

Meeting:	Performance and Scrutiny Sub-Committee
Date:	16 November 2009
Subject:	Revenue and Capital Monitoring 2009/10
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 - Housing Revenue Account Appendix 4 - Capital Monitoring Appendix 5 – Debt Management

Section 1: Summary and Recommendations

This report sets out the Council's revenue and capital forecast position for 2009/10

Recommendations:

To note the report submitted to Cabinet at its meeting on 22 October 2009.

Section 2: Report

Introduction

1. This report summarises the monitoring position as at end of August 2009. The total Directorate outturn position is £185,821m against a latest budget of £184,246m, which represents an over spend of £1.575m, a variance of 0.9% of the net budget. This is offset by a forecast surplus on the capital financing and investment income budget of £0.700m and inflation budget of £1.000m. The total forecast net under spend is £0.125m.

The table below summarises the position:

Original Budget £000	Directorate	Latest Budget £000	Forecast Outturn £000	Variation		Para No.
				£000	%	
8,337	Corporate and Democratic	8,232	8,232	0	0.0	
13,883	Corporate Finance	14,227	14,229	2	0.0	
4,566	Chief Executive	5,943	5,944	1	0.0	
943	Legal and Governance	893	894	1	0.0	7
65,191	Adults & Housing	65,292	65,539	247	0.4	3
38,835	Children's	38,874	40,366	1,492	3.8	4
46,917	Community and Environment	47,041	46,854	-187	-0.4	5
4,365	Place Shaping	4,490	4,445	-45	-1.0	6
-1,796	Corporate Items	-746	-682	64	9.0	7
181,241	Sub total Directorates	184,246	185,821	1,575	0.9	
-7,162	Capital Financing and Investment Income	-7,299	-7,999	-700	-9.6	8
2,620	Pay Inflation and Contingency	2,620	1,620	-1,000	38.2	8
176,699		179,567	179,442	-125	0.0	

Revenue Budget

2. Adults and Housing are forecasting an over spend of £0.247m. This is mainly due to the full year effect of an increase in client numbers of 86 on physical disability and learning disability. These costs are partly offset by growth in 2009/10 and management action. The director is working to contain the over spend and other risks.
3. Children's services are projecting an over spend of £1.492m. This is mainly due to areas of underlying pressure carried forward from 2008/09. The pressure arises in Special needs transport £0.760m, the number of placements, total

pressure £0.728m; and challenges in recruiting social workers £0.162m. In order to immediately address the budget overspend an action plan has been implemented to restrict all non essential expenditure resulting in a forecast reduction of £0.118m which is included in the latest projection..

4. Community and Environment are reporting a net under spend of £0.187m. Of this £0.239m relates to Community & Culture and £0.200m relates to the directorate support and performance budget. This is off set by an over spend on Environment totalling £0.253m mainly attributable to a shortfall on parking income which is being monitored..
5. Place Shaping are reporting a net under spend of £0.045m. This has resulted from under spends within Planning Services on employee costs due to vacancies and an increase in income from Development Management and Building Control. These under spends are partly offset by an over spend on Corporate Estate resulting from a lack of capital receipts due to the current economic climate.
6. Corporate items are forecast to over spend by £0.064m. This is the shortfall on the voluntary severance scheme against the target of £1m. There are a number of areas of potential pressure which are being managed in Corporate Finance. Other Corporate Directorates are predicting a net nil balance at year end, while Legal and Governance are forecasting to come in on budget.
7. There is a forecast net surplus on the capital financing and investment income budget of £0.700m and £1.000m on pay inflation which results from the pay award being agreed at 1% against a budget provision of 2%. This reduces the directorate over spends resulting in a net surplus of £0.125m.

2008/09 Outturn Implications

8. For Adults and Housing; of the £1.863m under spend delivered in 2008/09, £0.890m was built into the 2009/10 budget, £0.353m is utilised to mitigate the pressures on the placement budget due to an unbudgeted increase in client numbers and the balance of £0.600m was one off under spends including staffing freezes. Any capacity emerging is being used to manage pressures and risks in year.
9. For Children's the gross over spend in 2008/09 of £1.097m on placement budgets and £0.919m on special needs transport was partly off set by one off income in 2008/09. This pressure continues in 2009/10 resulting in a projected overspend of £1.492m reported in paragraph 4 above.
10. Community and Environment contributed £2.820m to the under spend in 2008/09. Of the total under spends, £1.400m relating to parking enforcement income has already been built into the 2009/10 budget. The other under spends were one off in respect of early completion of Transport for London projects (£0.797m) and the implementation of a spending protocol in year which resulted in holding vacancies.
11. Corporate Directorates contributed £0.508m to the under spend in 2008/09. £0.110m has already been captured in the 2009/10 as a budget reduction. The other under spends were mainly due to one off savings as a result of vacancies and grant income.

12. The capital financing budget achieved a surplus of £ 3.5m 2008/09. There is an underlying capacity of £0.700m which has been reported in the 2009/10 outturn forecast. The balance of the gain is not sustainable in 2009-10 as the return on investments has dropped significantly due to low interest rates.

Housing Revenue Account

13. The overall forecast in year deficit has increased by £0.114m to £1.170m compared to the approved deficit of £1.056m. There are further potential pressures around repairs, the situation is being reviewed and corrective action is being taken to bring expenditure back in line with the budget. Assuming the repairs budget is managed within existing provision and no further unforeseen items of expenditure, the contingency provision of £0.500m would be available to increase HRA balances at 31 March 2010.

Savings Targets

14. The 2009-10 budgets include efficiency savings of £6.5m. Directorates are working towards implementing these and any shortfalls are reported within the directorate budgets. At this stage there are shortfalls in Children's and some pressures around achievement of savings are being managed in Adults and Community and Environment.

Allocation of one-off funding

15. The following allocations were made as part of the outturn position. Approval is sought to allocate funding as shown in the table below:-

- (a) £1.600m for Targeted Investment in Services;
- (b) £0.650m for Special Project Fund;
- (c) £0.100m for Contingency;
- (d) £0.500m for Transformation Programme; and

	£000 from	£000 to
Targeted Investment in Services	1,600	
Community and Environment		1,000
Place Shaping		40
Adults and Housing		200
Assistant Chief Executive		210
Children's		150
Special Project Fund	650	
Healthy Living Centre		50
Branding		100
Contingency	100	
Recession busting		50
Transformation	500	
Allocation		460

The allocation leaves a balance of £500k on Special Project Fund, £50k on Contingency and £40k on Transformation Programme

General Balances

16. General balances stand at £5.716m as a result of being able to add an additional £1.350m in 2008/09. After allowing for £0.500m allocation in 2009/10 and the forecast revenue under spend of £0.125m, the latest consolidated general balances position is forecast as £6.341m at the end of August.

Capital Programme

17. General Fund

- The original budget for 2009/10 was £54.046m which has increased by £30.229m slippage carried forward from 2008/09. There are rephasings of £0.965m, savings of £3.791m and additions of £26.415m of which £25.665m is grant funded, bringing the total general fund proposed capital programme for approval to £105.934m. There is a current projected outturn of £105.609m. This equates to a small amount of variance, of £0.325m.
- The total saving of £3.791m is mainly on BTP in relation to redundant projects. This will allow the funding of £0.500m required for CCTV equipment and £0.250m for procurement of major works for Environment without increasing the Programme.

18. HRA

- The original budget for 2009/10 was £7.000m which has increased by £3.114m slippage carried forward from 2008/09. There is an addition agreed by the July Cabinet of £2.900m to meet decent homes standards. This brings the total HRA programme to £13.014m.

