office has confirmed the payment of grant in respect of expenditure on over-eighteens that was incurred in 2007-08.

### 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 2008-09 financial year continues to remain challenging with the economic climate having an impact the on the amount of capital receipts generated and the resources to deliver some of the major projects.

### Summary

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR 3			
	£000	£000	£000	%	£000	£000
Community & Culture	10,539	10,539	0	0	0	156
Directorate Support & Performance	734	734	0	0	0	0
Environment	34,465	34,032	-433	-1.3	0	-803
Planning	3,661	3,661	0	0	0	-10
Corporate & Democratic Services	337	337	0	0	0	0
<b>Total</b>	<b>49,736</b>	<b>49,303</b>	<b>-433</b>	<b>-0.9</b>	<b>0</b>	<b>-657</b>



**Community & Cultural Services**

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR 3			
	£000	£000	£000	%	£000	£000
Community & Development	1,915	1,915	0	0	0	-78
Cultural Services	2,402	2,502	100	4.2	0	71
Libraries & Museum	5,543	5,443	-100	-1.8	0	-56
Lifelong Learning	148	148	0	0	0	0
Strategic Mgmt	531	531	0	0	0	219
<b>Total</b>	<b>10,539</b>	<b>10,539</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>156</b>

**Community & Cultural Services**

**Leisure Centre NNDR-** The Leisure Centre Trust has now set up and the total set up costs to date included Legal Fees amounting to £ 152k most . As there was no budget provision for this expenditure controls were brought in across all budget heads to contain within the existing budget.

**Libraries-** There is a potential net underspend of £ 100k being forecast on the Gayton Road libraries budget . The opportunity has risen due a rent holiday period partially offset by the rates bill payable for the old Gayton Library. The provision for the rates for 2009-10 has been built into the MTFS.

Expenditure controls have been brought in across all budget heads to help further mitigate this risk and we 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
			QTR 3			
	£000	£000	£000	%	£000	£000
Community Safety	703	-200	-803	-128.4	-703	-368
Property & Infrastructure	12,681	12,791	10	0.1	213	-345
Public Realm Services	21,081	21,441	360	2.4	490	-90
<b>Total</b>	<b>34,465</b>	<b>34,032</b>	<b>-433</b>	<b>-1.3</b>	<b>0</b>	<b>-803</b>

## Community Safety

**Parking Enforcement** -Income on parking enforcement is currently forecasting £1.2m, £ 200k additional to previously reported surplus of £ 1m at Quarter 2. However to help mitigate the overspend on CCTV £47K, gap in the Crime Reduction budget £ 50K and a virement for Street lighting £ 200k, the net under spend stands at £803k. 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.

**Car Parking Income**-As the trend continues downturn on the economic front, the operator of the Queens House Car Park has gone into administration. The impact of this will be a deficit in the Car Parking Income currently projected at £ 100k. The position is being monitored very carefully to identify measures to mitigate this risk. This is likely to put pressure on 2009-10 income budgets.

## Property & Infrastructure

**Energy Pressures**- Following the cessation of fixed contract in November 2008 with the existing energy supplier, the Council has entered into a contract with a new supplier. The new negotiated inflationary increases in energy costs are putting severe pressure on energy costs on the facilities budgets.

Currently the projection is looking at an over spend of approx £300k on the Civic Centre and Central Depot energy budget. This is due to a combination of impact of the inflationary increase and a shortfall in the 2008-9 budget.

The biggest use of energy is Street lighting which is currently projected to overspend approx £110k.

**Infrastructure**- Due to freezing temperatures there has been a requirement to carry out gritting above normal levels. If the cold weather persists through February, there is likely to be a significant pressure on the winter gritting budget. Management are currently looking at ways of mitigating this risk and once the outcome becomes more certain, we will be in a position to report accurate figures.

**Infrastructure Income**- There was an over recovery of income reported at Q2 due to improved performance in respect of the TFL work programme which are currently projected at £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)**

At quarter 2 there was under recovery of £ 130k income reported as a result of reduction in use of the Rubbish Tip Site by commercial operators, The current forecast show that the pressure remains in this area, however due to closer monitoring of all budget in the public realm services and the introduction of the spending protocol, this risk can now be mitigated by various under spends across this service area.

### **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. The adverse variance on income budget of £100k at quarter 3 remains unchanged but will be managed due to expenditure controls on several heads across the service.