Debt Management

19. The latest position on Council Tax shows a potential surplus of £0.388m in respect of bad debt provision. Whilst there is no indication yet of a fall off in collection rates it is anticipated that a deterioration may start to emerge this year due to the current economic climate. Therefore, the situation will be monitored closely

20. NNDR collection shows a potential shortfall of £0.504m. 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.

21. The arrears on Housing Benefits shows a potential increase in the Bad Debt Provision of £0.220m. The position is being closely monitored and will be reviewed in line with other bad debt provisions.

22. Following close monitoring of older debt and the cleansing exercise carried out in the early part of 2009 there is a potential surplus of £0.188m on the general bad debt provision. Under the current economic climate it is prudent to remain cautious and so this will be closely monitored throughout the year.

SAP Forecasting

23. The council continues to improve and embed good financial management. One of the key aims is to improve the robustness of the monitoring and forecasting. All budget holders are trained and required to use the SAP system to manage their

budgets. There is an increase in all directorates in the number of managers using the SAP system to forecast their outturn position.

24. Due to management restructure within Corporate Finance and summer holidays few managers completed the forecasting after the deadline date. This issue along with the robustness of the forecasts will be monitored, by measuring the variation each month and setting out the reasons. The position as at period 05 is summarised in a table below and reflects the compliance rate within the deadline date.

Managers using SAP to forecast	As at period 05 %
Ast Chief Executive	69
Legal	100
Corporate Finance	63
Community and Environment	60
Place Shaping	80
Children's	74
Adult and Housing	79

Financial Implications

25. These are integral to the report.

Performance Issues

26. Financial management and financial performance are scored as part of the Use of Resources (UoR) element of the Comprehensive Area Assessment.

In order to evidence good financial management it is important that the Council demonstrates:

- Improvement of the integration of financial planning with strategic and service planning;
- Enhancement of the links between costs and performance and value for money;
- Improvement on timely and robust financial reporting

A stronger link between financial and performance decisions will enable council resources to be allocated to those areas which drive better resident outcome.

Risk Management Implications

27. There is a risk that the Council will over spend its budget and therefore areas of over spend are highlighted with management action to be taken.

Risk included on Directorate risk register? Yes
Separate risk register in place? No

Environmental Implications

28. There are none directly related to this report.

Section 3 - Statutory Officer Clearance

Name: Jennifer Hydari



On Behalf of the Chief
Financial Officer

Date: 2 October 2009

Name: Jessica Farmer



On Behalf of the Monitoring
Officer

Date: 2 October 2009

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap



Divisional Director, Partnership
Development and
Performance

Date: 1 October 2009

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director,
Environmental Services

Date: 28 September 2009

Section 6: Contact details and background papers

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

Background Papers:

Revenue and Capital Monitoring 2009/10 Report to September 2009 Cabinet.

CORPORATE

The forecast outturn for the corporate departments is summarised below. The net forecast outturn on Corporate Finance and Chief Executive is nil. An over spend for corporate items £67k.

Service	Revised Budget	Forecast Outturn	Outturn variance as at Period 05		2008-09 Outturn Variance
	£000	£000	£000	%	£000
Corporate Finance	14,227	14,229	2	0	-187
Legal & Governance	893	894	1	0	69
Chief Executive	5,943	5,944	1	0	-488
Corporate Items	-746	-682	64	9.0	74
Corporate & Democratic	8,232	8,232	0	0	24
Total	28,549	28,617	68	0.6	-508

Corporate Finance

There are a number of spending pressures within the department. However it is anticipated that these will be managed to come in within the overall budget through insurance recoveries, extra grant for housing benefit administration and vacancy management. These include HITS maintenance of legacy systems £125k, the cost of temporary insurance in respect of LAML £200k and salary pressures in Housing Benefits and Assessments £120k.

Legal & Governance

Whilst land charges income is currently on target for the year, this is a volatile area of income. There is also the potential for this income to be lost following a recent adverse ruling from the Information Commissioner that in the majority of cases this income should be provided free of charge. The LGA is commissioning legal advice on this on behalf of local authorities. In the meantime it is anticipated that the Council will start to receive payment under protest that will need to be refunded if ultimately the Information Commissioner view is upheld.

Chief Executive

The department is currently forecasting to come in on budget.

Corporate Items

There is a shortfall on the voluntary severance scheme saving of £67k against the target of £1m.

ADULTS AND HOUSING

Whilst a variation of £247k is currently forecast, the Directorate is working towards confirming action to enable a balanced position to be achieved. The position reported reflects known and quantifiable pressures. Detailed below are the potential risks which cannot yet be clarified and have therefore been excluded from the financial position reported below.

Service	Approved Budget	Forecast Outturn	Outturn variance as at Period 05		2008-09 Outturn Variance
	£000	£000	£000	%	£000
Community Care	42,713	43,007	294	0.7	-456
Commissioning & Partnerships	16,693	16,590	-103	-0.6	-888
Housing GF	4,763	4,679	-84	-1.8	-122
Strategic Management	1,123	1,263	140	12.5	-397
Total	65,292	65,539	247	0.4	-1,863

Risks

1. Potential costs in 09-10 of £150k plus legal costs in relation to the Brent Primary Care Trust legal challenge over 9 clients. Latest information suggests not all of the 9 clients are likely to be assessed as social care, hence the reduction in the level of the risk reported.
2. Potential for increased costs around community services in relation to Swine flu. The Primary Care Trust has advised that the incidence of the virus is likely to increase around October time.
3. North West London Primary Care Trust led campus reprovision – nomination rights – potential costs for Harrow of £250k being investigated.
4. Primary Care Trust financial recovery plan – impact likely to result in client shifts from continuing care to social care.
5. Transport Pressures – spot purchasing of routes with regard to the Neighbourhood Resource Centre's currently being investigated.
6. Pressures in relation to achievement of performance targets, particularly in relation to the personalisation agenda.
7. Impact of corporate pressures managed centrally in the 2008-09 outturn but which may be allocated to Corporate Directorates in 2009-10.
8. Impact of the external economic climate particularly in relation to Homelessness, especially given that this has yet to be evidenced by increased activity. A small corporate contingency exists to provide cover for recession risks.
9. Debt management - the total General Fund debt outstanding across the division totals £1.297m (July £1.398m, April £6.094m). A bad debt provision of £344k exists to cover this outstanding debt and having been reviewed in line with the corporate policy is sufficient to cover this level of outstanding debt. There is a risk that the provision will require increase if the remaining outstanding debt continues to age rather than be recovered.

Medium Term Financial Strategy Efficiencies 2009/10

A review of the efficiencies has identified that savings of £84k are yet to be achieved in the current financial year and reflected in the outturn position reported above. This relates to the shortfall in the improvement in the financial assessment process of £56k and £28k for home care per minute billing, which has not been implemented following legal advice that a statutory consultation is now required.

Community Care

- Continued pressures in relation to the robustness of financial data from Framework i to accurately project the outturn position for the purchasing budget,

although significant progress has now been made with regard to the data cleansing exercise.

- There are pressures in relation to the purchasing budgets, which arise as a result of the increase in client numbers at 1st April [mainly with reference to Physical Disabilities] and for Learning Disabilities assumptions around the reduction in placement costs not being achieved [a shortfall of £200k in the assumptions]. The potential net overspend in relation to client placements totals £115k [and includes pressures of £103k in relation to transport costs].
- Salary pressures across the division, including £42k redundancy cost of a supernumerary post.

Commissioning & Partnerships

- The under spend in the main relates to income on Helpline of £120k and utilisation of the Independent Mental Capacity Act grant of £25k [releasing revenue funding], offset by the transition costs of £60k associated with the retail model for equipment. Capital Ambition and the Joint Improvement Programme have agreed funding nationally for this model, although it is not yet clear how this will be allocated.
- The budget with Support for Living has now been agreed. This has resulted in a shortfall of £31k in achieving the full Medium Term Financial Strategy efficiency of £135k.
- Integrated Community Equipment Store – projected costs based on expenditure to date suggest an over spend. An action plan has been requested and this will need to be considered alongside the impact of the retail model.

Housing GF

- 1 person in bed and breakfast at the end of period 5. The budget assumes 17 families for a full year and results in an under spend of £65k. This will be used to offset the shortfall of £40k in the Medium Term Financial Strategy efficiency of £80k in relation to Private Sector Leasing schemes and allow £25k for the development of the Allocation Scheme.
- Temporary accommodation targets have been achieved through the increased use of the LetStart Scheme and Bed & Breakfast. The LetStart Scheme guarantees landlords cover for 4weeks rent arrears in the first year of the tenancy. A provision of £87k is assumed in the outturn reported above on the assumption that 35% of tenancies will require support. This is a prudent view with no trends to evidence this level of provision at this stage.
- Under spends on salaries and the travellers site totalling £59k.

Strategic Management

- Savings not yet identified to achieve the unallocated Medium Term Financial Strategy efficiency saving of £140k in relation to Business Transformation Project efficiencies – pressure included as an outturn variation at this stage.

CHILDREN'S SERVICES

The current forecast outturn is an over spend of £1,492k. This is an improvement of £106k on period 4 which reflects the work being undertaken to address the budget overspend.

Service	2009-10				2008-09
	Approved Budget	Forecast Outturn	Variance		Outturn Variance
	£000	£000	£000	%	£000
School Development	2,176	2,176	0	0	-232
Children's Services Management	2,156	2,156	0	0	-119
Early Years Service	1,842	1,802	-40	-2.2	-267
Safeguarding, Family Placement and Support	13,116	13,488	372	2.8	520
Special Needs Service	8,029	8,789	760	9.5	354
Young People's Service	7,710	8,110	400	5.2	338
Schools	3,845	3,845	0	0	21
Total	38,874	40,366	1,492	3.8	615

Safeguarding, Family Placement and Support

The £372k over spend is made up of the following elements:

- Children's placement costs pressures are expected to be at least **£278k**. This is still a significant reduction from 2008/09 mainly because of the full and part year effect of 16 year old young people moving to Leaving Care. A separate analysis of the ongoing pressures in placements is underway and a new placement and commissioning team has been charged with improving value for money by driving down costs of placements and improving the management of placements so they can be terminated in a timely way when not required.
- There is a £162k pressure in Children in Need due to an increasing number of staff vacancies which are being covered by agency social workers. Unfortunately this reflects London wide challenges in recruiting and retaining social workers within Children and Families. Although this is being actively addressed it still leaves an ongoing pressure in the short term. We must deploy the appropriate levels of staff to be compliant with safeguarding standards. The service is now subject to unannounced inspections and we anticipate that we will be visited within the next three months.
- Savings of £68k are expected to be achieved from the implementation of the action plan to restrict all non essential expenditure.

Special Needs Service

The Special Needs home to school transport service is expected to overspend by £760k, this relates to the saving of £880k taken from the budget in 2008/09. In order to achieve this saving a full service review has been undertaken to identify efficiencies in both fleet costs and service delivery. The savings from the review will not fully materialise until 2010/11. Currently savings of £120k are expected in 2009/10 however it is hoped to accelerate the implementation to improve on this position.

Young People's Service

- The Leaving Care placements budget is currently expected to overspend by a total of £450k compared to £550k at period 04. This pressure has increased from 2008/09 as it takes account of the full year effect of the 16 year olds that moved into Leaving Care last year and the part year effect of the new 16 year olds that will move into Leaving Care later in the year. Work has been undertaken to review the provision for older care leavers with the aim to reduce costs.
- Savings of £50k are expected to be achieved from the implementation of the action plan to restrict all non essential expenditure
- This has resulted in the forecast overspend on Young People reducing by £150k on period 4.

We are also waiting to hear what Exceptional circumstance grant will be made available for asylum seekers - last year it was £300k.

COMMUNITY AND ENVIRONMENT SERVICES

The latest forecasts indicate that the service will achieve a £187k under spend compared to the budget.

In the current climate the area with the greatest uncertainty and financial risk is parking enforcement income which is forecast to achieve £350k below budget. The Corporate Director has ordered the undertaking of a review of the business cases for both the remainder of this year and the next financial year.

The pressure identified above is expected to be contained within the service directorate and further details are provided in the table below:

Service	Approved Budget	Forecast Outturn	Outturn variance as at Period 05		2008-09 Outturn Variance
	£000	£000	£000	%	£000
Directorate Support & Performance	920	720	-200	-21.7	-118
Community & Culture	9,880	9,641	-239	-2.4	-318
Environment	35,977	36,229	252	0.7	-2,360
Corporate & Democratic Services	264	264	0	0	-24
Total	47,041	46,854	-187	-0.4	-2,820

The approved budget of £47m includes an allocation of £1m from the 2008/09 under spend fund which is to be spent on "one off" projects in Environment Services. There is a robust programme in place to monitor achievement against the planned outcomes for these spend.

Directorate Support & Performance

The projected under spend results from the reduction of directorate projects.

Community and Culture

Community & Development is forecasting to achieve an under spend of £117k which mainly results from Community lettings (salary cost savings of £50k), LSC projects (£42k from grant) and management (£21k employee cost as a result of secondment).

Cultural Services Cultural Services is forecasting to achieve an under spend of £23k which mainly results from:

- Leisure centre - net under spend of £60k resulting from NNDR cost savings offset by administrative and novation costs;
- Musical services – over spend of £41k on equipment purchase/hire;
- Arts Events – over spend of £55k on salary costs; and
- Management – under spend of £60k resulting from the Head of Cultural vacancy net of consultant costs

Libraries & Museum - The £99k favourable outturn variance can be attributed to rental income in excess of the budget of £50k from the Wealdstone Community Centre and under spends from staffing and book & publication expenditure.

Environment

Community Safety is forecasting an over spend of £409k which mainly results from:

- Car Parks and Parking - The latest indications suggest that there will be an adverse variance of £350k resulting from an income shortfall of £260k and salary severance costs of £90k. This performance should be taken in the light that an additional net £1.4m was budgeted to be achieved in 2009/10 and that the economic climate has resulted in less being spent on shopping and thus fewer people using their cars. The situation is being closely monitored and measures are being considered to either increase income or reduce costs where feasible;
- Liquor licensing - Overspend of £47k mainly due to a salary cost overspend of £81k, £20k higher legal cost being offset by higher income of £41k and other expenditure savings of £13k;
- Community safety services - Overspend of £54k resulting from lower income of £79k from entertainment licences offset by other expenditure savings of £25k;
- Animal services -Estimated overspend to be targeted to £50k subject to future measures/options being adopted – member approval shortly to be sought in report being circulated;
- Public mortuary - Overspend of £18k due to higher payments under contract;
- Trading standards - Under spend of £30k from lower precept costs; and
- Environmental protection - Under spend of £75k from salary costs.

CCTV

It should be noted that a planned installation of a further CCTV network costing £500K is taking place this financial year, with the costs to be met through capital resources. This scheme will provide practical measures to address the fear of crime

and public perceptions of their risk and road safety promotion. The project has slipped and the cameras will not be in place for a full year.