## Planning Service

Service	Revised Budget	Forecast Outturn	Variance		Variance	2007/2008 actual full year Variance
			QTR 3	QTR 2		
	£000	£000	£000	%	£000	£000
Building Control	165	165	0	0.0	0	76
Development Control	1,497	1,497	0	0.0	0	92
Economic Development & LDF	1,162	1,162	0	0.0	0	-120
Major Projects	1,084	1,084	0	0.0	0	66
Property & Valuation	-557	-557	0	0.0	0	-181
Planning Admin	310	310	0	0.0	0	120
<b>Total</b>	<b>3,661</b>	<b>3,661</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>-10</b>

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.

In addition pressures in respect of salaries charge to capital receipts amounting to £120k, Capitalisation totalling to £215k and rental Income on commercial properties-

of £80k have been identified. At this stage 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 3 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	6,956	150,838	151,652	814	113,219	44,028	-69,191
Gross Income	-124,347		-5,418	-129,765	-129,765		-97,415	-103,576	-6,161
<b>Net Expenditure</b>	19,435	100	1,538	21,073	21,887	814	15,804	-59,548	-75,352
<b>Assistant Chief Executive</b>									
Gross Expenditure	15,451		-11,664	3,787	3,637	-150	2,840	2,281	-559
Gross Income	-6,732		-12,664	-19,396	-19,396		-14,546	-14,800	-254
<b>Net Expenditure</b>	8,719		-24,328	-15,609	-15,759	-150	-11,706	-12,519	-813
<b>Legal Services</b>									
Gross Expenditure	5,506		1,147	6,653	6,653		4,989	4,656	-333
Gross Income	-4,281		-97	-4,378	-4,169	209	-3,283	-1,755	1,528
<b>Net Expenditure</b>	1,225		1,050	2,275	2,484	209	1,706	2,901	1,195
<b>Adults &amp; Housing</b>									
Gross Expenditure	86,087	313	4,238	90,638	90,902	264	67,978	61,781	-6,197
Gross Income	-28,453		-706	-29,159	-30,009	-850	-21,870	-22,314	-444
<b>Net Expenditure</b>	57,634	313	3,532	61,479	60,893	-586	46,108	39,467	-6,641
<b>Childrens</b>									
Gross Expenditure	202,025	160	4,698	206,883	207,333	450	155,163	298,903	143,740
Gross Income	-172,564		-286	-172,850	-172,850		-129,638	-289,056	-159,418
<b>Net Expenditure</b>	29,462	160	4,411	34,033	34,483	450	25,525	9,847	-15,678
<b>Community &amp; Environment</b>									
Gross Expenditure	79,873	480	4,391	84,744	85,811	1,067	63,558	61,427	-2,131
Gross Income	-35,783	-102	877	-35,008	-36,508	-1,500	-26,271	-37,268	-10,997
<b>Net Expenditure</b>	44,090	378	5,268	49,736	49,303	-433	37,287	24,159	-13,128
<b>Expenditure Total</b>	532,724	1,053	9,766	543,543	545,988	2,445	407,747	473,076	65,329
<b>Income Total</b>	-372,160	-102	-18,294	-390,556	-392,697	-2,141	-293,023	-468,769	-175,746
<b>Total Net</b>	160,565	951	-8,529	152,987	153,291	304	114,724	4,307	-110,417
<b>Housing Revenue Account</b>									
Gross Expenditure	17,974			17,974	18,937	963	13,807	11,541	-2,266
Gross Income	-17,183			-17,183	-17,629	-446	-13,807	-11,171	2,636
In year Deficit	791			791	1,308	517	0	370	370

**Monthly Monitoring Report**  
**Position as at: 31 December 2008**

**CORPORATE FINANCE**

Directorate  (1)	Budget 2008/09				Outturn Position		Quarter 3 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 and Corporate Finance Teams</b>									
Gross Expenditure	2834	100	246	3180	3180	0	2385	2309	-76
Gross Income	-1635	0	-1175	-2810	-2810	0	-2108	-2533	-425
Net Expenditure	1199	100	-929	370	370	0	277	-224	-501
<b>Audit, Risk, Insurance, Health and Safety &amp; Procurement</b>									
Gross Expenditure	15477	0	352	15829	15829	0	11876	14655	2779
Gross Income	-15407	0	-599	-16006	-16006	0	-12057	-12357	-300
Net Expenditure	70	0	-247	-177	-177	0	-181	2298	2479
<b>HITS</b>									
Gross Expenditure	5427	0	1245	6672	6672	0	5004	5352	348
Gross Income	-2674	0	-3089	-5763	-5763	0	-4323	-4208	115
Net Expenditure	2753	0	-1844	909	909	0	681	1144	463
<b>Revenues &amp; Parking</b>									
Gross Expenditure	2011	0	472	2483	2483	0	2408	3346	938
Gross Income	-925	0	-71	-996	-996	0	-947	-1075	-128
Net Expenditure	1086	0	401	1487	1487	0	1461	2271	810
<b>Assessments &amp; Exchequer</b>									
Gross Expenditure	107652	0	1710	109362	109362	0	81475	9958	-71517
Gross Income	-99272	0	217	-99055	-99055	0	-74091	-83185	-9094
Net Expenditure	8380	0	1927	10307	10307	0	7384	-73227	-80611
<b>Corporate Items</b>									
Gross Expenditure	0	0	733	733	1547	814	550	669	119
Gross Income	-45	0	-673	-718	-718	0	-504	-266	238
Net Expenditure	-45	0	60	15	829	814	46	403	357
<b>Shared Services</b>									
Gross Expenditure	2429	0	939	3368	3368	0	2526	2444	-82
Gross Income	-2273	0	-504	-2777	-2777	0	-2083	-1704	379
Net Expenditure	156	0	435	591	591	0	443	740	297
<b>Corporate Democratic Services</b>									
Gross Expenditure	7952	0	1259	9211	9211	0	6995	5295	-1700
Gross Income	-2116	0	476	-1640	-1640	0	-1302	1752	3054
Net Expenditure	5836	0	1735	7571	7571	0	5693	7047	1354
<b>Total</b>	<b>19435</b>	<b>100</b>	<b>1538</b>	<b>21073</b>	<b>21887</b>	<b>814</b>	<b>15804</b>	<b>-59548</b>	<b>-75352</b>
<b>Directorate Expenditure Total</b>	<b>143782</b>	<b>100</b>	<b>6956</b>	<b>150838</b>	<b>151652</b>	<b>814</b>	<b>113219</b>	<b>44028</b>	<b>-69191</b>
<b>Directorate Income Total</b>	<b>-124347</b>	<b>0</b>	<b>-5418</b>	<b>-129765</b>	<b>-129765</b>	<b>0</b>	<b>-97415</b>	<b>-103576</b>	<b>-6161</b>
<b>Directorate Net Total</b>	<b>19435</b>	<b>100</b>	<b>1538</b>	<b>21073</b>	<b>21887</b>	<b>814</b>	<b>15804</b>	<b>-59548</b>	<b>-75352</b>

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**CAPITAL PROGRAMME MONITORING AS AT 31 DECEMBER 2008**

	Original Capital Prog. £000	Changes approved in QTR 1 & 2 £000	Revised Capital Prog. £000	New Schemes/Add. /Reduction £000	Forecast Outturn £000
Corporate Finance and Strategy	9,209	4,598	13,807	2,230	16,037
Adults and Housing	16,268	7,211	23,479	-1,413	22,066
Children's Services	26,458	12,829	39,287	6,854	46,141
Community and Environment	30,650	-2,966	27,684	8	27,692
Capitalisation	1,000		1,000		1,000
<b>Total</b>	<b>83,585</b>	<b>21,672</b>	<b>105,257</b>	<b>7,679</b>	<b>112,936</b>

**Corporate Finance & Corporate Strategy**

Description	£000
Computer Room upgrade (underspend)	-35
Desktop Refresh (underspend)	-35
IP Telephony (underspend)	-30
BTP – Adult Transformation (Advance funding from 2009-10)	1,440
BTP – Other Projects (Advance funding from 2009-10)	890
<b>Total</b>	<b>2,230</b>

**Adults and Housing**

Description	£000
Byron Park Residential Home (Advance funding from 2009-10)	80
Disabled Facilities Grant – additional grant funding	7
Housing Capital Programme (rephasing into 2009-10)	-1500
<b>Total</b>	<b>-1,413</b>

**Children's Services**

Description	£000
Youth Community Fund – additional grant funding	25
Education Modernisation and Improvement (underspend)	-150
Autistic Spectrum Disorder (Rephasing to 2009-10)	-500
Post 16 (Advance funding from 2009-10 project ahead of programme than previously reported)	7,479
<b>Total</b>	<b>6,854</b>

**Community & Environment**

Description	£000
Free Swimming Programme (Additional Grant funding through the DCMS)	65
Harrow Arts Centre – LSC grant funded (Rephasing to 2009-10)	-800
Petts Hill (Advance funding from 2009-10 )	500
Local Area Accessibility, Cycling Non-LCN+ Scheme, Cycling LCN+, School Travel Plans - additional TFL grant allocation	443
Strategic Development (underspend)	-150
Street Lighting (underspend)	-50
<b>Total</b>	<b>8</b>