Property & Infrastructure is forecasting to achieve an under spend of £26k which mainly results from:

- Street lighting PFI - Under spend of £105k on procurement in light of latest decision on the PFI contract;
- Street works – Under spend of £52k mainly due to increased income of £153k offset by additional staff costs of £96k;
- Engineering -Under spend of £10k in car mileage payments;
- Civic Centre Visitors - Favourable forecast of £20k due to additional car park income from increased activity;
- Asset Management – Under spend of £100k identified from a reorganisation within Community & Environment;
- Winter gritting - Provisional estimates would indicate a potential under spend of £20k;
- Major works - Favourable forecast of £71k resulting from additional income of £1,168k offset by higher staff costs of £1,082k and contractor and other items of £15k;
- Civic centre - Overspend of £184k resulting from cost pressures due to electricity (£93k), rates (£73k), water (£73k), contractors (£16k), cleaning and other (£10k) offset by an under spend on gas (£80k) and additional rental income of £26k;
- Depot – Over spend of £14k resulting from higher electricity (£28k), gas (£8k), water (£44)k offset by savings on rates (£22k) and additional income of £41k;
- Transportation planning - Over spend of £73k mainly resulting from unachievable income of £78k; and
- Street lighting - Over spend of £99k forecast from higher electricity costs; and
- Management - Savings of £15k resulting from salary costs.

Public Realm Services are forecasting to achieve an under spend of £130k which mainly results from:

- Refuse disposal – Under spend of £89k due to lower than budgeted levy of £152k offset by higher collection costs of £67k;
- Cemeteries – Under spend of £25k due to £27k additional income from Brent, lower fuel costs of £11k offset by higher collection costs of £14k;
- Grounds maintenance – Under spend (excluding fuel) of £50k due to additional income;
- Waste management – Under spend of £13k achieved by lower mobile and mileage costs;
- Parks and open spaces – Under spend (excluding fuel) of £20k due to lower collection costs;
- CA site – Over spend of £52k mainly due to lower income of £45k; and
- Public conveniences - Overspend of £33k due to higher electricity (£16k) and water (£18k) costs.

At present due to reallocation of existing vehicles to the various services the fuel card used for recharge purposes is not believed to have been updated correctly. Hence

the following areas forecast have been combined as the main variance relates to fuel. The forecast for the “Blitz team”, “Street Cleansing”, “Refuse – flats”, “Verge maintenance”, “Blue bins” and “Trade waste” indicate that the fuel costs will be in line with the total existing budget. As fuel prices have been subject to change at short notice this area will be monitored throughout the year.

PLACE SHAPING

Considerable effort has been put into realigning the existing budgets to the new Place Shaping Directorate structure which will ensure Directorate priorities are effectively resourced in order to deliver the required outcomes. Management and Finance continue to work proactively to ensure robust forecasting.

The latest forecasts indicate that the service will achieve a £45k under spend compared to the budget. However, the economic climate still remains depressed, which may impact on the accuracy of projections for Development Management and Building Control income, together with the uncertainty of further capital receipts. Further details are provided in the table below:

Service	Revised Budget	Forecast Outturn	Outturn Variance as at Period 5		2008-9 Outturn Variance
			£000	%	
	£000	£000	£000	%	£000
Business Management	1,118	1,108	-10	-0.9	-155
Planning Services	2,451	2,241	-210	-8.6	45
Economic Development Research & Enterprise	819	848	29	3.5	-202
Major Development Projects	262	275	13	5.0	16
Corporate Estate	-160	-27	133	83.1	121
Total	4,490	4,445	-45	-1.0	-175

Business Management

The projected under spend is attributed to salary cost savings and tight expenditure control on small budgets.

Planning Services

Design & Conservation an under spend in salaries of circa £120k is projected due to the Urban Designer and Access Officer posts being held vacant, along with BAP officer only recently being filled. The Urban Designer role would provide a valued contribution to pre application meetings for major schemes, as well as advise on deposited planning applications. These posts are currently being held vacant to help mitigate against any potential reduction in income from Development Management and Building Control, explained below.

Development Management Income position at period 5 has continued to improve with the year end forecast being £178k above the budget compared to the forecast being £25k below budget at period 4 reporting. The latest forecast is compiled using

historic income trend data and judgment on the current uncertainty in economic climate. The increased income is slightly offset by higher employee (£41k) and legal and consultancy costs (£63k).

Building Control Income as at period 5 has continued to improve. Using historic trend data and judgment in the current uncertainty in economic climate, it is projected that income will be £74k over target at year end.

It is felt there is a greater risk of not achieving target within Building Control income, as only 25% of fees are received at the time of application being deposited and the remainder after works commence. Due to the economic uncertainty, it may be that not all applications are commenced on site and there may also be a greater "time-lag" for works starting which have had applications approved.

Due to the current unprecedented economic conditions there is less certainty of the accuracy of income projections. All of the above may give a lesser income return in the latter quarters.

Economic Development Research & Enterprise

The over spend is essentially due to the pressures on the salaries budget.

Major Development Projects

The small adverse variance is essentially due to salary pressures.

Corporate Estate

Approximately £150k of the Estate team are resourced through Capital Receipts. There is no Capital Receipt Target in the current year although £809k has already been achieved. The £133k variance stated in the table above represents a worst case scenario based on current available information.

Currently the above pressures can be contained within the Directorate by tight expenditure control. If the volatility of the economic climate adversely affects income projections and additional capital receipts are not forthcoming, it will be difficult to contain these pressures within the Directorate.

The number of Planning Appeals is expected to increase. If an appeal is lodged against the refusal at 51 College Road, the cost of defending the appeal would not be containable within the Directorate.

The outturn forecast includes £123k of costs for projects (Burnell House £36k and Harrow College £87k) which have been charged to capital but are no longer expected to generate either a capital resource or asset. These "abortive costs" will be funded from resources available from the capital financing central budget and thus the revised budget has been adjusted to reflect this.

CORPORATE FINANCE

Directorate (1)	Budget 2009/10				Outturn Position		Period 5 Position		
	Original Budget £000 (2)	Brought Forward From 2008/09 £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	3,065	-	65	3,130	2999	- 131	1304	1233	- 71
Gross Income	- 3,044	-	-97	- 3,141	-3102	39	-1309	-1379	- 70
Net Expenditure	21	-	-32	11	-103	- 92	-5	-146	- 141
Procurement									
Gross Expenditure	11,824	-	-1	11,823	11372	- 451	4926	4269	- 657
Gross Income	- 12,135	-	45	- 12,090	-11623	467	-5037	-4416	621
Net Expenditure	- 311	-	44	- 267	-251	16	-111	-147	- 36
Audit, Risk, Insurance, Health and Safety									
Gross Expenditure	4,211	-	364	4,575	4865	290	1907	2455	548
Gross Income	- 3,877	-	90	- 3,787	-4100	- 313	-1578	-2335	- 757
Net Expenditure	334	-	454	788	765	- 23	329	120	- 209
HITS									
Gross Expenditure	8,054	-	67	8,121	8063	- 58	3383	2829	- 554
Gross Income	- 6,223	-	0	- 6,223	-6000	223	-2593	-2372	221
Net Expenditure	1,831	-	67	1,898	2063	165	790	457	- 333
Collection & Housing Benefits									
Gross Expenditure	103,074	-	-187	102,887	114007	11,120	42870	3470	- 39,400
Gross Income	- 99,228	-	0	- 99,228	-110344	- 11,116	-41345	-51978	- 10,633
Net Expenditure	3,846	-	-187	3,659	3663	4	1525	-48508	- 50,033
Corporate Items									
Gross Expenditure	- 98	-	152	54	203	149	22	0	- 22
Gross Income	361	-	0	361	210	- 151	150	0	- 150
Net Expenditure	263	-	152	415	413	- 2	172	0	- 172
Shared Services									
Gross Expenditure	12,294	-	-2	12,292	12076	- 216	5122	8544	3,422
Gross Income	- 4,132	-	0	- 4,132	-3984	148	-1722	-1597	125
Net Expenditure	8,162	-	-2	8,160	8092	- 68	3400	6947	3,547
Corporate Democratic Services									
Gross Expenditure	9,885	-	-73	9,812	9300	- 512	4088	2656	- 1,432
Gross Income	- 1,548	-	-32	- 1,580	-1068	512	-658	-165	493
Net Expenditure	8,337	-	-105	8,232	8232	-	3430	2491	- 939
Total	22,483	-	391	22,874	22,874	-	9,530	-38,786	- 48,316
Directorate Expenditure Total	152,309	-	385	152,694	162,885	10,191	63,622	25,456	- 38,166
Directorate Income Total	- 129,826	-	6	- 129,820	- 140,011	- 10,191	- 54,092	- 64,242	- 10,150
Directorate Net Total	22,483	-	391	22,874	22,874	-	9,530	-38,786	- 48,316