## Housing Revenue Account

	Approved Budget 2008-09 £000	Forecast Outturn 2008-09 £000	Variance		Comments
			£000	%	
<b>Expenditure</b>					
Employee Costs	1,893	1,735	-158	-8	Under spend in respect of various vacant posts across tenant services (£80k) which are in part being used to fund an additional caretaker - note additional caretaker costs are recoverable as part of service charges. Under spends on training (£50k) and conference fees (£21k)
Supplies & Services	456	375	-82	-18	Main variations (£56k) in relation to GRIR account [SAP], resident surveys (£30k) includes £8k funding from CLG, Tenants handbook & newsletter (£15k), IT Development (£17k) offset by overspends on printing tenants quarterly statements £12k, archiving cost £10k and other minor variations
Utility cost	515	627	112	22	Heating cost and water rates recovered through facility charges below. Anticipate electricity costs to increase by 35% (approx £17k) and gas by 55% (approx £75k) from November 2008.
Estate & Sheltered Services	1,873	1,792	-81	-4	Under spend on landlords electricity (£155k) anticipate price increase of 35% from November 2008 (approx £23K) but this will be offset by refunds in relation to expenditure incurred in 2007-08 of £43k. £120k increased staffing costs in respect of sheltered wardens offset by contribution of £62k from Adults services, Leasehold services salaries £17k over.
Central Recharges	1,664	1,664	0	0	
<b>Operating Expenditure</b>	<b>6,402</b>	<b>6,193</b>	<b>-209</b>	<b>-3</b>	
Contingency - general	199	142	-57	-29	Redundancy cost £43k, Estate Deep Clean cost projected to be £96k (includes B Beardon Jul to Mar £22k) Transfer of 2.5k to HFTRA £115k committed to date re deep clean on estates 65k and redundancy cost £50k, 2.5k HFTRA
Charges for Capital	5,521	5,902	381	7	Assumes £1m under spend on Decent Homes capital programme including rephasing from 2009-10 into 2008-09 of £3.6m, lower level of right to buy receipts and reduction in interest earned on balances.
Contribution to Repairs Account	4,752	5,500	748	16	Anticipated overspends within general repairs £329k, cyclical maintenance £116k, voids £275k and a lower level of recoverable service charge income £38k. Outturn anticipated reflects impact of corrective action as discussed with Corporate Director and Portfolio Holder.



	Approved Budget	Forecast	Variance		Comments
	2008-09	Outturn	£000	%	
	£000	2008-09	£000		
RCCO	1,000	1,000	0	0	Contribution to Decent Homes expenditure.
Bad or Doubtful Debts	100	200	100	100	Increase in outstanding tenant arrears £1.5m [with service charge arrears at £453k], and age of debt, together with write offs estimated at £87k requires an increased provision.
<b>Total Expenditure</b>	<b>17,974</b>	<b>18,937</b>	<b>963</b>	<b>5</b>	
<b>Income</b>					
Rent Income – Dwellings	-21,160	-21,343	-183	1	Income budget not appropriately reflecting anticipated income for the year.
Rent Income – Non Dwellings	-990	-865	125	13	Lower levels of garage income (£80k), shops leases (£41k), Halls (£1k) when compared with approved budget.
Service Charges - Tenants	-1,079	-1,088	-9	1	
Service Charges - Leaseholders	-210	-176	-34	-16	Reflects billing of 2008-09 on account invoices including adjustments to date for disputed amounts
Facility Charges	-470	-470	0	0	
Interest	-19	-17	2	11	Mortgage Interest receivable.
Other Income	-8	-93	-85	-1065	Court cost recovered £22K and a reversal of mortgage capital written off from balance sheet in prior year now identified as still outstanding £62k
Transfer from General Fund	-83	-83	0	0	Contribution from the HGF for Shared Amenities.
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
<b>Total Income</b>	<b>-17,183</b>	<b>-17,629</b>	<b>-446</b>	<b>-3</b>	
<b>In Year Deficit / (Surplus)</b>	<b>791</b>	<b>1,308</b>	<b>517</b>	<b>65</b>	
<b>BALANCE</b>	<b>-5,451</b>	<b>-4,933</b>			<b>HRA Business Plan assumes surplus carried forward into 2009-10 of £5,685K. This shortfall of £752k is likely to affect the viability of the HRA.</b>

### 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, results in bringing down the over spend to an estimated figure of £748k.
- Increased in year deficit of £517k. 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, and taking into account the draft 3 year HRA budget for 2009-10 to 2011-12, by year 7 [2013-2014] 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 2007-08 for Council Tax], are set out below.