ASSISTANT CHIEF EXECUTIVE

Directorate (1)	Budget 2009/10				Outturn Position		Period 5 Position		
	Original Budget £000 (2)	Brought Forward From 2008/09 £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	506		3	509	516	7	212	216	4
Gross Income	-54		0	-54	-53	1	-22	-22	-
Net Expenditure	452	-	3	455	463	8	190	194	4
Assistant Chief Executive									
Gross Expenditure	1719		100	1,819	1929	110	758	557	- 201
Gross Income	-1081		-101	-1,182	-1197	-15	-492	-450	42
Net Expenditure	638	-	-1	637	732	95	266	107	- 159
Strategy & Performance									
Gross Expenditure	4487		131	4,618	4468	- 150	1893	1679	- 214
Gross Income	-931		-55	-986	-906	80	-410	-671	- 261
Net Expenditure	3556	-	76	3,632	3562	- 70	1483	1008	- 475
Human Resources									
Gross Expenditure	2818		162	2,980	3047	67	1242	1152	- 90
Gross Income	-2504		0	-2,504	-2599	-95	-1043	-1259	- 216
Net Expenditure	314	-	162	476	448	- 28	199	-107	- 306
Corporate Items									
Gross Expenditure	-1635		1494	- 141	-751	- 610	-59	-56	3
Gross Income	-424		-596	-1,020	-344	676	-425	-186	239
Net Expenditure	-2059	-	898	-1,161	-1095	66	-484	-242	242
Customer & BTP									
Gross Expenditure	15997		1034	17,031	16111	- 920	7126	2803	- 4,323
Gross Income	-15794		-494	-16,288	-15372	916	-6787	-6239	548
Net Expenditure	203	-	612	743	739	- 4	339	-3436	- 3,775
Directorate Expenditure Total	23,892	-	2,924	26,816	25,320	- 1,496	11,172	6,351	- 4,821
Directorate Income Total	-20,788	-	- 1,246	-22,034	- 20,471	1,563	- 9,179	- 8,827	352
Directorate Net Total	3,104	-	1,678	4,782	4,849	67	1,993	- 2,476	- 4,469

LEGAL SERVICES

Legal Services									
Gross Expenditure	6,480	-	-14	6,466	6904	438	2694	2573	- 121
Gross Income	- 5,538	-	-35	- 5,573	-6010	- 437	-2321	-1444	877
Net Expenditure	942	-	-49	893	894	1	373	1,129	756

Appendix 2

ADULTS & HOUSING

Directorate (1)	Budget 2009/10				Outturn Position		Period 5 Position		
	Original Budget £000 (2)	Brought Forward From 2008/09 £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	53,942	-	1,207	55,149	55,728	579	22,979	16,673	- 6,306
Gross Income	- 12,227	-	209	- 12,436	- 12,721	- 285	- 5,182	- 7,993	- 2,811
Net Expenditure	41,715	-	998	42,713	43,007	294	17,797	8,680	- 9,117
Commissioning & Partnerships									
Gross Expenditure	30,966	-	263	30,703	31,183	480	12,793	9,310	- 3,483
Gross Income	- 13,307	-	703	- 14,010	- 14,593	- 583	- 5,838	- 5,345	493
Net Expenditure	17,659	-	966	16,693	16,590	- 103	6,955	3,965	- 2,990
Modernisation & Integration									
Gross Expenditure	-	-	-	-	-	-	-	-	-
Gross Income	-	-	-	-	-	-	-	-	-
Net Expenditure	-	-	-	-	-	-	-	-	-
Strategic Management									
Gross Expenditure	1,092	-	105	1,197	1,337	140	499	586	87
Gross Income	- 74	-	0	- 74	- 74	-	- 31	- 31	0
Net Expenditure	1,018	-	105	1,123	1,263	140	468	555	87
Adults Total	60,393	-	136	60,529	60,860	331	25,220	13,200	- 12,020
HOUSING									
Housing Partnerships									
Gross Expenditure	628	-	-	628	594	- 34	262	206	- 56
Gross Income	-	-	-	-	-	-	-	-	-
Net Expenditure	628	-	-	628	594	- 34	262	206	- 56
Housing Needs									
Gross Expenditure	3,536	-	35	3,501	3,082	- 419	1,459	1,209	- 250
Gross Income	- 638	-	-	- 638	- 244	394	- 266	- 136	130
Net Expenditure	2,898	-	35	2,863	2,838	- 25	1,193	1,073	120
Travellers Site									
Gross Expenditure	29	-	-	29	13	- 16	12	2	- 10
Gross Income	- 2	-	-	- 2	- 2	-	- 1	-	1
Net Expenditure	27	-	-	27	11	- 16	11	2	- 9
Other									
Gross Expenditure	502	-	-	502	495	- 7	209	227	18
Gross Income	- 8	-	-	- 8	- 7	1	- 3	- 3	-
Net Expenditure	494	-	-	494	488	- 6	206	224	18
Resident Services (Watkins House)									
Gross Expenditure	558	-	-	558	567	9	232	244	12
Gross Income	- 91	-	-	- 91	- 101	- 10	- 38	- 9	29
Net Expenditure	467	-	-	467	466	- 1	194	235	41
Complaints									
Gross Expenditure	284	-	-	284	292	8	119	126	7
Gross Income	-	-	-	-	- 10	- 10	-	- 10	- 10
Net Expenditure	284	-	-	284	282	- 2	119	116	- 3
Housing Total	4,798	-	35	4,763	4,679	- 84	1,986	1,856	- 130
Adults & Housing Total	65,191	-	101	65,292	65,539	247	27,206	15,056	- 12,150
Directorate Expenditure Total	91,537	-	1,014	92,551	93,291	740	38,563	28,583	- 9,980
Directorate Income Total	- 26,346	-	913	- 27,259	- 27,752	- 493	- 11,357	- 13,527	- 2,169
Directorate Net Total	65,191	-	101	65,292	65,539	247	27,206	15,056	- 12,149
Housing Revenue Account									
Gross Expenditure	26,927	-	876	26,051	26,027	- 24	8,266	5,972	- 2,294
Gross Income	- 25,667	-	672	- 24,995	- 24,857	138	- 10,415	- 8,727	1,688
In year Deficit	1,260	-	204	1,056	1,170	114	2,149	- 2,755	- 606

Appendix 2

CHILDRENS

Directorate (1)	Budget 2009/10				Outturn Position		Period 5 Position		
	Original Budget £000 (2)	Brought Forward From 2008/09 £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	8,321		- 210	8,111	8,111	-	3,380	4,664	1,284
Gross Income	- 6,091		156	- 5,935	- 5,935	-	- 2,473	3,014	5,487
Net Expenditure	2,230	-	- 54	2,176	2,176	-	907	7,678	6,771
Children's Services Management									
Gross Expenditure	2,367	150	- 37	2,480	2,480	-	1,033	1,036	3
Gross Income	- 324		-	- 324	- 324	-	- 135	- 335	- 200
Net Expenditure	2,043	150	- 37	2,156	2,156	-	898	701	- 197
Early Years Service									
Gross Expenditure	8,811		1,573	10,384	10,344	- 40	4,327	4,455	128
Gross Income	- 7,114		- 1,428	- 8,542	- 8,542	-	- 3,559	- 749	2,810
Net Expenditure	1,697	-	145	1,842	1,802	- 40	768	3,706	2,938
Safeguarding, Family Placement and Support									
Gross Expenditure	13,455		- 52	13,403	13,775	372	5,585	5,567	- 18
Gross Income	- 339		52	- 287	- 287	-	- 120	- 10	110
Net Expenditure	13,116	-	-	13,116	13,488	372	5,465	5,557	92
Special Needs Service									
Gross Expenditure	20,360		- 30	20,330	21,090	760	8,471	8,073	- 398
Gross Income	- 12,220		- 81	- 12,301	- 12,301	-	- 5,125	- 22	5,103
Net Expenditure	8,140	-	- 111	8,029	8,789	760	3,346	8,051	4,705
Young People's Services									
Gross Expenditure	9,953		- 220	9,733	10,133	400	4,055	4,139	84
Gross Income	- 2,154		131	- 2,023	- 2,023	-	- 843	- 353	490
Net Expenditure	7,799	-	- 89	7,710	8,110	400	3,212	3,786	574
Schools									
Gross Expenditure	22,710		119,644	142,354	142,354	-	59,314	203,226	143,912
Gross Income	- 18,900		- 119,609	- 138,509	- 138,509	-	- 57,712	- 235,182	- 177,470
Net Expenditure	3,810	-	35	3,845	3,845	-	1,602	- 31,956	- 33,558
Directorate Expenditure Total	85,977	150	120,668	206,795	208,287	1,492	86,165	231,160	144,995
Directorate Income Total	- 47,142	-	- 120,779	- 167,921	- 167,921	-	- 69,967	- 233,637	- 163,670
Directorate Net Total	38,835	150	- 111	38,874	40,366	1,492	16,198	- 2,477	- 18,675

COMMUNITY & ENVIRONMENT

Directorate (1)	Budget 2009/10				Outturn Position		Period 5 Position		
	Original Budget £000 (2)	Brought Forward From 2008/09 £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	983	-	- 1	982	782	- 200	410	826	416
Gross Income	- 62	-	-	- 62	- 62	-	- 26	- 1,742	- 1,716
Net Expenditure	921	-	- 1	920	720	- 200	384	- 916	- 1,300
Community & Cultural Services									
Gross Expenditure	14,153	-	- 608	13,545	13,306	- 239	5,661	5,896	235
Gross Income	- 3,665	-	-	- 3,665	- 3,665	-	- 1,544	- 2,527	- 983
Net Expenditure	10,488	-	- 608	9,880	9,641	- 239	4,117	3,369	- 748
Environment Services									
Gross Expenditure	62,712	1,000	- 267	63,445	63,697	252	26,939	20,307	- 6,632
Gross Income	-27,468	-	-	-27,468	-27,468	-	-11,949	- 8,547	3,402
Net Expenditure	35,244	1,000	- 267	35,977	36,229	252	14,990	11,760	- 3,230
Democratic Services									
Gross Expenditure	264	-	-	264	264	-	110	96	- 14
Gross Income	-	-	-	-	-	-	-	-	-
Net Expenditure	264	-	-	264	264	-	110	96	- 14
Directorate Expenditure Total	78,112	1,000	- 876	78,236	78,049	- 187	33,120	27,125	- 5,995
Directorate Income Total	-31,195	-	-	-31,195	-31,195	-	-13,519	-12,816	703
Directorate Net Total	46,917	1,000	- 876	47,041	46,854	- 187	19,601	14,309	- 5,292

Place Shaping

Directorate (1)	Budget 2009/10				Outturn Position		Period 5 Position		
	Original Budget £000 (2)	Brought Forward From 2008/09 £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)
Business Management				-					
Gross Expenditure	1,663	-	- 65	1,598	1,588	- 10	698	689	- 9
Gross Income	- 480	-	-	- 480	- 480	-	- 237	- 3,028	- 2,791
Net Expenditure	1,183	-	- 65	1,118	1,108	- 10	461	- 2,339	- 2,800
Corporate Estates									
Gross Expenditure	1,260	-	120	1,380	1,513	133	525	438	- 87
Gross Income	- 1,540	-	-	- 1,540	- 1,540	-	- 642	- 600	42
Net Expenditure	- 280	-	120	- 160	- 27	133	- 117	- 162	- 45
Economic Development									
Gross Expenditure	1,011	50	- 68	993	1,022	29	393	493	100
Gross Income	- 174	-	-	- 174	- 174	-	- 73	- 60	13
Net Expenditure	837	50	- 68	819	848	29	320	433	113
Major Development Projects									
Gross Expenditure	267	65	7	339	352	13	114	143	29
Gross Income	- 77	-	-	- 77	- 77	-	- 32	- 14	18
Net Expenditure	190	65	7	262	275	13	82	129	47
Planning Services									
Gross Expenditure	4,461	25	- 12	4,474	4,264	- 210	1,858	1,848	- 10
Gross Income	- 2,023	-	-	- 2,023	- 2,023	-	- 843	- 1,259	- 416
Net Expenditure	2,438	25	- 12	2,451	2,241	- 210	1,015	589	- 426
Directorate Expenditure Total	8,662	140		8,784	8,739	- 45	3,588	3,611	23
Directorate Income Total	- 4,294	-	-	- 4,294	- 4,294	-	- 1,827	- 4,961	- 3,134
Directorate Net Total	4,368	140	-	4,490	4,445	- 45	1,761	- 1,350	- 3,111

HOUSING REVENUE ACCOUNT (HRA) – FORECAST OUTTURN 2009-10 as at Period 05

	Approved Budget	Forecast Outturn	Variance		Comments
	£000	£000	£000	%	
Operating expenditure :					
Employee Costs	1,926	1,952	25	1	The over spend of £25k comprises: various salary variations £9k; MIS £7k agency staff, under spends on conference & training of (£14k) & (£24k) respectively and HRA admin (£3k). Also included is severance payments totalling £50k which have been contained largely against compensating salary under spends.
Supplies & Services	448	428	-19	-4	The over spend relates mainly to a budget under provision of £28k relating to the printing of tenant letters. This has been offset by a recharge to the General Fund of £20k relating to MIS Services.
Utility cost (Water & Gas)	626	620	-6	-1	The forecast outturn for Utilities has been based on a review of first quarter billing together with market intelligence regarding possible tariff fluctuations. Given the number of variables, the budget is considered volatile and will be kept under review. The resulting under spend has been partially offset against the adverse variation on Facilities Charges (see below).
Estate & Sheltered Services	1,957	2,017	60	3	The overspend comprises : Salary overspend to cover vacant posts in Leasehold Service Team £43k; Secondment cover (for Estates Services) of £15k; Rates expenditure not provided for in budget £18k; Employee related expenditure (including training) (£8k); Equipment & Furniture (£20k); Other £12k. Service Charges to Leaseholders (see below) are being reviewed by the Housing Support Team to ensure relevant expenditure in respect of Leaseholders is adequately recovered.
Central Recharges	1,883	1,853	-30	-2	Central recharges assumed to be in line with budget with the exception of those relating to the Graphical Repairs Ordering System amounting to £30k, which is now not expected to be implemented.
Total Operating Expenditure	6,840	6,869	30	0	
Repairs expenditure					
Repairs - Voids	400	660	260	65	Given the history of repairs expenditure this budget will overspend in the current financial year. On 16 July 2009 Cabinet approved a contingency provision of £500k [funded by reducing RCCO budget] to be held against major repairs costs and will allow reinstatement of K4 repairs. At current volumes & cost the main variation relates to Voids which show a forecast overspend of £260k (Period 04 overspend £500k). Initiatives have been implemented to control voids expenditure by delivering voids to minimum lettable standard by seeking to extend the life of existing fixtures rather than replace. Expenditure limits will continue to be applied for works identified beyond minimum lettable standard and an approval process is in place for works deemed necessary for technical or health & safety reasons.