**Council Tax**

Currently, bad debt provisions (BDP) of £2.81m exist [£3.83m - £1.02m w/offes 1/4/08-31/12/08] for Council Tax against a potential BDP of £2.679m before the 2008-09 contribution, for debts accrued to 31 March 2008.

<b>COUNCIL TAX</b>	Net Arrears outstanding as at 31.03.08	Net Arrears outstanding as at 31.12.08	Bad Debt requirement	
	£000	£000	%	£000
1994-1995 to 2004-2005 system balance	600	613	100	613
2005-2006 system balance	488	615	86	529
2006-2007 system balance	869	863	73	630
2007-08 system balance	1,372	1,680	54	907
<b>Total Council Tax Debt over 12 months old</b>	<b>3,329</b>	<b>3,771</b>		<b>2,679</b>

**National Non Domestic Rates (NNDR)**

Currently, bad debt provisions of £1.71m [£2.298m- £0.579m w/offes 1/4/08-31/12/08] exist for business rates (NNDR) against a potential BDP of £1.263m. 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 at 31.03.08	Net Arrears outstanding as at 31.12.08	Bad Debt requirement	
	£000	£000	%	£000
1993-2004 to 2006-2007 system balance	721	823	100	823
2007-08 system balance	458	881	50	440
<b>Total Business Rates Debt over 12 months old</b>	<b>1,179</b>	<b>1,704</b>		<b>1,263</b>

**General Debtors**

A total provision of £1.408m exists for debts raised before 31 March 2008. The provision is in respect of general debts (£838k); Harrow Primary Care Trust (£370k) and Consortium of North West London (£200k). The projected requirement for general debt is £1.399m resulting into potential shortfall of £561k.

Housing Benefits

Currently, bad debt provisions of £1,178k exist for Housing Benefit overpayment debt against a potential BDP of £1,434. There is a potential short fall of £0.256m; 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 31.12.08	Bad Debt requirement	
	£000	£000	%	£000
<b><u>HOUSING BENEFIT OVERPAYMENTS</u></b>				
Housing Benefit arrears currently being collected from future payments, therefore no BDP required	1,476	1,423	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	308	100	308
2005-2006	449	409	100	409
2006-2007	536	396	40	158
2007-08	1,151	644	40	258
2008-09 (to Date)	0	1005	30	301
<b>TOTAL</b>	<b>2,628</b>	<b>2,762</b>		<b>1,434</b>
BDP 31.03.08				1,178

Housing Revenue Account

- This provision is for Service Charges and Current and Former tenants rent arrears are 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 £721k exists, after allowing for the write off of debts no longer considered recoverable, against an estimated requirement of £921k, requiring an increase of £200k.

	Outstanding Debt as at 31.03.08	Outstanding Debt as at 31.12.08	Bad Debt requirement	
	£000	£000	%	£000
<b><u>HOUSING – LEASEHOLDERS</u></b>				
Less than 30 days	16	130	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	82	50.0	41
181 to 365 days	55	116	75.0	87
> 365 days	151	125	100.0	125
<b>TOTAL</b>	<b>302</b>	<b>453</b>		<b>253</b>
BDP 31.03.08	<b>187</b>			
Less: write offs	0			
BDP at 30.09.08	<b>187</b>			
<b><u>HOUSING – CURRENT TENANT ARREARS</u></b>				
Less than 30 days	128	323	0.0	0
30 to 60 days	117	170	7.5	13
60 to 90 days	106	116	15.0	17
90 to 180 days	165	214	50.0	107
181 to 365 days	142	129	75.0	97
> 365 days	33	85	100.0	85
<b>TOTAL</b>	<b>691</b>	<b>1037</b>		<b>319</b>
BDP 31.03.08	<b>269</b>			
Less: write offs	0			
BDP at 30.09.08	<b>269</b>			
<b><u>HOUSING – FORMER TENANT ARREARS</u></b>				
Less than 30 days	17	19	0.0	0
30 to 60 days	32	38	7.5	3
60 to 90 days	34	33	15.0	5
90 to 180 days	85	91	50.0	45
181 to 365 days	147	162	75.0	121
> 365 days	149	175	100.0	175
<b>TOTAL</b>	<b>464</b>	<b>518</b>		<b>349</b>
BDP 31.03.08	<b>352</b>			
Less: write offs	87			
BDP at 31.12.08	<b>265</b>			