Appendix 3

	Approved Budget	Forecast Outturn	Variance		Comments
	£000	£000	£000	%	
Repairs - Responsive	2,436	2,349	-87	-4	The overall repairs overspend is expected to be partially mitigated by an under spend on responsive repairs. This is the result of continued improvements in the methodology used to project costs. The position will be kept under review.
Repairs - Other	2,297	2,277	-21	-1	Other variations comprise cyclical maintenance of £51k offset by a forecast under spend on Salaries of £71k. The "Lean" project is expected to deliver savings of £62k in 2010/11 (2009/10 unquantified as yet). This will be kept under review. The overall overspend of £153k is offset against the Contingency (see below).
Total Repairs expenditure	5,133	5,286	153	3	
Other expenditure:					
Contingency - general	670	517	-153	-23	The Contingency budget includes £170k general contingency together with a further £500k (vired from RCCO and approved by Cabinet 16 July 2009) earmarked for major repairs works. Assuming no further calls on this contingency the balance is expected to cover the forecast overspend in Repairs of £153,000 (see above).
Charges for Capital	6,945	6,303	-641	-9	Variation reflects the revised level of opening debt together with the reduction in interest rates from 5.45% to 4.20%. The impact of the July Cabinet decision in relation to the capital programme and funding are included.
RCCO	0	0	0	0	The Revenue Contribution to Capital Outlay (RCCO) has been withdrawn for 2009/10 to accommodate an increase in Contingency for repairs (see above) and a review of the Capital programme.
Bad or Doubtful Debts	250	250	0	0	Arrears of rent and service charges have increased since the beginning of the year. Rent arrears at the end of period 5 have increased by £274k and leaseholder arrears increased by £226k which include the 9/10 estimated bills. Also assumptions around increases in the age of this debt suggest this budget may come under further pressure.
HRA Subsidy	6,214	6,800	586	9	This variation is based on the second advance claim and the increase reflects the higher level of subsidy payable as a result of the reduction in interest rates from 5.45% to 4.20%. This will be partly offset by an under spend on capital financing cost.
Total Other expenditure	14,078	13,871	-208	-1	
Total Expenditure	26,051	26,026	-25	0	

Appendix 3

	Approved Budget	Forecast Outturn	Variance		Comments
	£000	£000	£000	%	
Income					
Rent Income – Dwellings	-22,000	-21,892	108	0	The budget assumed a void rate of 0.58%, the average voids rate is 1.046% as at period 05. A review of procedures for the turnaround and allocation of voids is being expedited with a view to managing down the average voids rate. The position will be kept under review.
Rent Income – Non Dwellings	-870	-846	24	3	The budget for Garage income assumed a void rate of 32.26% however this is now averaging 36.10%. The increased voids rate is partly attributable to the state of repair of some garages together with lower than expected demand. The Housing Support Team will be reviewing the position with the aim of isolating those conditions which can be exploited to improve the voids rate.
Service Charges - Tenants	-1,150	-1,138	12	1	Service charges to Tenants have shown a reduction against budget, which is largely attributable to the increased voids rate (see above).
Service Charges - Leaseholders	-380	-380	0	0	Service charges to Leaseholders are being reviewed by the Housing Support Team to ensure relevant expenditure is adequately recovered from the Council's leaseholders. The income and expenditure (see above) position will be kept under review to ensure the impact on the HRA is kept to a minimum.
Facility Charges (Water & Gas)	-487	-484	4	1	The forecast outturn includes an increase of 2.5% which was approved as part of the 2009/10 Budget setting process. The adverse variation results from a forecast under spend on Utilities (see above) which is expected to be passed onto Tenants. A review of charging policy and mechanisms is planned to ensure Utilities costs are equitably charged to the Council's Tenants.
Interest	-17	-17	0	0	
Other Income	-8	-17	-9	-108	
Transfer from General Fund	-83	-83	0	0	This relates to recharges to the General Fund in respect of shared amenities which are expected to be in line with budget.
Total Income	-24,996	-24,857	139	1	
In Year Deficit/(Surplus)	1,056	1,170	114	11	
Balance B/fwd	-5,142	-5,142			
Balance C/fwd	-4,086	-3,972	114		

Management Action Plan

The current forecast indicates expenditure will exceed that approved as part of the HRA Business Plan. Action is required to address this shortfall. Key points are as follows:

- Rent loss arising from voids needs to be minimised. The average voids rate, which is in excess of that assumed for the budget, is having a significant impact on the HRA

balances, therefore initiatives for improved turnaround & allocation of voids need to be considered and implemented.

- Income in respect of Leasehold and Tenants Service charges, together with utilities charges, must be maximised. Failure to adequately recover costs incurred by the HRA are resulting in a sustained depletion balances. Steps are therefore required to mitigate this situation.
- Repairs expenditure projections must be formulated on realistic assumptions on future activity levels and managed to ensure minimum utilisation of the £500,000 contingency. This will allow replenishment of HRA balances and would significantly improve the overall position.
- Agreement of virements to ensure savings are allocated to the appropriate budget codes. This will allow Management to focus on the areas requiring action and ensure appropriate prioritisation of remedial actions.

Capital Monitoring as at period 05

GENERAL FUND

	Original Capital Programme £000	Cabinet Changes approved carry forward £000	Revised Capital Programme £000	Additions £000	Virements £000	Rephasings £000	Savings £000	Capital Programme proposed for Members approval £000	Forecast Outturn £000	Variation £000	Actual & Commitments as at period 5 £000	% Spend as at period 05 of Revised Capital Programme %
Programme												
Corporate Finance & Corporate Strategy	10,935	6,380	17,315	0	0	0	-3,375	13,940	13,940	0	1,841	13
Children's Services	25,035	17,858	42,893	21,003	-900	0	0	62,996	62,996	0	37,154	59
Adults and Housing (excluding HRA)	3,337	2,927	6264	515	0	-965	0	5,814	5,489	-325	2,160	39
Community and Environment	11,874	1,840	13714	4,897	900	0	-416	19,095	19,095	0	5,574	29
Place Shaping	2,115	1,224	3339	0	0	0	0	3,339	3,339	0	67	2
Capitalisation	750	0	750	0	0	0	0	750	750	0	0	0
Total Programme	54,046	30,229	84,275	26,415	0	-965	-3,791	105,934	105,609	-325	46,796	44
Funding												
Grant	22,531	20,508	43,039	25,665	0	-965	-417	67,322	67,127	0		
Capital Receipt	0	0	0	0	0	0	0	0	884	884		
Borrowings	31,515	9,721	41,236	750	0	0	-3,374	38,612	37,598	-884		
Total Funding	54,046	30,229	84,275	26,415	0	-965	-3,791	105,934	105,609	0		

ADDITIONS**Children's Services**

Description	£000
Catering in schools – Standards Fund grant to build new school kitchens	3,000
Education Modernisation and Improvement – DCSF advanced grant funding from 2010-11 into 2009-10	900
Primary Capital – DCSF advanced grant funding from 2010-11 into 2009-10	4,000
Devolved Formula Non VA schools – DCSF advanced grant funding from 2010-11 into 2009-10	1,051
Targeted Capital fund (14-19 Diplomas) – DCSF advanced grant funding from 2010-11 into 2009-10	6,000
Targeted Capital fund – Practical cooking – DCSF grant allocation	2,543
Hatch End High School Pool – Sports England grant to support costs for the replacement of the school pool	1,200
Children's Centre – Sure Start grant to support start up and maintenance costs	2,209
Supporting Young People – DCSF grant to provide facilities for young people	100
Total	21,003

Adults and Housing

Description	£000
Host Project – DoH grant to support expenditure for the Adult Social Care IT Infrastructure	65
Property Grants (Empty Homes and Better Homes) – West London Housing Partnership grant to bring empty properties back into use	450
Total	515

Community and Environment

Description	£000
Strategic London Walks – Walk London grant to support the upgrade of paths at Grimsdyke Lakes and to resolve remaining issues in LAMS through Harrow	40
Transport for London – additional funding for Local Area Accessibility, Bus Priority, Cycling Non-LCN, Greenways, Freight Scheme, Bridges and Local Transport Fund	2,960
CCTV – Crime and Road Safety	500
Hatch End Pool Modernisation – Sports England grant to support the pool re-development	550
Safer Stronger Community Fund – HO grant to support the council's crime reduction activities	69
Procurement of Major Works contract	250
Playbuilder – DCSF grant to develop new and existing public play areas	528
Total	4,897

VIREMENTS**Children's Services**

Description	£000
Autistic Spectrum Disorder in schools – budget transferred to support High Priority Planned Maintenance for Schools. Approved by EIB	-700
School Amalgamation Support - budget transferred to support High Priority Planned Maintenance for Schools. Approved by EIB	-200
Future Whitmore – budget amalgamated with Building Schools for the future (Whitmore)	-805
Building Schools for the future (Whitmore) – Future Whitmore budget transferred as part of the same project	805
Total	-900

Adults and Housing

Description	£000
Neighbourhood Resource Centre – budget transferred to support further installation costs	200
Byron Park Residential Home - budget transferred to support further installation costs	-200
Total	0

Community and Environment

Description	£000
High Priority Planned Maintenance for Schools – virement from Autistic Spectrum Disorder in Schools and School Amalgamation Support. Approved by EIB	900
High Priority Planned Maintenance for Schools – virement to support the under funded Schools Landlord budget. Approved by John Edwards	-100
School Landlord Works – virement from High Priority Planned Maintenance to cover the unforeseen works at Weald school. Approved by John Edwards	100
Total	900

REPHASINGS**Adults and Housing**

Description	£000
Supported Housing – grant rephased from 2009-10 into 2010-11 in accordance with the grant conditions	-965
Total	-965

SAVINGS**Corporate Finance & Corporate Strategy**

Description	£000
BTP – Various initial projects approved as part of the original capital programme are now redundant.	-3,000
ICT – Milestone – Saving as budget not required in 2009-10	-375
Total	-3,375

Community and Environment

Description	£000
Hatch End Arts Centre– saving due to original allocation over estimated	-70
Transport for London – over estimated 2008-9 accruals	-346
Total	-416

VARIATIONS**Adults and Housing**

Description	£000
Disabled Facilities Grant – over estimation of grant allocation and Harrow's Contribution	-325
Total	-325

HRA

	Original Capital Programme £000	Cabinet Changes approved carry forward £000	Revised Capital Programme £000	Additions £000	Virements £000	Rephasings £000	Savings £000	Capital Programme proposed for Members £000	Forecast Outturn £000	Variation £000	Actual & Commitments as at period 5 £000	% Spend as at period 05 of Revised Capital Programme %
Total Programme	7,000	3,114	10,114	2,900	0	0	0	13,014	13,014	0	4,890	38
Funding												
Major Repair Allowance	3,778	0	3,778	0	0	0	0	3,778	3,778	0		
Capital Receipt	250	0	250	0	0	0	0	250	250	0		
Borrowings	2,972	3,114	6,086	2,900	0	0	0	8,986	8,986	0		
Total Funding	7,000	3,114	10,114	2,900	0	0	0	13,014	13,014	0		

Additions

Description	£000
Housing Revenue Account – Decent Home standards agreed at July 2009 Cabinet	2,900
Total	2,900

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, are set out below.

Council Tax

Currently, bad debt provisions (BDP) of £4.386m exist [£4.723m- £337k; w/offes done 01/04/09-31/08/09] for Council Tax against a potential BDP of £3.998m.

COUNCIL TAX	Net Arrears outstanding as at 01.04.09	Net Arrears outstanding as at 31.08.09	BDP as per approved rate card	Bad Debt requirement As at 31.08.09
	£000	£000	%	£000
1994-1995 to 2005-2006 system balance	1079	981	100	981
2006-2007 system balance	934	864	86	743
2007-2008 system balance	1,729	1,509	73	1,101
2008-09 system balance	2,924	2,173	54	1,173
Total Council Tax Debt over 12 months old	6,666	5,527		3,998

National Non Domestic Rates (NNDR)

Currently, bad debt provisions of £2.033m [£2.226-£193k; w/offes done 01/04/09 to 31/08/09] exist for business rates (NNDR) against a potential BDP of £2.537m. 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 at 01.04.09	Net Arrears outstanding as at 31.08.09	Bad Debt requirement	
	£000	£000	%	£000
1993-2004 to 2007-2008 system balance	868	921	100	921
2008-09 system balance	1,616	1,419	100	1616
Total Business Rates Debt over 12 months old	2,484	2,340		2,537

General Debtors

A total provision of £0.917m exists for debts raised before 31 March 2009. The projected requirement for general debt as at 31 August 2009 is £0.729m. Due to current economic climate the provision requirement will be monitored closely during the year.

Housing Benefits

Currently, bad debt provisions of £2.056m exist for Housing Benefit overpayment debt against a potential BDP of £2.276m. There is a potential short fall of £0.220m; the position is being closely monitored for any impact on the outturn.

	Outstanding Debt as at 01.04.09	Outstanding Debt as at 31.08.09	Bad Debt requirement	
	£000	£000	%	£000
<u>HOUSING BENEFIT OVERPAYMENTS</u>				
Housing Benefit arrears currently being collected from future payments	1,642	1,891	37.0	698
BDP 31.03.09	616	0	0.0	0.0
<u>Housing Benefit arrears in debtor system</u>				
Prior to 2006-07	1,087	804	100	804
2007-08 to 2008-09	1,754	995	40	398
2009-10 (to Date)	0	1,252	30	376
TOTAL	2,841	2,762		1,578
BDP 31.03.09	1,441			

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 £0.250m is budgeted to support write offs and any changes in the required level of provision.
- Current provision of £0.874m exists, after allowing for the write off of debts no longer considered recoverable, against an estimated requirement of £1.134m, requiring an increase of £0.260m.

	Outstanding Debt as at 01.04.09	Outstanding Debt as at 31.08.09	Bad Debt requirement	
<u>HOUSING – LEASEHOLDERS</u>				
Less than 30 days	16	28	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	0	263	50.0%	132
181 to 365 days	109	45	75.0%	33
> 365 days	161	175	100.0%	175
TOTAL	286	511		340
BDP 01.04.09	243			
Less: write offs	0			
BDP at 31.08.09	243			
<u>HOUSING – CURRENT TENANT ARREARS</u>				
Less than 30 days	143	121	0.0%	0
30 to 60 days	126	139	7.5%	10
60 to 90 days	121	105	15.0%	16
90 to 180 days	208	319	50.0%	160
181 to 365 days	134	162	75.0%	122
> 365 days	80	75	100.0%	75
TOTAL	812	921		383
BDP 01.04.09	313			
Less: write offs	0			
BDP at 31.08.09	313			
<u>HOUSING – FORMER TENANT ARREARS</u>				
Less than 30 days	20	18	0.0%	0
30 to 60 days	36	31	7.5%	2
60 to 90 days	33	31	15.0%	5
90 to 180 days	100	98	50.0%	49
181 to 365 days	168	206	75.0%	155
> 365 days	143	200	100.0%	200
TOTAL	500	584		411
BDP 01.04.09	331			
Less: write offs	13			
BDP at 31.08.09	318			